

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 | **2022 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	23
Interim Condensed Consolidated Statement of Profit or Loss	48
Interim Condensed Consolidated Statement of Comprehensive Income	49
Interim Condensed Consolidated Statement of Financial Position	50
Interim Condensed Consolidated Statement of Changes in Equity	52
Interim Condensed Consolidated Statement of Cash Flows	54
Notes to Interim Condensed Consolidated Financial Information	57



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, (ii) a biologics contract development and manufacturing organization (“**CDMO**”) platform, (iii) an industrial synthetic products platform, and (iv) an integrated global cell therapy platform. These internally-built platforms have demonstrated their growth from research and development to commercial delivery for the six months ended June 30, 2022 (the “**Reporting Period**”).

The Group has been inspired by the mission “Make People and Nature Healthier through Biotechnology” since its founding 20 years ago. Our clients’ business need is our first priority and the ultimate cornerstone for long term development. We have been improving our clients’ competitiveness through providing our high-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 participating partners in this industry.

The Group’s business operation spans over 100 countries worldwide with our legal entities located in the United States (the “**U.S.**”), Mainland China (the “**PRC**”), Hong Kong, Japan, Singapore, Netherlands, Ireland, the United Kingdom, Korea and Belgium. Our professional workforce has increased to approximately 5,573 personnel as at June 30, 2022.

The life-science services and products segment offers services and products covering gene synthesis, oligo nucleotide synthesis, peptide synthesis, protein production, antibody development, and catalog equipment and consumables. Our business has made an impact on the global life science research community. Over 74,700 international peer reviewed journal articles have cited our services and products as at June 30, 2022.

The CDMO platform provides gene and cell therapy (“**GCT**”) and antibody therapeutics discovery and development services to customers worldwide. The CDMO business focused on expanding the Good Manufacturing Practice (“**GMP**”) capabilities during the Reporting Period. GMP facilities are 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**” or “**Legend Biotech**”) is the biopharma 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), is a chimeric antigen receptor T-cell (“**CAR-T**”) therapy jointly developed with Janssen Biotech, Inc. (“**Janssen**”), for the treatment of multiple myeloma (“**MM**”). In February 2022 (New York time), the U.S. Food and Drug Administration (“**FDA**”) approved cilta-cel under the trademark CARVYKTI™ for the treatment of adults with relapsed or refractory MM who have received four or more prior lines of therapy, including a proteasome inhibitor, an immunomodulatory agent, and an anti-CD38 monoclonal antibody. Please refer to the announcement of the Company dated March 1, 2022 for details. In May 2022 (New York time), European Commission (EC) granted conditional marketing authorization of cilta-cel for the treatment of adults with relapsed and refractory multiple myeloma (RRMM) who have received at least three prior therapies, including a proteasome inhibitor (PI), an immunomodulatory agent (IMiD) and an anti-CD38 antibody, and have demonstrated disease progression on the last therapy. Please refer to the announcement of the Company dated May 26, 2022.

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, alcohol, food, and household care industries. We believe synthetic biology offers us new opportunities from both technical and commercial perspectives.

The Group invested significantly in talent recruitment and research and development to improve our technical competitiveness. We are very confident that our persistent investments and management reforms and streamlining will 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. Zhang Fangliang (*Appointed with effect from May 2, 2022*)

Dr. Wang Luquan

Mr. Pan Yuexin

Ms. Wang Jiafen

Independent Non-Executive Directors

Mr. Guo Hongxin

Mr. Dai Zumian

Mr. Pan Jiuan

Dr. Wang Xuehai

AUDIT COMMITTEE

Mr. Dai Zumian (*Chairman*)

Mr. Pan Jiuan

Mr. Guo Hongxin

REMUNERATION COMMITTEE

Mr. Guo Hongxin (*Chairman*)

Ms. Wang Ye

Mr. Dai Zumian

NOMINATION COMMITTEE

Mr. Meng Jiange (*Chairman*)

Mr. Pan Jiuan

Mr. Dai Zumian

RISK MANAGEMENT COMMITTEE

Dr. Zhang Fangliang (*Chairman*)

Mr. Guo Hongxin

Mr. Pan Jiuan

STRATEGY COMMITTEE

Dr. Zhang Fangliang (*Chairman*)

Mr. Pan Yuexin

Ms. Wang Jiafen

SANCTIONS RISK CONTROL COMMITTEE

Dr. Liu (Patrick) Zhenyu (*Chairman*) (*Appointed with effect from March 19, 2022*)

Ms. Shao Weihui (*Appointed with effect from March 19, 2022*)

Dr. Eric Wang

Mr. Wei Shiniu (*Appointed with effect from March 19, 2022*)

Ms. Wang Ye (*Resigned with effect from March 19, 2022*)

Mr. Meng Jiange (*Resigned with effect from March 19, 2022*)

Mr. Wu Sheng (*Resigned with effect from March 19, 2022*)

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, 2022 was approximately US\$304.7 million, representing an increase of 32.7% as compared with approximately US\$229.6 million for the same period in 2021, among which, the external revenue of non-cell therapy business was approximately US\$247.7 million, representing an increase of 26.6% as compared with approximately US\$195.7 million for the same period in 2021, and the external revenue of cell therapy business was approximately US\$57.0 million, representing an increase of 68.1% as compared with approximately US\$33.9 million for the same period in 2021.
- Gross profit of the Group for the six months ended June 30, 2022 was approximately US\$175.5 million, representing an increase of 26.6% as compared with approximately US\$138.6 million for the same period in 2021, among which, the gross profit of non-cell therapy business before eliminations was approximately US\$126.2 million, representing an increase of 16.4% as compared with approximately US\$108.4 million for the same period in 2021, and the gross profit of cell therapy business before eliminations was approximately US\$52.1 million, representing an increase of 53.7% as compared with approximately US\$33.9 million for the same period in 2021.
- Loss of the Group for the six months ended June 30, 2022 was approximately US\$225.9 million, whilst loss was approximately US\$156.1 million for the same period in 2021.

The adjusted net loss of the Group was approximately US\$130.1 million, whilst the adjusted net loss was approximately US\$135.8 million for the same period in 2021, among which, the adjusted net profit of non-cell therapy business before eliminations was approximately US\$30.2 million, representing an increase of 14.4% as compared with approximately US\$26.4 million for the same period in 2021, and the adjusted net loss of cell therapy business before eliminations was approximately US\$160.5 million, whilst the adjusted net loss of cell therapy business before eliminations was approximately US\$162.2 million for the same period in 2021.

- During the Reporting Period, the Group invested significantly in 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, 2022, the Group's research and development expenses was approximately US\$177.4 million as compared with approximately US\$175.1 million for the same period in 2021.
- Loss attributable to the owners of the Company for the six months ended June 30, 2022 was approximately US\$131.2 million, whilst loss attributable to the owners of the Company was approximately US\$91.1 million for the same period in 2021.

Notes:

	For the six months ended June 30, 2022			
	(Unaudited)			
	Non-cell therapy US\$'000	Cell therapy US\$'000	Eliminations US\$'000	Total US\$'000
Net loss	(8,234)	(217,867)	172	(225,929)
Excluding: Share-based compensation expenses, net of tax	21,155	15,125	—	36,280
Fair value losses of preferred shares and warrants	14,824	31,000	—	45,824
Consultation and other related costs for the Investigation, net of tax	2,250	—	—	2,250
Exchange gains or losses, net of tax	(1,325)	9,599	—	8,274
Fair value losses of non-current financial assets	1,577	—	—	1,577
Service fees for public offering	—	1,604	—	1,604
Adjusted net profit/(loss)	30,247	(160,539)	172	(130,120)

- (2) In order to better reflect the key performance of the Group's current business and operations, the adjusted net loss is calculated on the basis of net loss, excluding: (i) share-based compensation expenses, (ii) fair value losses of preferred shares and warrants, (iii) consultation and other related costs for the Investigation (as defined in the announcement of the Company dated September 21, 2020), (iv) exchange gains or losses, (v) fair value gains or losses of non-current financial assets, (vi) service fees for public offering, and (vii) impairment loss on long-term investments and related non-current financial assets. Adjusted expenses also exclude these items.

Management Discussion and Analysis

BUSINESS REVIEW

For the six months ended June 30, 2022, the Group's overall revenue increased by 32.7% to approximately US\$304.7 million (the same period in 2021: approximately US\$229.6 million). Gross profit was approximately US\$175.5 million, representing an increase of 26.6% from approximately US\$138.6 million for the same period in 2021. The loss attributable to the owners of the Company (the "Shareholder(s)") was approximately US\$131.2 million, whilst the loss attributable to the Shareholders was approximately US\$91.1 million for the same period in 2021.

During the Reporting Period, the external revenue of (i) life-science services and products, (ii) biologics development services, (iii) industrial synthetic biology products, and (iv) cell therapy, accounted for approximately 56.0%, 19.8%, 5.5% and 18.7% of the total revenue of the Group, respectively.

RESULTS ANALYSIS OF THE FOUR BUSINESS SEGMENTS

As the Group has reallocated backoffice administrative expenses into each business segment following the establishment of Probio legal entities in the second half of 2021, segment operating profit is not directly comparable to the same period in 2021.

1. Life-science Services and Products

During the Reporting Period, revenue of life-science services and products amounted to approximately US\$176.0 million, representing an increase of 15.8% over the same period in 2021. The gross profit was approximately US\$99.8 million during the Reporting Period, representing an increase of 8.8% as compared with approximately US\$91.7 million for the same period in 2021. The gross profit margin decreased from 60.3% for the same period in 2021 to 56.7% this Reporting Period. The operating profit of life-science services and products during the Reporting Period was approximately US\$26.0 million.

The increase in revenue was mainly attributable to the (i) continued growth in molecular biology, protein and antibody business, (ii) successful commercialisation of innovative platforms such as sgRNA, and partially offset by (iii) the decrease in sales in COVID-19 related products and the negative impact on sales due to pandemics in Shanghai, China. Production efficiency gains contributed positively to gross profit margin while (i) loss from overseas production during the initial capacity ramp-up, (ii) increased freight and duty costs, and (iii) decreased price and volume of COVID-19 related products all had negative impacts on gross profit margin. The operating profit was positively impacted by growth in revenue and gross profit while negatively impacted by (i) increased expenses brought by operation and depreciation of overseas production capacity, and (ii) increment in labor costs brought by research and development.

2. **Biologics Development Services**

During the Reporting Period, revenue of biologics development services amounted to approximately US\$62.7 million, representing an increase of 99.0% over the same period in 2021. Total backlog for biologics development services reached US\$228.0 million as at June 30, 2022. The gross profit was approximately US\$16.2 million during the Reporting Period, representing an increase of 62.0% as compared with approximately US\$10.0 million for the same period in 2021. Adjusted gross profit was US\$23.9 million during the Reporting Period, representing an increase of 125.5% over the same period in 2021. Adjusted gross profit margin expanded from 33.7% for the same period in 2021 to 38.1% this Reporting Period. Adjusted operating profit during the Reporting Period was approximately US\$3.2 million.

The growth of revenue was mainly attributable to the (i) significant increase of customer projects from overseas business, (ii) expanded capacity and productivity of pre-clinical and clinical development, and (iii) shorter delivery time for antibody discovery and process development. The adjusted gross profit and adjusted operating profit were positively impacted by higher capacity utilization and production efficiency gains.

3. **Industrial Synthetic Biology Products**

During the Reporting Period, revenue of industrial synthetic biology products amounted to approximately US\$16.8 million, representing a decrease of 6.7% over the same period in 2021. The gross profit was approximately US\$7.2 million, representing an increase of 41.2% as compared with approximately US\$5.1 million for the same period in 2021. The gross profit margin increased from 28.3% for the same period in 2021 to 42.9% this Reporting Period. The operating profit of industrial synthetic biology products was approximately US\$0.4 million during the Reporting Period, whilst the operating loss was approximately US\$0.7 million for the same period in 2021.

The decrease in revenue was mainly due to the (i) active pruning of low or negative profit products, (ii) the feed industry in China downturn which led to reduction of use of feed enzymes, and (iii) the situation in Ukraine and Russia which caused the decrease of orders in Eastern Europe. The increase in both gross profit and operating profit was primarily attribute to the (i) adjustment of product portfolio and enhancement of the promotion of high-margin products, (ii) improvement of production process and workflow, and (iii) profit from the license of patents.

4. **Cell Therapy**

During the Reporting Period, revenue of cell therapy amounted to approximately US\$57.1 million, representing an increase of 68.4% over the same period in 2021. The gross profit was approximately US\$52.1 million during the Reporting Period, representing an increase of 53.7% as compared with approximately US\$33.9 million for the same period in 2021. The operating loss of cell therapy was approximately US\$180.1 million during the Reporting Period, whilst the operating loss was US\$168.9 million for the same period in 2021.

Management Discussion and Analysis

The increase in both revenue and gross profit was primarily attributable to the additional milestones achieved in 2021 and 2022, and thus the further recognition of contract revenue from collaboration with Janssen on developing cilta-cel. The operating loss was primarily attributable to the (i) investment in clinical trials resulting from higher patients enrollment and more pipelines, (ii) cost for commercial preparation activities for the launch of cilta-cel, and (iii) expansion of administrative functions.

FINANCIAL REVIEW

	For the six months ended June 30,		Change
	2022 (Unaudited) US\$'000	2021 (Unaudited) US\$'000	
Revenue	304,677	229,568	32.7%
Gross profit	175,523	138,619	26.6%
Net loss	(225,929)	(156,149)	44.7%
Loss attributable to the Shareholders	(131,202)	(91,122)	44.0%
Basic loss per share (US\$)	(0.0628)	(0.0461)	36.2%
Diluted loss per share (US\$)	(0.0628)	(0.0461)	36.2%
Adjusted profit and expenses:			
Gross profit	184,930	140,737	31.4%
Selling and distribution expenses	(81,987)	(56,413)	45.3%
Administrative expenses	(64,142)	(48,977)	31.0%
Research and development expenses	(166,165)	(168,455)	(1.4%)

REVENUE

During the Reporting Period, the Group recorded revenue of approximately US\$304.7 million, representing an increase of 32.7% from approximately US\$229.6 million for the same period in 2021. This is mainly attributable to (i) the continued increase of non-cell therapy products and services from major strategic customers and new competitive services and products, especially in biologics development services, and (ii) 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 26.6% to approximately US\$175.5 million from approximately US\$138.6 million for the same period in 2021. This is mainly attributable to the (i) rapid growth of revenue, and (ii) operational efficiency improvement. The increase in gross profit was partially offset by (i) increased share-based compensation expenses to production teams, particularly in biologics development services, and (ii) increased shipping cost. Adjusted gross profit increased by 31.4% over the same period in 2021.

SELLING AND DISTRIBUTION EXPENSES

During the Reporting Period, the Group's selling and distribution expenses increased by 49.1% to approximately US\$86.9 million from approximately US\$58.3 million for the same period in 2021. This increase is mainly driven by (i) more investment on talent with recruiting experienced personnel with competitive packages, (ii) increased expenses, primarily attributable to the global expansion of our business, and (iii) increased marketing expenses related to Legend's collaboration with Janssen. Adjusted selling and distribution expenses increased by 45.3% over the same period in 2021.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group's administrative expenses increased by 41.4% to approximately US\$79.6 million from approximately US\$56.3 million for the same period in 2021. This is mainly attributable to (i) more investment in talent with recruiting experienced personnel with competitive package and share-based compensation expenses for all business segments, and (ii) the reinforcement of some key administrative functions to support the Group's overall business expansion and compliance. Adjusted administrative expenses increased by 31.0% over the same period in 2021.

RESEARCH AND DEVELOPMENT EXPENSES

During the Reporting Period, the research and development expenses kept stable and increased by 1.3% to approximately US\$177.4 million from approximately US\$175.1 million for the same period in 2021. This is mainly attributable to (i) the continuous investment in talents with competitive package and share-based compensation expenses, and (ii) continuous investment in new products and services, which will significantly strengthen our competitiveness. Adjusted research and development expenses decreased by 1.4% over the same period in 2021.

FAIR VALUE LOSSES OF PREFERRED SHARES AND WARRANTS

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 (as defined below), entered into a purchase agreement with certain investors, whereby Probio Cayman agreed to sell certain series A preferred shares and Probio Warrant (the "**Probio Cayman Purchase**"). Pursuant to the purchase agreement, the total proceeds from purchase of Series A preferred shares is US\$150.0 million, and Probio Cayman issued the Probio Warrant to the investors to purchase the ordinary shares of Probio Cayman at a certain price per share for up to an aggregate amount of US\$125.0 million. 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 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 "**Legend Warrant**")

Management Discussion and Analysis

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 “**Legend Closing Date**”). The Legend Warrant will be exercisable, in whole or in part, at an exercise price of US\$20.0 per ordinary share of Legend. The Legend Warrant is exercisable after the Legend Closing Date and prior to the two-year anniversary of the Legend Closing Date. Please refer to the announcements of the Company dated May 14, 2021 and May 23, 2021 for details.

The Probio Series A Preferred Shares, the Probio Warrant and the Legend Warrant are accounted for as financial liabilities measured at fair value with changes through profit or loss in accordance with relevant HKFRSs.

As at June 30, 2022, the fair value of the Probio Series A Preferred Shares and Probio Warrant were assessed at approximately US\$298.0 million and the fair value of the Legend Warrant was assessed at approximately US\$118.9 million. The total fair value losses of approximately US\$45.8 million were recorded during the Reporting Period due to the changes in fair value of these financial liabilities.

INCOME TAX EXPENSE

During the Reporting Period, the income tax expense decreased from approximately US\$5.9 million for the same period in 2021 to approximately US\$3.5 million this Reporting Period.

NET LOSS

During the Reporting Period, net loss of the Group was approximately US\$225.9 million, whilst the net loss for the same period in 2021 was approximately US\$156.1 million. Adjusted net loss of the Group was approximately US\$130.1 million.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at June 30, 2022, the cash and cash equivalents of the Group amounted to approximately US\$782.2 million (as at December 31, 2021: approximately US\$1.2 billion). As at June 30, 2022, the restricted cash of the Group amounted to approximately US\$3.3 million (as at December 31, 2021: approximately US\$1.4 million).

As at June 30, 2022, the Group had available unutilized bank facilities of approximately US\$13.7 million (as at December 31, 2021: approximately US\$145.5 million).

CAPITAL EXPENDITURE

During the Reporting Period, capital expenditure incurred in purchasing software was approximately US\$1.4 million, capital expenditure incurred in purchasing property, plant and equipment and construction in process was approximately US\$81.1 million.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

Acquisition of Properties in Zhenjiang

On June 27, 2022, Jiangsu GenScript Biotech Co., Ltd.* (江蘇金斯瑞生物科技有限公司) (“**GenScript Jiangsu**”), an indirect wholly-owned subsidiary of the Company, Jiangsu GenScript ProBio Biotech Co., Ltd* (江蘇金斯瑞蓬勃生物科技有限公司) (“**ProBio Jiangsu**”), an indirect non-wholly-owned subsidiary of the Company, and two sellers entered into the properties purchase agreements, pursuant to which the sellers sold and GenScript Jiangsu and ProBio Jiangsu acquired eight buildings from the sellers. All eight buildings are situated at the Science Technology Park Development Zone, Zhenjiang, Jiangsu Province, the PRC. Please refer to the announcement of the Company dated June 29, 2022 for details.

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

BANK LOANS AND OTHER BORROWINGS

As at June 30, 2022, Nanjing GenScript Biotech Co., Ltd. (“**GS China**”) borrowed short-term interest-bearing loans from Citi Bank for a total amount of RMB42.0 million (equivalent to approximately US\$6.3 million) with interest rate at 2.6%. GS China used such loans for daily operation.

As at June 30, 2022, GenScript Japan Inc. (“**GS JP**”) had a long-term interest-bearing loan from Mizuho Bank for a total amount of JPY100.0 million (equivalent to approximately US\$732,000) 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 a loan to purchase building.

As at June 30, 2022, Legend took funding advances with principal amounted to US\$185.9 million with a collaborator. Pursuant to the license and collaboration 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 an initial funding advance amounting to US\$17.3 million on June 18, 2021, second amounting to US\$53.1 million on September 17, 2021, third amounting to US\$49.3 million on December 17, 2021, fourth amounting to US\$5.3 million on March 18, 2022 and fifth amounting to US\$60.9 million on June 17, 2022, by reducing the same amount of other payables due to the collaborator (collectively, the “**Funding Advances**”). As at June 30, 2022, Legend recorded interest payables of US\$3.3 million for the Funding Advances.

This Funding Advances are accounted for as interest-bearing borrowings funded by the collaborator, constituted by a principal and applicable interests upon such principal. The respective interest rate of each borrowing is based on the average annual LIBOR (London Interbank Offered Rate) for U.S. Dollars as reported in the Wall Street Journal on the due date, plus 2.5%, calculated on the number of days from the date on which Legend applied such borrowings.

Management Discussion and Analysis

Pursuant to the terms of the license and collaboration 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 of the collaboration program. The Company's management estimated the loans will not be recouped by the collaborator within one year, and thus the loans was classified as a long-term liability.

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

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 relating to suspected violations of import and export regulations under the laws of the PRC (the "**Investigation**").

In May 2021, certain subsidiaries and employees of the Company and Dr. Zhang Fangliang have been informed by the Authority that the Investigation has been completed, and the respective matter has 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.

On May 2, 2022, the Company has been informed by the Procuratorate that the examination with respect to the Investigation has been concluded, and that the Procuratorate decided not to bring any charge against any entity or individual. Please refer to our announcement dated May 2, 2022 for details.

As previously disclosed in the Company's annual results announcement for the year ended December 31, 2021 dated March 20, 2022, as at September 23, 2021, the bank balances frozen by the Authority in connection with the Investigation had been fully unfrozen. On May 12, 2022, the Company made a deposit of RMB7.0 million (equivalent to approximately US\$1.1 million) in connection with the Investigation to the Authority.

Save as above, as at June 30, 2022, the Group did not have any other material contingent liabilities or guarantees.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group from the information disclosed under Management Discussion and Analysis in the Company's annual report for the year ended December 31, 2021 up to the date of this report.

CHARGES ON GROUP ASSETS

As at June 30, 2022, the building and freehold land located in Tokyo, Japan of approximately JPY1.2 billion (equivalent to approximately US\$8.8 million) was pledged by GS JP to secure a loan of JPY100.0 million (equivalent to approximately US\$732,000).

As at June 30, 2022, bank balances of approximately US\$1.8 million were pledged for credit cards' facilities and of approximately US\$1.5 million were pledged for the letters of guarantee to suppliers.

Save as above, as at June 30, 2022, the Group did not have any other charges on its assets.

CURRENT RATIO AND GEARING RATIO

As at June 30, 2022, the Group's current ratio (current assets to current liabilities) was approximately 2.9 (as at December 31, 2021: approximately 3.5), and gearing ratio (total liabilities to total assets) was approximately 58.6% (as at December 31, 2021: approximately 51.0%).

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group plans to actively build manufacturing capacity globally to satisfy the strong customer demand.

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 China and the U.S., expand peptide and oligo synthesis capacity in China, build molecular biology and protein and cell engineering facility in Singapore, and establish GMP grade manufacturing capacity globally 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 China, and build more GMP manufacturing facilities both in 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 for material investments or capital assets as at June 30, 2022.

RISK MANAGEMENT

COVID-19 pandemic risk

During the Reporting Period, although the COVID-19 pandemic has been effectively contained in the PRC, a series of precautionary and control measures have been and continued to be implemented across the PRC. Such measures may have a negative impact on our customers' demand and our operations in the PRC. The Group has been closely monitoring the impact of the COVID-19 pandemic on the Group's businesses and has put into place various measures, such as multi-site production and key operation team backups, to ensure business continuity in the PRC. Based on the information currently available, the Directors consider that there has been limited material adverse change on the financial and operating position of the Group up to the date of this report. The Group will continue to pay close attention to the development of the COVID-19 outbreak and perform further assessment of its impact and will take relevant measures.

Management Discussion and Analysis

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 mismatch of currencies we receive from customers and currencies we use to pay to our employees and suppliers, as well as 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.

The Group adopts a hedging policy to manage our exposure to foreign exchange risk in relation to US\$, aiming to control foreign exchange risk to an acceptable level by ensuring that we will only consider hedging operational flows. As at June 30, 2022, the Group had outstanding foreign currency forward contracts in respect of RMB against US\$ of notional principal amounts of approximately US\$119.0 million (as at December 31, 2021: approximately US\$112.0 million). The management of the Company will continue to evaluate the Group's foreign exchange risk management procedures and take actions as appropriate to minimise the Group's exposure whenever necessary.

The changes in fair value of the foreign currency forward contracts were recognised in the consolidated statement of profit or loss. All of the foreign currency forward contracts are to be settled within one year.

Cash flow and fair value interest rate risk

As at June 30, 2022, other than bank balances with variable interest rates and time deposits with fixed interest rates, the Group has financial products of approximately US\$15.1 million related to fair value interest rate risk. The Directors consider that both the exposure of cash flow interest rate risks arising from variable-rate bank balances and the exposure of fair value interest rate arising from financial products are insignificant, because the current market interest rates are relatively low and stable, and therefore no sensitivity analysis on such risk has been prepared.

The Group is also exposed to fair value interest rate risk in relation to lease liabilities and cash flow interest rate risk in relation to variable-rate bank loans and other borrowings. The Company currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The sensitivity analysis is based on the exposure to interest rates for bank loans and other borrowings at the end of the Reporting Period. The management of the Company considers that the exposure of cash flow interest rate risk arising from bank loans and other borrowings is insignificant. A 50 basis point increase or decrease in interest rates are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change.

Credit risk

The carrying amounts of cash and cash equivalents, trade and notes receivables, and other receivables 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 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 operate. 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. 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.

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 primary 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.

Management Discussion and Analysis

Risks related to international trade agreements, tariffs and import/export regulations

In recent years, 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 continuously increased the layout of global service capacities.

Risk related to the holding foreign companies accountable act

On April 12, 2022, pursuant to the Holding Foreign Companies Accountable Act (the "**HFCA Act**"), the U.S. Securities and Exchange Commission (the "**SEC**") identified Legend Biotech as an issuer utilizing an auditor restricted from Public Company Accounting Oversight Board (the "**PCAOB**") inspection. This was anticipated by Legend Biotech and came after Legend Biotech's filing of its annual report on Form 20-F with the SEC on March 31, 2022. This identification does not mean Legend Biotech's ADSs, which are currently traded on the Nasdaq Global Select Market, will be de-listed from Nasdaq. Delisting under the HFCA Act could occur if Legend Biotech's auditor cannot be inspected by the PCAOB for three consecutive years, starting from the year ended December 31, 2021. There is, in addition, pending legislation to shorten that period from three to two years.

On May 3, 2022, the audit committee of the board of directors of Legend Biotech resolved that Ernst & Young Hua Ming LLP, located in Shanghai, People's Republic of China, would resign as Legend Biotech's independent registered public accounting firm for the audits of the Legend Biotech's financial statements and internal control over financial reporting to be filed with the SEC, effective on the date that Legend Biotech furnishes its financial results for the first quarter of 2022 with the SEC on Form 6-K. On the same day, the audit committee of the board of directors of Legend Biotech approved the engagement of Ernst & Young LLP, located in the United States as Legend Biotech's independent registered public accounting firm for the audits of Legend Biotech's financial statements and internal control over financial reporting for the fiscal year ending December 31, 2022 to be filed with the SEC and Legend Biotech subsequently entered into an engagement letter with the Ernst & Young LLP.

Please refer to the announcements of the Company dated April 14, 2022 and May 9, 2022 for details.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2022, the Group had a total of approximately 5,573 employees. The Group had entered into employment contracts covering positions, employment conditions and terms, compensation, 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, other employee benefits and long term incentives, which are determined with reference to their capability, responsibility, performance, and other general factors.

During the Reporting Period, the Group's total expenses on the remuneration of employees (including the Directors and the chief executive) was approximately US\$205.1 million, representing 67.3% of the total revenue of the Group. This significant increase in labor costs is primarily driven by the increase in performance-based long term incentives. The Group views this 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 the 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 "**2019 RSA Scheme**"). On May 26, 2020, the shareholders of Legend approved and adopted the restricted shares plan of Legend (the "**Legend Restricted Shares Plan**"). On August 3, 2021, the shareholders of Probio Cayman Technology Limited ("**Probio Cayman**") approved and adopted the restricted share unit award scheme of Probio Cayman (the "**Probio RSUA Scheme**"). 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.

No options have been granted under the Post-IPO Share Option Scheme during the Reporting Period.

During the Reporting Period, 164,361 restricted shares, 588,016 restricted shares and 22,626 restricted shares were granted under the 2019 RSA Scheme to the chief executive of the Company on January 10, 2022, March 22, 2022 and May 26, 2022, respectively. 81,513 restricted shares were granted under the 2019 RSA Scheme to certain employees on March 22, 2022. Please refer to our announcements dated January 10, 2022, March 23, 2022 and May 27, 2022 for details. Save as disclosed, no other restricted shares have been granted under the 2019 RSA Scheme during the Reporting Period.

During the Reporting Period, 1,734,602 restricted shares and 2,224,402 restricted shares were granted and accepted under the 2021 RSA Scheme to certain employees on March 22, 2022 and May 26, 2022, respectively. Please refer to our announcements dated March 23, 2022 and May 27, 2022 for details. Save as disclosed, no other restricted shares have been granted under the 2021 RSA Scheme during the Reporting Period.

During the Reporting Period, 2,205,000 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, 2,027,802 restricted share units were granted under the Legend Restricted Shares Plan on January 14, 2022, February 11, 2022, March 25, 2022, March 31, 2022, April 25, 2022, May 13, 2022, June 15, 2022 and June 30, 2022. Save as disclosed, no other restricted shares or restricted share units have been granted under the Legend Restricted Shares Plan during the Reporting Period.

Management Discussion and Analysis

No restricted share units have been granted under the Probio RSUA Scheme during the Reporting Period.

The number of employees of the Group categorized by function as at June 30, 2022 is set forth as follows:

Function	Number of employees	Percentage of Total
Production	2,460	44.1%
Sales and marketing	556	10.0%
Administration	1,034	18.6%
Research and development	732	13.1%
Management	791	14.2%
Total	5,573	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

In February 2022 and April 2022, the milestones relating to the clinical development of cilta-cel have been achieved according to the terms and conditions of the collaboration agreement entered into among Legend USA, Legend Biotech Ireland Limited and Janssen, resulting in aggregate payments to Legend of US\$100.0 million. Please refer to the announcements of the Company dated February 11, 2022 and April 21, 2022 for details.

In March 2022, the FDA has approved Legend Biotech's first product, CARVYKTI™ (ciltacabtagene autoleucel), for the treatment of adults with relapsed or refractory multiple myeloma (RRMM) who have received four or more prior lines of therapy, including a proteasome inhibitor, an immunomodulatory agent and an anti-CD38 monoclonal antibody. Please refer to the announcement of the Company dated March 1, 2022 for details.

In May 2022, the European Commission has granted conditional marketing authorization of CARVYKTI™ (ciltacabtagene autoleucl; cilta-cel) for the treatment of adults with relapsed and refractory multiple myeloma (RRMM) who have received at least three prior therapies, including a proteasome inhibitor, an immunomodulatory agent and an anti-CD38 antibody, and have demonstrated disease progression on the last therapy. Please refer to the announcement of the Company dated May 26, 2022 for details.

On July 2, 2022, Probio Cayman entered into a subscription agreement with an investor, pursuant to which Probio Cayman issued and sold and the investor purchased 57,314,000 series B preferred shares of Probio Cayman (“**Probio Series B Financing**”). The completion of the Probio Series B Financing took place on July 6, 2022. Please refer to the announcements of the Company dated July 4, 2022 and July 6, 2022 for details.

On July 27, 2022 (after trading hours, Hong Kong time), Legend Biotech entered into the Underwriting Agreement with underwriters in relation to the Follow-on Public Offering of 8,140,000 American Depositary Shares (“**ADSs**”), with the additional 1,221,000 ADSs purchased by the underwriters by exercising their options, at a price to the public of US\$43.00 per ADS and each ADS will represent two ordinary shares of Legend Biotech. On 29 July, 2022 (after trading hours, Hong Kong time), the Follow-on Public Offering has been closed. Please refer to the announcements of the Company dated July 26, 2022, July 27, 2022, July 28, 2022 and July 31, 2022 for details.

PROSPECTS

During the Reporting Period, the COVID-19 pandemic continues to profoundly reshape the society, international relationships and the global economy. The importance of investment in the life-science and healthcare industry to develop new therapeutic modalities that are cost-effective, personalized, and potentially curative is evermore present.

The Group has long established a strategy to focus our research and development efforts as well as capital investment commitment in the GCT area, not only developing innovative cell therapy products such as CARVYKTI™, but also developing enabling technology for GCT-related research and manufacturing process. We believe our products and services are highly competitive in serving the fast growing demand in this market.

In life-science business, our technology platform and capacity expansion have enabled us to address the booming opportunities arising from GCT research and its clinical development needs. Many of our customers, from academia, government, biotech and pharmaceutical organizations, are using our enabling tools and services to conduct research on cancer, rare diseases, infectious diseases, and so on. These exciting research may one day turn into vaccines, therapeutics and diagnostics products that may save and improve millions of lives.



Management Discussion and Analysis

In the CDMO field, we are observing an increasing number of biologics and GCT programs entering the later clinical stages and commercialisation, including antibody drugs, CAR-T therapies and mRNA vaccines for COVID-19. As a leader of GCT CDMO service in China, we will benefit from this market trend. We also expect more recurring revenue and better profitability in our CDMO business as we continue to grow with our customer projects.

For industrial synthetic biology products, our enzyme products support various important industries including grain processing, feed and household care, with high standard of quality and performance. Furthermore, we use biological process to replace traditional chemical process, enable our customer to achieve better yield and environmentally friendly production. With the synthetic biology platform, we believe our technology will meet demand from various industrial applications and reinvent some industries into more sustainable business.

For cell therapy, we have witnessed the initiation of the commercialisation of CARVYKTI™ in the U.S., which is jointly developed by Legend and Janssen. We believe that CAR-T has great potential to save lives and improve patient life quality in areas at blood cancers, solid tumors and infectious diseases.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended June 30, 2022, 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, 2022, 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:

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)	2,335,258	0.11%
Wang Ye	Interest in controlled corporation ^(Note 2) , parties acting in concert ^(Note 3) , beneficial owner ^(Note 4) , founder of a discretionary trust ^(Note 5) and trustee ^(Note 5)	848,329,253	40.17%
Zhu Li	Beneficial owner ^(Note 6)	2,097,305	0.10%
Zhang Fangliang	Interest in controlled corporation ^(Note 7) , parties acting in concert ^(Note 3) and founder of a discretionary trust ^(Note 8)	848,329,253	40.17%
Wang Luquan	Interest in controlled corporation ^(Note 9) , parties acting in concert ^(Note 3) and interests in spouse ^(Note 10)	848,329,253	40.17%
Pan Yuexin	Beneficial owner ^(Note 11)	460,000	0.02%
Wang Jiafen	Beneficial owner ^(Note 12)	270,000	0.01%
Guo Hongxin	Beneficial owner ^(Note 13)	460,000	0.02%
Dai Zumian	Beneficial owner ^(Note 14)	439,000	0.02%
Pan Jiuan	Beneficial owner ^(Note 15)	270,000	0.01%
Wang Xuehai	Beneficial owner ^(Note 16)	210,000	0.01%
Chief Executive			
Liu (Patrick) Zhenyu	Beneficial owner ^(Note 17)	5,827,198	0.28%

* The percentage has been calculated based on 2,111,828,632 Shares in issue as at June 30, 2022.

Other Information

Notes:

- (1) As at June 30, 2022, Meng Jiange held 320,000 underlying Shares under the 2019 RSA Scheme, 1,843,320 underlying Shares under the options conditionally granted to him under the Pre-IPO Share Option Scheme and 171,938 Shares.
- (2) As at June 30, 2022, Wang Ye held approximately 3.60% 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 808,577,123 Shares as of June 30, 2022. 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, 2022, Wang Ye held 240,000 underlying Shares under the 2019 RSA Scheme, and 38,150,000 underlying Shares under the options conditionally granted to her under the Pre-IPO Share Option Scheme and 86,130 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, 2022, the Wang Trust (through its trustee) held approximately 8.61% 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. On December 21, 2021, Wang Ye transferred 638,000 Shares to Ren-Shiu Foundation Inc., of which Wang Ye is the trustee.
- (6) As at June 30, 2022, Zhu Li held 240,000 underlying Shares under the 2019 RSA Scheme, and 634,000 underlying Shares under the options conditionally granted to him under the Post-IPO Share Option Scheme and 1,223,305 Shares.
- (7) As at June 30, 2022, Zhang Fangliang held approximately 18.38% in the issued share capital of GS Corp. Pursuant to the GS Corp Shareholder Voting Agreement and for the purpose of the SFO, Zhang Fangliang was deemed, or taken to be interested in, all the Shares held by GS Corp.
- (8) 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. Jin Weihong, the spouse of Zhang Fangliang, is the trustee of the Zhang Trust. The Zhang Trust (through its trustee), held approximately 21.87% 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.
- (9) As at June 30, 2022, 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.
- (10) 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.
- (11) As at June 30, 2022, Pan Yuexin held 460,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (12) As at June 30, 2022, Wang Jiafen held 270,000 underlying Shares under the options granted to her under the Post-IPO Share Option Scheme.
- (13) As at June 30, 2022, Guo Hongxin held 460,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (14) As at June 30, 2022, Dai Zumian held 439,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (15) As at June 30, 2022, Pan Juan held 270,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.

(16) As at June 30, 2022, Wang Xuehai held 210,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.

(17) As at June 30, 2022, Liu (Patrick) Zhenyu held 782,765 underlying Shares under the 2019 RSA Scheme, 5,000,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme and 44,433 Shares.

Save as disclosed above, as at June 30, 2022, 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, 2022, 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, 2022

Name	Capacity/Nature of interest	Number of Shares/ underlying Shares held/interested	Approximate Percentage of Shareholding* (%)
GS Corp ^(Note 1)	Beneficial owner	808,577,123	38.29%
Jin Weihong ^(Note 2)	Interest in controlled corporation, parties acting in concert and trustee	848,329,253	40.17%
Hu Zhiyong ^(Note 3)	Interest in controlled corporation, parties acting in concert and trustee	848,329,253	40.17%
Huang Lili ^(Note 5)	Beneficial owner and interest in spouse	848,329,253	40.17%
GNS Holdings Limited ^(Note 6)	Beneficial owner	164,770,965	7.80%
Hillhouse Investment Management V, Ltd. ^(Note 6)	Interest in controlled corporation	164,770,965	7.80%
Hillhouse Investment Management, Ltd. ^(Note 6)	Investment manager	164,770,965	7.80%
Hillhouse Fund V, L.P. ^(Note 6)	Interest in controlled corporation	164,770,965	7.80%

* The percentage has been calculated based on 2,111,828,632 Shares in issue as at June 30, 2022.

Other Information

Notes:

- (1) As at June 30, 2022, GS Corp is a company incorporated in the State of Delaware in the U.S. and owned as to approximately 18.38%, approximately 21.87%, approximately 22.76%, approximately 0.70%, approximately 3.80%, approximately 0.42%, approximately 0.42%, approximately 9.89%, approximately 7.43%, approximately 3.60%, approximately 8.61%, approximately 1.05% and approximately 1.07% by Zhang Fangliang, the Zhang Trust^(Note 2), Wang Luquan, Wu Yongmei, the Wu 2017 Trust^(Note 4), the Wu 2020 Separate Trust A^(Note 4), the Wu 2020 Separate Trust L^(Note 4), the Wu 2020 Trust^(Note 4), the Wu 2021 Trust^(Note 4), Wang Ye, the Wang Trust^(Note 3), Mu Yingjun and Charity B, respectively.
- (2) On October 12, 2017, Zhang Fangliang set up the Zhang Trust, an irrevocable discretionary family trust, with his three children and their respective living issue as beneficiaries. Jin Weihong, the spouse of Zhang Fangliang, is the trustee of the Zhang Trust. The Zhang Trust (through its trustee), held approximately 21.87% 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.
- (3) 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, 2022, Hu Zhiyong, as the trustee of the Wang Trust, held approximately 8.61% 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 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 28, 2020, the Wu 2018 Trust transferred 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. On October 29, 2021, Wu Yongmei set up Yongmei Wu 2021 Trust (the **“Wu 2021 Trust”**) and serves as the initial trustee.
- (5) As at June 30, 2022, 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.
- (6) 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, 2022, 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, 2022	Number of share options			Outstanding as at June 30, 2022	
						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	1,843,320	–	–	–	–	1,843,320
		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	44,762,194	–	–	6,612,194	–	38,150,000
		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	1,664,170	–	–	–	–	1,664,170
Total:					48,269,684	–	–	6,612,194	–	41,657,490

Notes:

- (1) The weighted average closing price immediately before the dates on which the options were exercised was HK\$27.18.
- (2) Please refer to Appendix V “Statutory and General Information” of the Prospectus and Note 19 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 20,892,400 options had lapsed) under the Post-IPO Share Option Scheme from the date of its adoption to June 30, 2022.

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 per Share immediately before the date of grant HK\$	Outstanding as at January 1, 2022	Number of share options				Outstanding as at June 30, 2022	
							Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽ⁱ⁾		
Directors of the Company												
Zhu Li	October 11, 2017	December 31, 2019– October 10, 2027	December 31, 2019– October 10, 2027	8.33	8.07	734,000	–	–	100,000	–	–	634,000
		December 31, 2020– October 10, 2027										
		December 31, 2021– October 10, 2027										
		December 31, 2022– October 10, 2027										
		December 31, 2023– October 10, 2027										
Pan Yuxin	November 29, 2018	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										
		November 29, 2022– November 28, 2023										

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, 2022	Number of share options					Outstanding as at June 30, 2022
							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										
Wang Jiafen	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										
Guo Hongxin	November 29, 2018	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										
		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, 2022	Number of share options					Outstanding as at June 30, 2022
							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	381,000	-	-	-	-	-	381,000
		November 29, 2019– November 28, 2023										
		November 29, 2020– November 28, 2023										
		November 29, 2021– November 28, 2023										
		November 29, 2022– November 28, 2023										
		September 1, 2020– August 31, 2025	September 1, 2020– August 31, 2025	15.00	14.98	58,000	-	-	-	-	-	58,000
		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 per Share HK\$	Closing Price per Share immediately before the date of grant HK\$	Outstanding as at January 1, 2022	Number of share options					Outstanding as at June 30, 2022
							Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽ⁱ⁾		
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	–	–	–	–	–
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, 2022	Number of share options					Outstanding as at June 30, 2022
							Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽ⁱ⁾		
Chief executive of the Company												
Liu (Patrick) Zhenyu	June 22, 2016	June 22, 2019– June 21, 2026	June 22, 2019– June 21, 2026	1.204	1.21	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										
Senior management of the Company												
Wei Shiniu	November 29, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	19.132	19.54	300,000	–	–	–	–	–	300,000
		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	Closing Price		Number of share options							
				Exercise Price per Share HK\$	per Share immediately before the date of grant HK\$	Outstanding as at January 1, 2022	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, 2022		
	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										
Shao Weihui	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	1.204	1.21	2,902,672	–	–	–	–	27,206	–	2,875,466
	September 23, 2016	September 23, 2017– September 22, 2026	September 23, 2017– September 22, 2026	2.406	2.3	4,286,000	–	–	–	–	330,000	–	3,956,000
	April 25, 2017	April 25, 2019– April 24, 2027	April 25, 2019– April 24, 2027	3.512	3.45	13,872,000	–	–	–	30,000	1,911,150	–	11,930,850
	October 11, 2017	July 25, 2019– October 10, 2027	July 25, 2019– October 10, 2027	8.33	8.07	7,154,000	–	–	–	550,000	608,000	–	5,996,000
	November 20, 2017	December 31, 2019– November 19, 2027	December 31, 2019– November 19, 2027	9.35	8.91	3,233,000	–	–	–	380,000	425,000	–	2,428,000
	May 4, 2018	January 1, 2019– May 3, 2028	January 1, 2019– May 3, 2028	26.46	26.65	7,636,904	–	–	–	535,714	–	–	7,101,190
	November 29, 2018	November 29, 2019– November 28, 2028	November 29, 2019– November 28, 2028	14.04	14.32	156,000	–	–	–	–	–	–	156,000

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, 2022	Number of share options					Outstanding as at June 30, 2022
				per Share	HK\$			Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽¹⁾		
				HK\$									
	July 19, 2019	July 19, 2020– July 18, 2029	July 19, 2020– July 18, 2029	18.30		17.86	3,041,000	–	280,000	15,000	10,000	2,736,000	
	November 29, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	19.132		19.54	2,840,000	–	–	165,000	102,000	2,573,000	
	April 29, 2020	April 29, 2021– April 28, 2030	April 29, 2021– April 28, 2030	13.64		13.698	4,667,000	–	–	405,000	230,000	3,432,000	
	December 28, 2020	December 28, 2021– December 27, 2030	December 28, 2021– December 27, 2030	12.10		11.36	1,000,000	–	–	220,000	30,000	750,000	
	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	–	–	49,305	–	293,724	
Total:							61,174,605	–	280,000	2,450,019	3,673,356	54,771,230	

Notes:

- (1) The weighted average closing price immediately before the dates on which the options were exercised was HK\$26.79.
- (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 19 to the financial statement in this interim report.

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 23,326,000 shares of Legend had been granted (of which 6,328,266 options had lapsed) under the Subsidiary Share Option Scheme from the date of its adoption to June 30, 2022.

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, 2022	Number of share options			Exercised during the Reporting Period ^(b)	Outstanding as at June 30, 2022	
						Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed 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	1.50	600,000	–	–	–	–	600,000	
		July 2, 2021– July 1, 2029	July 1, 2029								
		July 1, 2029									
		July 2, 2022– July 1, 2029	July 2, 2022– July 1, 2029								
		July 1, 2029									
		July 2, 2023– July 1, 2029	July 2, 2023– July 1, 2029								
		July 1, 2029									
		July 2, 2024– July 1, 2029	July 2, 2024– July 1, 2029								
		March 29, 2021	March 29, 2022– March 28, 2031	March 29, 2022– March 28, 2031	14.12	300,000	–	–	–	–	300,000
		March 29, 2021	March 29, 2023– March 28, 2031	March 29, 2023– March 28, 2031							
	June 30, 2022	June 30, 2023– June 29, 2032	June 30, 2023– June 29, 2032	27.50	–	240,000	–	–	–	240,000	

Other Information

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share US\$	Outstanding as at January 1, 2022	Number of share options			Exercised during the Reporting Period ⁽¹⁾	Outstanding as at June 30, 2022
						Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
Other Employees	December 26, 2017	December 25, 2019– December 25, 2027	December 25, 2019– December 25, 2027	0.500	4,054,086	–	–	225,000	690,780	3,138,316
	August 30, 2018	January 1, 2019– August 29, 2028	January 1, 2019– August 29, 2028	1.000	1,849,434	–	–	91,000	347,964	1,410,470
	December 31, 2018	December 31, 2019– December 30, 2028	December 31, 2019– December 30, 2028	1.000	366,200	–	–	–	101,800	264,400
	January 14, 2019	December 31, 2019– December 30, 2028	December 31, 2019– December 30, 2028	1.000	10,000	–	–	–	6,000	4,000
	January 28, 2019	December 31, 2019– December 30, 2028	December 31, 2019– December 30, 2028	1.000	6,140	–	–	–	–	6,140
	July 2, 2019	July 2, 2020– July 1, 2029	July 2, 2020– July 1, 2029	1.500	1,220,700	–	–	62,000	112,300	1,046,400
	July 8, 2019	July 2, 2020– July 1, 2029	July 2, 2020– July 1, 2029	1.500	1,200	–	–	–	–	1,200
	November 29, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	11.500	313,588	–	–	18,400	37,628	257,560
	December 9, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	11.500	18,000	–	–	–	–	18,000
	June 5, 2020	June 5, 2021– June 4, 2030	June 5, 2021– June 4, 2030	11.500	90,000	–	–	–	–	90,000
	September 1, 2020	November 29, 2020– August 31, 2030	November 29, 2020– August 31, 2030	16.335	384,800	–	–	2,400	23,666	358,734
	November 19, 2020	November 19, 2021– November 18, 2030	November 19, 2021– November 18, 2030	13.575	20,000	–	–	16,000	4,000	–
	March 29, 2021	March 29, 2022– March 28, 2031	March 29, 2022– March 28, 2031	14.120	130,000	–	–	–	20,000	110,000

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share US\$	Outstanding as at January 1, 2022	Number of share options			Outstanding as at June 30, 2022	
						Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		Exercised during the Reporting Period ⁽ⁱ⁾
	August 27, 2021	August 27, 2022– August 26, 2031	August 27, 2022– August 26, 2031	19.015	165,000	–	–	–	165,000	
	March 25, 2022	March 25, 2023– March 24, 2032	March 25, 2023– March 24, 2032	18.44	–	1,200,000	–	60,000	1,140,000	
	March 31, 2022	March 31, 2023– March 30, 2032	March 31, 2023– March 30, 2032	18.17	–	750,000	–	–	750,000	
	May 13, 2022	May 13, 2023– May 12, 2032	May 13, 2023– May 12, 2032	19.68	–	15,000	–	–	15,000	
	Total:				9,529,168	2,205,000	–	474,800	1,344,138	9,915,220

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, 2022.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed “Share Option Schemes” and “Restricted Share Award Scheme”, 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

2019 RSA Scheme

The Company adopted its 2019 RSA Scheme on March 22, 2019 (the “**2019 RSA Scheme 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 2019 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 2019 RSA Scheme (the “**Trust Deed**”). Pursuant to the 2019 RSA Scheme, the shares that may be offered by the Company to any Selected Participant 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 2019 RSA Scheme shall not exceed in total ten (10)% of the Company’s issued share capital as at 2019 RSA Scheme Adoption Date. The 2019 RSA Scheme will initially be valid and effective for a period of ten years commencing on the 2019 RSA Scheme 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, 81,513 restricted shares (“**2019 RSA Shares B**”) were granted under the 2019 RSA Scheme to certain employees (the “**2019 Grantees B**”) on March 22, 2022, and 164,361 restricted shares, 588,016 restricted shares and 22,626 restricted shares (“**2019 RSA Shares A**”, together with the 2019 RSA Shares B, the “**2019 RSA Shares**”) were granted under the 2019 RSA Scheme to the chief executive of the Company (the “**2019 Grantees A**”, together with the 2019 Grantees B, the “**2019 Grantees**”) on January 10, 2022, March 22, 2022 and May 26, 2022, respectively. The closing price of the Shares on the Stock Exchange was HK\$32.10 per Share, HK\$25.90 per Share and HK\$20.15 per Share on January 10, 2022, March 22, 2022 and May 26, 2022, respectively. For details, please refer to the Company’s announcements dated January 10, 2022, March 23, 2022 and May 27, 2022.

Save as disclosed, no other restricted shares have been granted under the 2019 RSA Scheme during the Reporting Period.

The 2019 RSA Shares A have been acquired by the Trustee through on-market transactions. The 2019 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 2019 RSA Scheme. The 2019 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 2019 Grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making the grant of 2019 RSA Shares.

Set out below are details of the outstanding shares under the 2019 RSA Scheme:

Category/ Name of Grantee	Date of Grant	Closing Price per Share on the Date of Grant	As at January 1, 2022	Number of shares			Outstanding as at June 30, 2022
				Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	
Director							
Meng Jiange	December 28, 2020 ^(Note 1)	11.68	320,000	—	—	—	320,000
Wang Ye	May 31, 2021 ^(Note 2)	30.45	300,000	—	60,000 ^(Note 3)	—	240,000
Zhu Li	December 28, 2020 ^(Note 4)	11.68	160,000	—	—	—	160,000
	May 31, 2021 ^(Note 5)	30.45	100,000	—	20,000 ^(Note 6)	—	80,000
Chief Executive							
Liu (Patrick) Zhenyu	April 29, 2020 ^(Note 7)	13.84	5,375	—	5,375	—	—
	May 31, 2021 ^(Note 8)	30.45	15,524	—	7,762	—	7,762
	January 10, 2022 ^(Note 9)	32.10	—	164,361	—	—	164,361
	March 22, 2022 ^(Note 10)	25.90	—	588,016	—	—	588,016
	May 26, 2022 ^(Note 11)	20.15	—	22,626	—	—	22,626
Senior Management							
Wei Shiniu	April 29, 2020	13.84	1,810	—	1,810	—	—
	December 28, 2020	11.68	320,000	—	—	—	320,000
	March 31, 2021	13.68	25,478	—	12,739	—	12,739
	May 31, 2021	30.45	52,612	—	17,673	—	34,939
Shao Weihui	May 31, 2021	30.45	83,025	—	27,675	—	55,350

Other Information

Category/ Name of Grantee	Date of Grant	Closing Price per Share on the Date of Grant	As at January 1, 2022	Number of shares			Outstanding as at June 30, 2022
				Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	
Other Employees	July 19, 2019	18.30	559,867	—	—	355,552	204,315
	November 29, 2019	18.90	90,000	—	—	90,000	—
	April 29, 2020	13.84	562,814	—	167,786	—	395,028
	September 1, 2020	15.00	21,148	—	—	284	20,864
	December 28, 2020	11.68	1,471,831	—	—	552,897	918,934
	March 31, 2021	13.68	185,552	—	87,048	2,528	95,976
	May 31, 2021	30.45	5,320,768	—	1,756,310	188,373	3,376,085
	August 27, 2021	37.10	137,441	—	—	35,015	102,426
	December 10, 2021	40.75	246,915	—	—	20,638	226,277
	March 22, 2022	25.90	—	81,513	—	—	81,513
Total			9,980,160	856,516	2,164,178	1,245,287	7,427,211

Notes:

- (1) Mr. Meng Jiange was granted 400,000 restricted shares that will vest in five annual installments equally on December 28, 2021 to December 28, 2025 and among those, 80,000 restricted shares had been vested.
- (2) Ms. Wang Ye was granted 300,000 restricted shares that will vest in five annual installments equally on May 31, 2022 to May 31, 2026.
- (3) 60,000 restricted shares were scheduled to vest on May 31, 2022 and such shares were transferred to Ms. Wang Ye on June 7, 2022.
- (4) Dr. Zhu Li was granted 200,000 restricted shares that will vest in five annual installments equally on December 28, 2021 to December 28, 2025 and among those, 40,000 restricted shares had been vested.
- (5) Dr. Zhu Li was granted 100,000 restricted shares that will vest in five annual installments equally on May 31, 2022 to May 31, 2026.
- (6) 20,000 restricted shares were scheduled to vest on May 31, 2022 and such shares were transferred to Dr. Zhu Li on June 7, 2022.
- (7) Dr. Liu (Patrick) Zhenyu was granted 10,750 restricted shares which had been vested in two annual installments equally on April 29, 2021 and April 29, 2022.
- (8) Dr. Liu (Patrick) Zhenyu was granted 15,524 restricted shares that will vest in two annual installments equally on May 31, 2022 and on May 31, 2023 and among those, 7,762 restricted shares had been vested.
- (9) Dr. Liu (Patrick) Zhenyu was granted 164,361 restricted shares that will vest in five annual installments equally on January 10, 2023 to January 10, 2027.
- (10) Dr. Liu (Patrick) Zhenyu was granted 588,016 restricted shares that the last installment will vest on March 22, 2027.
- (11) Dr. Liu (Patrick) Zhenyu was granted 22,626 restricted shares that will vest equally on May 26, 2023 and May 26, 2024.

Save as disclosed, none of the 2019 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.

2021 RSA Scheme

On August 23, 2021, the Company approved and adopted the 2021 RSA Scheme to grant restricted shares to (i) Director or employee of the Company or any of its subsidiaries, and/or (ii) person who has made significant contribution, or will potentially make significant contribution to, the development of the Group.

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 2019 RSA Scheme shall not exceed in total ten (10)% of the Company's issued share capital as at the adoption date of the 2019 RSA Scheme.

During the Reporting Period, 1,734,602 restricted shares and 2,224,402 restricted shares (the "**2021 RSA Shares**") were granted under the 2021 RSA Scheme to certain employees (the "**2021 RSA Grantees**") on March 22, 2022 and May 26, 2022, respectively. For details, please refer to the Company's announcements dated March 23, 2022 and May 27, 2022.

The 2021 RSA Shares will be issued by the Company and certain 2021 RSA Shares will be allotted to the Trustee under the general mandate granted by the shareholders of the Company on May 28, 2021 and May 27, 2022 and in accordance with the terms of the 2021 RSA Scheme, subject to the fulfillment of customary conditions. Such 2021 RSA Shares will be 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 relevant 2021 RSA Grantees upon satisfaction of the relevant vesting conditions as may be specified by the Board at the time of making the grant of 2021 RSA Shares.

Other Information

Set out below are details of the outstanding shares under the 2021 RSA Scheme:

Category/ Name of Grantee	Date of Grant	Closing Price per Share on the Date of Grant	As at January 1, 2022	Number of shares			Outstanding as at June 30, 2022
				Granted during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	
Senior Management							
Wei Shiniu	March 22, 2022	25.90	—	224,611	—	—	224,611
	May 26, 2022	20.15	—	13,776	—	—	13,776
Shao Weihui	March 22, 2022	25.90	—	137,007	—	—	137,007
Other Employees	December 10, 2021	40.75	1,394,558	—	—	41,352	1,353,206
	March 22, 2022	25.90	—	1,372,984	—	—	1,372,984
	May 26, 2022	20.15	—	2,210,626	—	—	2,210,626
Total			1,394,558	3,959,004	—	41,352	5,312,210

Save as disclosed, none of the 2021 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.

Legend Restricted Shares Plan

On May 26, 2020, the shareholders of Legend approved and adopted the Legend 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 Legend 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 Legend Restricted Shares Plan will provide flexibility to Legend in its ability to motivate, attract, and retain the services of the participants.

Under the Legend 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 Legend Restricted Shares Plan shall be valid and effective for a term of ten years commencing on May 26, 2020.

During the Reporting Period, 2,027,802 restricted share units were granted under the Legend Restricted Shares Plan on January 14, 2022, February 11, 2022, March 25, 2022, March 31, 2022, April 25, 2022, May 13, 2022, June 15, 2022, June 30, 2022.

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

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

Grantee	Date of Grant	Outstanding as at January 1, 2022	Granted during the Reporting Period	Number of shares		Outstanding as at June 30, 2022
				Vested during the Reporting Period	Lapsed during the Reporting Period	
Huang Ying	March 19, 2021	75,500	—	—	—	75,500
	March 25, 2021	—	54,228	—	—	54,228
	June 30, 2022	—	16,362	—	—	16,362
Other participants	June 5, 2020	26,085	—	8,694	—	17,391
	September 1, 2020	439,002	—	—	35,464	403,538
	November 19, 2020	181,528	—	—	22,136	159,392
	March 19, 2021	1,472,278	—	476,116	92,248	903,914
	May 21, 2021	57,944	—	17,292	3,620	37,032
	June 9, 2021	39,072	—	13,024	—	26,048
	June 15, 2021	20,284	—	6,760	—	13,524
	July 19, 2021	34,376	—	—	—	34,376
	August 27, 2021	47,188	—	—	—	47,188
	September 15, 2021	141,560	—	—	4,928	136,632
	October 15, 2021	16,864	—	—	—	16,864
	November 18, 2021	17,458	—	—	7,288	10,170
	December 15, 2021	32,048	—	—	—	32,048
	January 14, 2022	—	4,608	—	—	4,608
	February 11, 2022	—	51,974	—	—	51,974
	March 25, 2022	—	1,768,046	—	68,706	1,699,340
	March 31, 2022	—	27,516	—	—	27,516
April 25, 2022	—	52,090	—	—	52,090	
May 13, 2022	—	16,714	—	—	16,714	
June 15, 2022	—	36,264	—	—	36,264	
Total		2,601,187	2,027,802	521,886	234,390	3,872,713

Probio RSUA Scheme

On August 3, 2021, the shareholders of Probio Cayman approved and adopted the Probio RSUA Scheme to grant restricted share units to (i) employees and directors of Probio Cayman and its subsidiaries (the “**Probio Group**”), and/or (ii) person who has made significant contribution, or will potentially make significant contribution to, the development of the Probio Group.

Other Information

The purposes of the Probio RSUA Scheme are (i) to provide the participants with the opportunity to acquire proprietary interest in the Probio Cayman, (ii) encourage the participants to work towards enhancing the value of Probio Cayman and its shares for the benefit of Probio Cayman and its shareholders as a whole, and (iii) to provide Probio Cayman with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to the participants.

The total number of the shares underlying all grants of the restricted share units made pursuant to the Probio RSUA Scheme shall not exceed in total fifteen percent (15%) of Probio Caymans' issued share capital as at August 18, 2021. Unless early terminated by the board of Probio Cayman, the Probio RSUA Scheme shall be valid and effective for a term of fifteen years commencing on August 3, 2021.

No restricted share units have been granted under the Probio RSUA Scheme during the Reporting Period.

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

Category/ Name of Grantee	Date of Grant	As at January 1, 2022	Granted during the Reporting Period	Number of shares		
				Vested during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2022
Participants	December 17, 2021	97,302,350	—	—	—	97,302,350
Total:		97,302,350	—	—	—	97,302,350

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 at the date of this report.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended June 30, 2022.

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.

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 of the Company 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 the Company 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 of the Company dated June 4, 2018, June 5, 2018, June 8, 2018, June 13, 2018 and June 14, 2018 for details.

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

	Unutilized amount as at January 1, 2022 US\$ million	Utilized amount during the Reporting Period US\$ million	Unutilized amount as at June 30, 2022 US\$ million	Intended year of application
Building up the GMP manufacturing facilities for plasmid and biologics products	36.5	17.6	18.9	2022 to 2023
Total	36.5	17.6	18.9	

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 of the Company dated May 14, 2021, June 7, 2021 and June 10, 2021.

Other Information

A detailed breakdown and description of the use of the net proceeds from the Subscription is set forth as follows:

Item	Unutilized amount as at January 1, 2022 US\$ million	Utilized amount during the Reporting Period US\$ million	Unutilized amount as at June 30, 2022 US\$ million	Intended year of application
Investment in research and development	37.0	25.3	11.7	2022 to 2023
Expansion of manufacturing facilities	131.2	44.7	86.5	2022 to 2023
Total	168.2	70.0	98.2	

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 (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 during the Reporting Period.

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 reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

REVIEW OF INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2022 and was of the opinion that such interim results had been prepared in accordance with the relevant accounting standards, laws and regulations, and that adequate disclosures have been made in accordance with the requirements of the Listing Rules. The unaudited interim results of the Group for the six months ended June 30, 2022 has not been reviewed by the auditor of the Company.

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 26, 2022, March 30, 2022 and May 25, 2022 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:

Dr. Zhang Fangliang has been appointed as the non-executive director of the Company since May 2022 and as the director of Legend Biotech and Probio Technology Limited since August 2022. Dr. Zhang Fangliang has resigned as the director of Nanjing Jinsirui Biotechnology Co., Ltd.* (南京金斯瑞生物科技有限公司) in June 2022.

Ms. Wang Jiafen has resigned as the director of Shanghai Xintonglian Packaging Co., Ltd (上海新通聯包裝股份有限公司) (SHA: 603022) in June 2022.

Mr. Dai Zumian has been appointed as the independent non-executive director of Beijing Hanyi Keyin Information Technology Co., Ltd.* (北京漢儀創新科技股份有限公司) (SZ: 301270), a company listed on the Growth Enterprise Market of the Shenzhen Stock Exchange from August 31, 2022, since September 2019.

Dr. Wang Xuehai has resigned as the vice chairman of Hubei Federation of Industry and Commerce* (湖北省工商業聯合會) in June 2022 and as the vice chairman of Hubei Youth Federation* (湖北省青年聯合會) in August 2022.

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 2021 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.

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June

	Notes	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
REVENUE	4	304,677	229,568
Cost of sales		(129,154)	(90,949)
Gross profit		175,523	138,619
Other income and gains		9,840	10,480
Selling and distribution expenses		(86,942)	(58,269)
Administrative expenses		(79,640)	(56,313)
Research and development expenses		(177,360)	(175,130)
Fair value losses of preferred shares and warrants	17	(45,824)	(1,600)
Other expenses		(13,256)	(5,638)
Finance costs		(3,234)	(1,142)
Provision for impairment losses on financial assets, net		(1,535)	(1,231)
LOSS BEFORE TAX	5	(222,428)	(150,224)
Income tax expense	6	(3,501)	(5,925)
LOSS FOR THE PERIOD		(225,929)	(156,149)
Attributable to:			
Owners of the parent		(131,202)	(91,122)
Non-controlling interests		(94,727)	(65,027)
		(225,929)	(156,149)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic (US\$ cent per share)		(6.28)	(4.61)
Diluted (US\$ cent per share)		(6.28)	(4.61)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June

	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
LOSS FOR THE PERIOD	(225,929)	(156,149)
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(20,111)	6,898
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(20,111)	6,898
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(20,111)	6,898
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(246,040)	(149,251)
Attributable to:		
Owners of the parent	(155,298)	(85,588)
Non-controlling interests	(90,742)	(63,663)
	(246,040)	(149,251)

Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	493,445	439,885
Advance payments for property, plant and equipment		20,044	18,512
Investment properties		5,751	6,882
Right-of-use assets		55,284	59,147
Goodwill		14,076	14,151
Other intangible assets		25,465	26,423
Investments in associates		3,318	3,318
Financial assets at fair value through profit or loss		10,932	10,444
Deferred tax assets		6,335	5,090
Time deposits	12	4,470	4,705
Other non-current assets		7,364	6,251
Total non-current assets		646,484	594,808
CURRENT ASSETS			
Inventories		49,898	44,358
Contract costs		11,391	8,877
Trade and notes receivables	10	102,339	142,345
Prepayments, other receivables and other assets		75,044	36,054
Financial assets at fair value through profit or loss		15,083	2,208
Financial assets measured at amortized cost		—	29,937
Loans to associates		155	1,680
Restricted cash	11	3,320	1,444
Time deposits	12	458,334	190,088
Cash and cash equivalents	12	782,246	1,180,971
Total current assets		1,497,810	1,637,962
CURRENT LIABILITIES			
Trade and bills payables	13	32,867	30,176
Other payables and accruals	14	211,420	213,469
Interest-bearing loans and other borrowings	15	6,697	521
Lease liabilities		7,388	7,510
Tax payable		5,039	6,236
Contract liabilities	16	100,994	95,377
Government grants		833	740
Financial liabilities at fair value through profit or loss	17	147,593	110,338
Total current liabilities		512,831	464,367

Interim Condensed Consolidated Statement of Financial Position

30 June 2022

	Notes	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing loans and other borrowings	15	189,511	121,070
Lease liabilities		25,638	27,349
Deferred tax liabilities		9,941	7,730
Contract liabilities	16	228,627	244,812
Government grants		17,152	13,301
Financial liabilities at fair value through profit or loss	17	271,920	260,790
Other non-current liabilities		314	396
Total non-current liabilities		743,103	675,448
Net assets		888,360	1,092,955
EQUITY			
Share capital	18	2,108	2,096
Treasury shares	18	(12,357)	(15,753)
Reserves		767,596	893,408
Equity attributable to owners of the parent		757,347	879,751
Non-controlling interests		131,013	213,204
Total equity		888,360	1,092,955

Wang Ye
Director

Meng Jiange
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the parent										Total equity US\$'000
	Share capital US\$'000 (Note 18)	Treasury shares US\$'000 (Note 18)	Share premium US\$'000 (Note 18)	Merger reserve US\$'000 (Note 18)	Share option reserve US\$'000 (Note 19 & Note 20)	Statutory surplus reserve US\$'000	Accumulated losses US\$'000	Exchange fluctuation reserve US\$'000	Total	Non-controlling interests US\$'000	
As at 1 January 2022 (Audited)	2,096	(15,753)	1,352,180	(20,883)	63,607	14,359	(537,230)	21,375	879,751	213,204	1,092,955
Loss for the period	–	–	–	–	–	–	(131,202)	–	(131,202)	(94,727)	(225,929)
Other comprehensive income for the Period:											
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(24,096)	(24,096)	3,985	(20,111)
Total comprehensive income for the Period	–	–	–	–	–	–	(131,202)	(24,096)	(155,298)	(90,742)	(246,040)
Share-based compensation arrangements	–	–	–	–	29,865	–	–	–	29,865	6,586	36,451
Exercise of share options and restricted share units	12	3,396	5,058	–	(5,437)	–	–	–	3,029	1,965	4,994
As at 30 June 2022 (Unaudited)	2,108	(12,357)	1,357,238	(20,883)	88,035	14,359	(668,432)	(2,721)	757,347	131,013	888,360

* These reserve accounts comprise the consolidated reserves of US\$767,596,000 (for the year ended 31 December 2021: US\$893,408,000) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to owners of the parent										Total equity US\$'000
	Share capital US\$'000 (Note 18)	Treasury shares US\$'000	Share premium US\$'000	Merger reserve US\$'000	Share option	Statutory surplus	Accumulated losses US\$'000	Exchange fluctuation	Non-controlling interests US\$'000	Total US\$'000	
					reserve	reserve		reserve			
					(Note 19 & Note 20)						
As 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 income for the Period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	5,534	5,534	1,364	6,898
Total comprehensive income 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)
Share-based compensation arrangements	—	—	—	—	11,564	—	—	—	11,564	2,946	14,510
Exercise of share options and restricted share units	24	384	15,457	—	(6,155)	—	—	—	9,710	2,995	12,705
As 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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June

	Notes	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(222,428)	(150,224)
Adjustments for:			
Provision for impairment of trade receivables, net		1,535	1,231
(Reversal)/write-down of inventories to net realizable value		(2,018)	344
Depreciation of property, plant and equipment		23,739	18,324
Depreciation of investment properties		48	58
Depreciation of right-of-use assets		3,830	2,798
Amortisation of other intangible assets		2,263	1,826
Loss on disposal of items of property, plant and equipment	9	91	931
Interest income		(3,383)	(764)
Investment income		(988)	(2,060)
Impairment losses of investments of associates		—	168
Fair value losses/(gains) on financial assets			
at fair value through profit or loss		6,108	(460)
Fair value losses of financial liabilities		45,824	1,600
Finance costs		3,234	1,142
Deferred government grants		(605)	(488)
Foreign exchange differences, net		7,129	3,001
Share-based compensation expenses		36,451	14,510
		(99,170)	(108,063)
Decrease in trade and notes receivables		38,471	47,884
(Increase)/decrease in prepayments, other receivables and other assets		(41,877)	2,735
Increase in inventories		(3,522)	(3,485)
Increase in non-current assets		(1,113)	(912)
Increase in contract costs		(2,514)	(2,084)
Increase in government grants		5,426	1,259
Increase in trade and bills payables		2,692	7,790
Increase in other payables and accruals		48,180	13,404
(Decrease)/increase in contract liabilities		(10,568)	1,726
(Increase)/decrease in restricted cash		(1,918)	2,825
Decrease in other non-current liabilities		(82)	—
Cash used in operations		(65,995)	(36,921)
Interest received		2,401	2,067
Interest paid for lease payment		(435)	(556)
Interest paid for loans and borrowings		(2)	(596)
Income tax paid		(3,425)	(707)
Income tax received		5,459	859
Net cash flows used in operating activities		(61,997)	(35,854)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June

	Notes	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(81,091)	(68,757)
Proceeds from disposal of items of property, plant and equipment		160	211
Purchases of intangible assets		(1,431)	(2,653)
Purchases of financial assets at fair value through profit or loss		(143,134)	(65,676)
Redemption of financial assets at fair value through profit or loss		124,162	70,473
Purchase of financial assets measured at amortized cost		—	(29,849)
Redemption of financial assets measured at amortized cost		30,000	—
Purchases of time deposits		(268,403)	(77,147)
Decrease in restricted cash		—	2,101
Repayment of loans from associates		1,534	319
Receipt of investment income		1,331	2,060
Net cash flows used in investing activities		(336,872)	(168,918)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares and warrant of the Company and its subsidiary		—	547,539
Exercise of share options		4,768	13,261
New loans and borrowings		6,453	26,041
Repayment of loans and borrowings		(248)	(51,411)
Principal portion of lease payments		(2,745)	(2,444)
Net cash flows generated from financing activities		8,228	532,986

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June

	Notes	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(390,641)	328,214
Cash and cash equivalents at beginning of period	12	1,180,971	629,058
Foreign exchange differences, net		(8,084)	343
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12	782,246	957,615
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		640,246	706,955
Non-pledged time deposits with original maturity of less than three months when acquired		142,000	250,660
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	12	782,246	957,615
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		782,246	957,615

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 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 2021.

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 2021, 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 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018–2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</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 2022

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 before 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 2022	Life-science	Biologics	Industrial	Operation			Total
	services and products	development services	synthetic biology products	Cell therapy	unit	Eliminations	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue (Note 4)							
Sales to external customers	170,476	60,401	16,635	57,024	141	—	304,677
Intersegment sales	5,524	2,250	211	75	27,286	(35,346)	—
Total revenue	176,000	62,651	16,846	57,099	27,427	(35,346)	304,677
Segment cost of sales	(76,232)	(46,487)	(9,662)	(5,002)	(23,788)	32,017	(129,154)
Segment gross profit	99,768	16,164	7,184	52,097	3,639	(3,329)	175,523
Other income and gains	1,316	2,692	534	2,868	6,655	(4,225)	9,840
Selling and distribution expenses	(27,620)	(7,413)	(1,976)	(48,742)	(1,311)	120	(86,942)
Administrative expenses	(24,401)	(11,983)	(2,327)	(30,699)	(11,434)	1,204	(79,640)
Research and development expenses	(21,340)	(4,541)	(2,301)	(150,129)	(1,145)	2,096	(177,360)
Fair value losses of preferred shares and warrants	—	(15,774)	—	(31,000)	—	950	(45,824)
Other expenses	(50)	(63)	(21)	(9,636)	(6,252)	2,766	(13,256)
Finance costs	—	(200)	(11)	(2,618)	(603)	198	(3,234)
Provision for impairment losses on financial assets, net	(411)	—	(139)	—	(985)	—	(1,535)
Profit/(loss) before tax	27,262	(21,118)	943	(217,859)	(11,436)	(220)	(222,428)

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

3. OPERATING SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2021	Life-science services and products US\$'000 (Unaudited)	Biologics development services US\$'000 (Unaudited)	Industrial synthetic biology products US\$'000 (Unaudited)	Cell therapy US\$'000 (Unaudited)	Operation unit US\$'000 (Unaudited)	Eliminations US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
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)

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Revenue from contracts with customers	304,485	229,320
Revenue from other sources		
Gross rental income from operating leases	192	248
	304,677	229,568

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2022

Segments	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	153,060	60,401	—	—	213,461
Sale of products	17,416	—	15,349	—	32,765
License and collaboration revenue	—	—	1,235	57,024	58,259
Total revenue from contracts with customers	170,476	60,401	16,584	57,024	304,485
Timing of revenue recognition					
Goods transferred at a point in time	17,416	—	15,349	—	32,765
Services transferred at a point in time	153,060	60,401	—	—	213,461
Licenses transferred at a point in time	—	—	1,235	3,750	4,985
Services transferred over time	—	—	—	53,274	53,274
Total revenue from contracts with customers	170,476	60,401	16,584	57,024	304,485

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

4. REVENUE (CONTINUED)

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

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 products	25,942	35	17,790	—	43,767
License 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 transferred 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

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2022 are as follows:

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Within one year	100,994	87,245
More than one year	228,627	254,695
	329,621	341,940

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Cost of services and products	64,612	49,012
Depreciation of items of property, plant and equipment	23,739	18,324
Depreciation of right-of-use assets	3,830	2,798
Amortization of other intangible assets	2,263	1,826
Depreciation of investment properties	48	58
Provision for impairment of trade receivables, net	1,535	1,231
Lease payments not included in the measurement of lease liabilities	787	545
(Reversal)/write-down of inventories to net realizable value	(2,018)	344
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	159,457	128,038
Pension scheme contributions (defined contribution schemes)	9,173	7,066
Share-based compensation expenses	36,451	14,510
	205,081	149,614
Foreign exchange losses, net	7,129	3,001
Loss on disposal of items of property, plant and equipment	91	931
Service fees for public offering	1,604	—
Fair value losses of preferred shares and warrants	45,824	1,600
Fair value losses of foreign currency forward contracts	4,711	106
Fair value losses/(gains) of non-current financial assets	1,577	(1,526)

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

6. INCOME TAX EXPENSE

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 2021 and in the six months ended 30 June 2022.

Hong Kong profits tax was subject to the two-tiered profits tax rates regime. The first HK\$2,000,000 (2021: HK\$2,000,000) of assessable profits was taxed at 8.25% (2021: 8.25%) and the remaining assessable profits was taxed at 16.5% (2021: 16.5%).

The subsidiaries of the Group operating in the United States of America were subject to federal tax at a rate of 21% (2021: 21%) and state tax at an average rate of 4.9% to 11.5% (2021: 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 (2021:12.5%). 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 of 23.2% (2021: 23.2%), and the effective corporate income tax rate of 29.74% (2021: 29.74%).

The subsidiary of the Group operating in the Netherlands depends on the taxable amount. The first EUR245,000 (2021: EUR245,000) of taxable amount was taxed at 15% (2021:15%), and remaining taxable amount was taxes at 25% (2021: 25%).

The subsidiary of the Group operating in Singapore was subject to income tax at the rate of 5% (2021: 5%) on the estimated assessable profits arising from qualifying activities in Singapore during the year. Any non-qualifying income is subject to income tax at a rate of 17% (2021: 17%).

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% (2021: 15%) for the Reporting Period.

6. INCOME TAX EXPENSE (CONTINUED)

	For the six months ended 30 June	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Current — Mainland China	2,167	2,501
Current — Others	368	99
Deferred income tax expense	966	3,325
Total tax expense for the period	3,501	5,925

7. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the six months ended 30 June 2022 (for six months ended 30 June 2021: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

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 2,090, 828,703 (for the six months ended 30 June 2021: 1,975,736,267) 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	
	2022	2021
	US\$'000	US\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation:	(131,202)	(91,122)
	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the period	2,098,055,016	1,984,503,812
Effect of shares repurchased	(7,226,313)	(8,767,545)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	2,090,828,703	1,975,736,267

* The diluted loss per share is the same as the basic loss per share because the effect of share options, restricted share units, warrants and convertible redeemable preferred shares were anti-dilutive for the six months ended 30 June 2022 and 2021.

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment at a cost of approximately US\$101,303,000 (for the six months ended 30 June 2021: approximately US\$69,474,000).

Assets with a net book value of approximately US\$628,000 were disposed of by the Group during the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately US\$2,330,000), resulting in a net loss on disposal of approximately US\$91,000 (for the six months ended 30 June 2021: approximately US\$931,000).

As at 30 June 2022, assets with a net book value of US\$3,077,000 were pledged as security for interest-bearing bank loans as set out in note 15 to the interim condensed consolidated financial statements (as at 31 December 2021: US\$3,683,000).

10. TRADE AND NOTES RECEIVABLES

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Trade receivables	102,284	138,348
Notes receivable	4,613	7,169
	106,897	145,517
Impairment of trade receivables	(4,558)	(3,172)
	102,339	142,345

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

10. TRADE AND NOTES RECEIVABLES (CONTINUED)

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 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Within 3 months	82,151	127,791
3 to 6 months	11,427	4,068
6 to 12 months	4,642	4,166
Over 1 year	4,064	2,323
	102,284	138,348

11. RESTRICTED CASH

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Pledged for credit cards' facilities	1,808	456
Pledged for the letters of guarantee	1,512	988
	3,320	1,444

The restricted cash as at 30 June 2022 and 31 December 2021 was pledged for issuing the letters of guarantee to suppliers of the Group and credit cards' facilities.

12. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Cash and bank balances	640,246	966,662
Time deposits	604,804	409,102
	1,245,050	1,375,764
Less:		
Non-pledged time deposits with original maturity of more than three months when acquired	(462,804)	(194,793)
Cash and cash equivalents	782,246	1,180,971
Denominated in USD	576,647	1,016,987
Denominated in RMB	192,809	155,953
Denominated in HKD	5,043	2,309
Denominated in KRW	2,761	740
Denominated in EUR	2,203	2,987
Denominated in other currencies	2,783	1,995
Cash and cash equivalents	782,246	1,180,971

At the end of the Reporting Period, the cash and cash equivalents of the Group denominated in Renminbi (“**RMB**”) amounted to US\$192,809,000 (31 December 2021: US\$155,953,000). 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 authorized to conduct foreign exchange business.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

13. TRADE AND BILLS PAYABLES

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Trade payables	31,855	28,693
Bills payable	1,012	1,483
	32,867	30,176

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 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Within 3 months	27,954	23,910
3 to 6 months	2,942	3,059
6 to 12 months	496	1,166
Over 1 year	463	558
	31,855	28,693

14. OTHER PAYABLES AND ACCRUALS

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Accrued expenses	78,570	96,991
Payables for purchases of property, plant and equipment	52,896	44,882
Accrued payroll and welfare	46,654	55,022
Other payables	24,694	6,964
Other tax payables	8,606	9,610
	211,420	213,469

15. INTEREST-BEARING LOANS AND OTHER BORROWINGS

	Notes	30 June 2022			31 December 2021		
		Effective interest rate (%)	Maturity	US\$'000	Effective interest rate (%)	Maturity	US\$'000
Current							
Bank loans — unsecured		2.60	2022	6,258	—	—	—
Current portion of long term bank loans — secured	(a)	0.32	2022	439	0.32	2022	521
				6,697			521
Non-current							
Other borrowings — unsecured	(b)	6.09	No specific	189,218	3.03	No specific	120,462
Non-current portion of long term bank loans — secured	(a)	0.32	2023–2024	293	0.32	2023–2024	608
				189,511			121,070
					30 June 2022	31 December 2021	
					US\$'000	US\$'000	
Analysed into:							
Bank loans repayable:							
Within one year or on demand					6,697		521
In the second year					293		521
In the third to fifth years, inclusive					—		87
Other borrowings repayable:							
No agreed repayment period					189,218		120,462
					196,208		121,591

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

15. INTEREST-BEARING LOANS AND OTHER BORROWINGS (CONTINUED)

- (a) Certain of the Group's bank loan is secured by the land and building in property, plant and equipment and investment properties with book value of approximately US\$8,828,000 (As at 31 December 2021: US\$10,565,000).

- (b) Pursuant to the license and collaboration agreement entered into with a collaborator, the Company is entitled to receive funding advances from the collaborator when certain operational conditions are met. As a result, the Company took an initial funding advance with principal amounting to US\$17,300,000 on 18 June 2021, a second funding advance with principal amounting to US\$53,100,000 on 17 September 2021, a third funding advance with principal amounting to US\$49,300,000 on 17 December 2021, a fourth funding advance with principal amounting to US\$5,300,000 on 18 March 2022, and a fifth funding advance with principal amounting to US\$60,900,000 on 17 June 2022 by reducing the same amount of other payables due to the collaborator, respectively (collectively, the "**Funding Advances**").

As at 31 December 2021 and 30 June 2022, these Funding Advances were accounted for as interest-bearing borrowings funded by the collaborator, constituted by a principal amounting to US\$119,700,000 and US\$185,900,000 and applicable interests accrued amounting to US\$800,000 and US\$3,300,000 upon such principal, respectively.

The respective interest rate of each borrowing is based on the average annual London Interbank Offered Rate ("**LIBOR**") for U.S. Dollars as reported in the Wall Street Journal on the due date of the quarterly invoice or the next business date should the due date fall on a weekend or holiday, plus 250 basis points, calculated on the number of days from the date on which the Company applied such borrowings. For each of the four batches of funding advances, interest started to accrue from 18 June 2021, 17 September 2021, 17 December 2021, 18 March 2022 and 17 June 2022, respectively.

Pursuant to the terms of the license and collaboration agreement, the collaborator may recoup the aggregate amount of Funding Advances together with interest thereon from Company's share of pre-tax profits and any milestone payments due to the Company after the end of the first profitable year of the collaboration program. The Company's management estimated the loan will not be recouped by the collaborator within one year, nor does the Company expect to repay the funding advances within one year, and thus the loan was classified as a long-term liability.

16. CONTRACT LIABILITIES

Details of contract liabilities as at 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Non-current		
License and collaboration revenue	228,627	244,812
Current		
License and collaboration revenue	64,654	60,644
Rendering of services	36,298	34,308
Sales of products	42	425
	100,994	95,377
	329,621	340,189

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

17. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Current		
Legend Warrant	118,900	87,900
Probio Warrant	26,132	22,438
Foreign currency forward contracts	2,561	—
	147,593	110,338
Non-current		
Probio Series A Preferred Shares	271,920	260,790
	419,513	371,128

As disclosed in note 32 in the 2021 financial statement, the financial liabilities at fair value through profit and loss mainly consist of Legend Warrant, Probio Warrant and Probio Series A Preferred Shares.

As of 30 June 2022, the fair value of Legend Warrant, Probio Warrant and Probio Series A Preferred Shares were US\$118,900,000, US\$26,132,000, US\$271,920,000, respectively, with fair value changes of US\$31,000,000, US\$3,694,000 and US\$11,130,000 were recorded in the profit or loss in the first six months of 2022.

The movements of the above financial liabilities are set out below:

	Total US\$'000
As at 1 January 2022 (audited)	371,128
Fair value losses of preferred shares and warrants	45,824
Fair value changes of foreign currency forward contracts	2,561
As at 30 June 2022 (unaudited)	419,513

18. SHARE CAPITAL AND SHARE PREMIUM

Shares

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 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	2,108	2,096

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

	Number of shares issued and fully paid	Share capital US\$'000	Treasury shares US\$'000	Share premium US\$'000	Total US\$'000
As at 1 January 2022 (audited)	2,095,686,208	2,096	(15,753)	1,352,180	1,338,523
Exercise of share options and restricted share units	12,087,208	12	3,396	5,058	8,466
As at 30 June 2022 (unaudited)	2,107,773,416	2,108	(12,357)	1,357,238	1,346,989

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

19. SHARE OPTION SCHEME

a) The Company

The Company's Pre-IPO and Post-IPO share option scheme 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			
	2022		2021	
	Weighted average exercise price US\$ per share	Number of options '000	Weighted average exercise price US\$ per share	Number of options '000
As at 1 January	0.7372	109,444	0.6739	156,619
Granted during the period	—	—	3.4407	443
Forfeited during the period	1.9497	(2,730)	1.3672	(6,627)
Exercised during the period	0.3161	(10,285)	0.4237	(23,951)
Expired during the period	—	—	2.4378	(225)
As at 30 June	0.7477	96,429	0.6916	126,259
Exercisable at 30 June	0.5337	75,466	0.3894	86,826

The weighted average share price at the date of exercise for share options exercised during the period was per share HK\$27.042 (for the period ended 30 June 2021: HK\$29.217).

19. 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 2022 Number of options '000	Exercise price* US\$ per share	Exercise period
144	0.0515	2013/08/10~2025/07/31
38,150	0.0617	2014/12/31~2025/07/31
3,091	0.0772	2013/09/01~2025/07/31
272	0.1029	2018/02/01~2025/12/31
7,875	0.1552	2016/06/22~2026/06/21
3,956	0.3102	2017/09/23~2026/09/22
13,931	0.4514	2019/04/25~2027/04/24
6,630	1.0672	2018/07/25~2027/10/10
2,428	1.1969	2019/12/31~2027/11/19
3,433	1.7857	2021/04/29~2030/04/28
1,337	1.7948	2018/11/29~2028/11/28
2,736	2.3444	2020/07/19~2029/07/18
2,873	2.4444	2020/11/29~2029/11/28
7,101	3.3710	2019/01/01~2028/05/03
718	1.9355	2020/09/01~2025/08/31
1,360	1.5606	2021/11/21~2030/12/27
100	1.7857	2022/03/31~2031/03/30
294	3.9228	2022/05/31~2031/05/30
96,429		

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

19. SHARE OPTION SCHEME (CONTINUED)

a) The Company (continued)

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	2013/09/01~2025/07/31
272	0.1029	2018/02/01~2025/12/31
7,903	0.1552	2016/06/22~2026/06/21
4,716	0.3102	2017/09/23~2026/09/22
17,130	0.4514	2019/04/25~2027/04/24
8,117	1.0672	2018/07/25~2027/10/10
3,717	1.1969	2019/12/31~2027/11/19
4,456	1.7857	2021/04/29~2030/04/28
1,440	1.7948	2018/11/29~2028/11/28
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		

* 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.

There were no options granted for the period ended 30 June 2022 (for the period ended 30 June 2021: US\$725,000, US\$1.6358 each). The Group recognised a share option expense of US\$698,000 (for the six months ended 30 June 2021: US\$3,095,000) during the six months ended 30 June 2022.

19. SHARE OPTION SCHEME (CONTINUED)

a) The Company (continued)

There were no options granted for the period ended 30 June 2022, and the fair value of equity-settled share options granted was estimated in 2021, 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:

	For the six months ended 30 June	
	2022	2021
Expected volatility (%)	N/A	48–49
Risk-free interest rate (%)	N/A	1.20–1.46
Expected life of options (year)	N/A	10

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 Company had 96,429,000 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 96,429,000 additional ordinary shares of the Company, an additional share capital of approximately US\$96,429 and a share premium of approximately US\$72,004,000 (before issue expenses).

b) The Legend

During the six months ended 30 June 2022, 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 2022

19. SHARE OPTION SCHEME (CONTINUED)

b) The Legend (continued)

The following share options were outstanding during the period:

	For the six months ended 30 June			
	2022		2021	
	Weighted average exercise price US\$ per share	Number of options '000	Weighted average exercise price US\$ per share	Number of options '000
As at 1 January	2.8970	9,529	1.9353	14,241
Granted during the period	19.3427	2,205	14.1200	430
Forfeited during the period	3.9404	(475)	3.4001	(898)
Exercised during the period	1.5814	(1,344)	1.0640	(2,591)
As at 30 June	6.6827	9,915	2.4880	11,182

The weighted average share price at the date of exercise for share options exercised during the period was US\$21.8389 per share (for the period ended 30 June 2021: US\$16.2970).

19. 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 2022 Number of options '000	Exercise price* US\$ per share	Exercise period
3,138	0.50	2019/12/25~2027/12/25
1,410	1.00	2019/07/01~2028/08/29
274	1.00	2019/12/31~2028/12/30
1,648	1.50	2020/07/02~2029/07/01
276	11.50	2020/11/29~2029/11/28
90	11.50	2021/06/05~2030/06/05
359	16.34	2021/09/01~2030/8/31
410	14.12	2022/03/29~2031/03/28
165	19.02	2022/08/27~2031/08/26
740	18.44	2023/03/25~2032/03/24
750	18.17	2023/04/30~2032/03/30
80	18.44	2023/05/02~2032/03/24
40	18.44	2023/05/05~2032/03/24
80	18.44	2023/05/08~2032/03/24
200	18.44	2023/05/10~2032/03/24
15	19.68	2023/05/13~2032/03/24
240	27.50	2023/06/30~2032/06/29
9,915		

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

19. SHARE OPTION SCHEME (CONTINUED)

b) The Legend (continued)

30 June 2021 Number of options '000	Exercise price* US\$ per share	Exercise period
4,610	0.50	2019/12/25~2027/12/25
2,188	1.00	2019/07/01~2028/08/29
457	1.00	2019/12/31~2028/12/30
2,558	1.50	2020/07/02~2029/07/01
390	11.50	2020/11/29~2029/11/28
90	11.50	2021/06/05~2030/06/05
439	16.50	2021/09/01~2030/08/31
20	13.60	2021/11/19~2030/11/19
430.00	14.10	2022/03/29~2026/03/29
11,182		

* 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 29 November 2019 through 9 December 2019 to \$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.

The fair value of the share options granted during the period was US\$26,305,000 (US\$11.93 each) (for the period ended 30 June 2021: US\$6,071,600 (US\$14.12 each)). The Legend recognised a share option expense of US\$3,771,000 (for the period ended 30 June 2021: US\$456,000) during the six months ended 30 June 2022.

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:

	For the six months ended 30 June	
	2022	2021
Dividend yield (%)	—	—
Expected volatility (%)	73.0–87.1	73.2
Risk-free interest rate (%)	2.31–3.10	1.72
Expected life of options (year)	10	10

19. SHARE OPTION SCHEME (CONTINUED)

b) The Legend (continued)

The weighted average share price was US\$19.34 used in the share option fair value valuation model during the period ended 30 June 2022 (for the period ended 30 June 2021: US\$14.12).

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 9,915,220 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Legend, result in the issue of 9,915,220 additional ordinary shares of the Legend, an additional share capital of approximately US\$992 and a share premium of approximately US\$66,259,000 (before issue expenses).

20. RESTRICTED STOCK SHARES

a) The Company

The Company operates the restricted stock unit schemes 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 restricted share award scheme adopted by the Company on 22 March 2019 (the "2019 RSU Scheme") include the Company's directors, including independent non-executive directors, and employees of any member of the Group. Eligible participants of the restricted share award scheme adopted by the Company on 23 August 2021 (the "2021 RSU Scheme", together with the 2019 RSU Scheme, the "RSU Schemes") include (i) directors or employees of the Group, and/or (ii) person who has made significant contribution, or will potentially make significant contribution to, the development of the Group. The RSU Schemes have a performance vesting condition and is subject to forfeiture if the participants cannot meet certain performance target (if any) set by the board of directors.

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

	For the six months ended 30 June	
	2022 Numbers '000	2021 Numbers '000
As at 1 January	12,497	5,330
Granted during the period	4,816	6,334
Forfeited during the period	(1,287)	(172)
Vested during the period	(3,287)	(178)
As at 30 June	12,739	11,314

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

20. RESTRICTED STOCK SHARES (CONTINUED)

a) The Company (continued)

The weighted-average remaining contractual life for outstanding RSUs granted under the RSU Plan was 3.61 (for the period ended 30 June 2021: 4.60) years as of 30 June 2022.

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 RSUs granted during the period was US\$14,400,000 (US\$2.990 each) (for the period ended 30 June 2021: US\$24,382,000 (US\$3.850 each)), of which the Group recognised RSUs expense of US\$10,039,000 (for the period ended 30 June 2021: US\$3,382,000) during the period ended 30 June 2022.

At the date of approval of these financial statements, the Company had 12,739,000 RSUs outstanding under the RSU Schemes, which represented approximately 0.6% of the Company's shares in issue as at that date.

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	
	2022 Numbers '000	2021 Numbers '000
As at 1 January	2,601	1,112
Granted during the period	2,028	1,843
Forfeited during the period	(236)	(148)
Vested during the period	(547)	(17)
As at 30 June	3,846	2,790

20. RESTRICTED STOCK SHARES (CONTINUED)

b) The Legend (continued)

The weighted-average remaining contractual life for outstanding RSUs granted under the RSU Plan was 1.55 (for the period ended 30 June 2021: 1.06) years as of 30 June 2022.

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\$41,157,000 (US\$20.296 each) (for the period ended 30 June 2021: US\$25,915,000 (US\$14.060 each)). The Legend recognised a restricted stock units expense of US\$11,354,000 during the period ended 30 June 2022 (for the period ended 30 June 2021: US\$7,577,000).

c) The Probio Group

The Probio Cayman operates a restricted stock unit plan (the "**Probio RSU Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Probio Group's operations. Eligible participants of the Probio RSU Scheme include the directors, employees of any member of the Probio Group and employees of the Group regarding services provided to the Probio Group. The Probio RSU Scheme became effective on 3 August 2021 unless otherwise cancelled or amended.

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

	For the six months ended 30 June 2022 Numbers '000
As at 1 January	97,302
Forfeited during the period	—
As at 30 June	97,302

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

20. RESTRICTED STOCK SHARES (CONTINUED)

c) The Probio Group (continued)

The weighted-average remaining contractual life for outstanding RSUs granted under the RSU Plan was 4.53 years as of 30 June 2022.

The fair value of the awarded shares was estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates included in Note 23.

The Probio Group recognised a share option expense of US\$10,589,000 (for the period ended 30 June 2020: Nil) during the six months ended 30 June 2022.

At the date of approval of these financial statements, the Probio Cayman had 97,302,000 RSUs outstanding under the Probio RSU Scheme, which represented approximately 6.2% of the Probio Cayman's shares in issue as at that date.

21. COMMITMENTS

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

	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Contracted, but not provided for:		
Property, plant and equipment	119,973	97,700

22. 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
GenScript Corporation (“ GS Corp ”)	The ultimate holding company

- (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	
		2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Repayment from Maple Bio Nanjing	(i)	1,534	461
Sales of products to Gomeet	(ii)	175	265
Sales of products and service to Maple Bio Nanjing	(ii)	—	110
Purchase of products and service from Maple Bio Nanjing	(ii)	895	362
Purchase of equipment from Maple Bio Nanjing	(iii)	—	516

Notes:

- (i) The loans to Maple Bio Nanjing were unsecured and repayable within one year with interest rates of 0% to 5.15%. The Group recognised interest income of US\$68,000 (for the six months ended 30 June 2021: US\$51,000) during the Reporting Period.
- (ii) The prices are mutually agreed after taking into account the prevailing market prices.
- (iii) The property and equipment were purchased from Maple Nanjing and the price is mutually agreed after taking into account of the net book value of the property and equipment.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

22. 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 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Maple Bio Nanjing	402	4,261
Maple Bio HK	201	201
Gomeet	157	147
Maple Bio	89	89
	849	4,698

Excepted for the balance amounting to US\$402,000 with Maple Bio Nanjing (2021: US\$1,947,000) which was secured by certain equipment, 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 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Maple Bio Nanjing	31	1,256
Gomeet	—	36
	31	1,292

22. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	For the six months ended 30 June	
	2022 US\$'000 (Unaudited)	2021 US\$'000 (Unaudited)
Short-term employee benefits	1,194	1,633
Pension scheme contributions	13	9
Share-based compensation expenses	1,474	1,237
Total compensation paid to key management personnel	2,681	2,879

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

23. 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 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)	30 June 2022 US\$'000 (Unaudited)	31 December 2021 US\$'000 (Audited)
Financial Assets				
Financial assets at fair value through profit or loss	26,015	12,652	26,015	12,652
Financial liabilities				
Financial liabilities at fair value through profit or loss	419,513	371,128	419,513	371,128

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

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

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

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

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.

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

The fair values of the non-current portion of time deposits, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2022 were assessed to be insignificant.

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 2022 (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	—	26,015	—	26,015

As at 31 December 2021 (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	—	12,652	—	12,652

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

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

Fair value hierarchy (Continued)

Liability measured at fair value:

As at 30 June 2022 (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 liabilities at fair value through profit or loss	—	121,461	298,052	419,513

As at 31 December 2021 (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 liabilities at fair value through profit or loss	—	87,900	283,228	371,128

23. 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 2022 is as follows (For the six months ended 30 June 2021: Nil):

	For the six months ended 30 June 2022 US\$'000
Financial liabilities at fair value through profit or loss	
As at 1 January	283,228
Fair value change during the six months	14,824
As at 30 June	298,052

During the six months ended 30 June 2022, 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 (During the six months ended 30 June 2021: Nil).

Valuation techniques and significant inputs used to determine fair values:

(a) Level 2 financial instruments:

Financial assets:

The valuation technique used to value the Group's investment in limited partnerships in level 2 is the net asset value, calculating based on the valuation of each underlying investment held by the limited partnerships.

The valuation technique used to value the Group's bank financial products in level 2 is the present value of future cash flows based on the expected return which could be observed in the active market.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

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

Fair value hierarchy (Continued)

(a) Level 2 financial instruments: (Continued)

Financial liabilities:

The valuation technique used to value the Group's bank financial products in level 2 is the present value of future cash flows based on the expected return which could be observed in the active market.

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

	Legend Warrant	
	30 June 2022	31 December 2021
Underlying stock price (per ordinary share of Legend Cayman)	US\$27.50	US\$23.31
Volatility	84.5%	70.50%
Risk free rate	2.78%	0.58%
Dividend	0%	0%

(b) Level 3 financial instruments:

As at 30 June 2022, the Group measured the Probio Series A Preferred Shares and Probio Warrant at fair value. The fair value of Probio Series A Preferred Shares is determined by using the valuation techniques, including the discounted cash flow method and the back-solve method. The fair value of Probio Warrant is determined by using the Black-scholes model.

The Group estimated the risk-free interest rate based on the yield of the United States Government Bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on the annualised standard deviation of the daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

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

Fair value hierarchy (Continued)

(b) Level 3 financial instruments: (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

	Probio Series A Preferred Shares	
	30 June 2022	31 December 2021
Fair value of ordinary shares of Probio Cayman	US\$0.61	US\$0.54
Risk-free interest rate (Note i)	3.00%–3.01%	1.21%
DLOM (Note ii)	18.00%–27.00%	16.00%–27.00%
Volatility (Note iii)	56.54%–57.92%	56.03%–56.39%

Notes:

- (i) 0.25% increase/decrease in the risk-free interest rate with all other variables held constant would decrease/increase the fair value of Probio Series A Preferred Shares by US\$948,000 and US\$958,000 as at 30 June 2022, respectively.
- (ii) 5% increase/decrease in DLOM with all other variables held constant would decrease/increase the fair value of Probio Series A Preferred Shares by US\$16,809,000 and US\$16,809,000 as at 30 June 2022, respectively.
- (iii) 5% increase/decrease in volatility with all other variables held constant would decrease/increase the fair value of Probio Series A Preferred Shares by US\$7,270,000 and US\$6,920,000 as at 30 June 2022, respectively.

	Probio Warrant	
	30 June 2022	31 December 2021
Fair value of ordinary shares of Probio Cayman	US\$0.61	US\$0.54
Risk-free interest rate (Note i)	2.82%	0.62%
Volatility (Note ii)	56.84%	57.06%

Notes:

- (i) 0.25% increase/decrease in the risk-free interest rate with all other variables held constant would increase/decrease the fair value of Probio Warrant by US\$189,000 and US\$188,000 as at 30 June 2022, respectively.
- (ii) 5% increase/decrease in volatility with all other variables held constant would increase/decrease the fair value of Probio Warrant by US\$1,356,000 and US\$1,225,000 as at 30 June 2022, respectively.

Notes to Interim Condensed Consolidated Financial Information

30 June 2022

24. CONTINGENT LIABILITIES

On 17 September 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 understood to be an investigation relating to suspected violations of import and export regulations under the laws of the PRC (the “**Investigation**”). In connection with the Investigation, certain employees and Dr. Zhang Fangliang (“**Dr. Zhang**”), the non-executive director of the Company and the then chairman of the board, have been arrested for the suspected offence of smuggling goods prohibited by the import and export regulations under the laws of the PRC. Dr. Zhang resigned from the positions of chairman of the Board, non-executive director, member and chairman of the nomination committee of the Company, and the member and chairman of the sanctions risk control committee of the Company on 22 November 2020. In May 2021, certain subsidiaries and employees of the Company and Dr. Zhang 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. On 2 May 2022, the Company has been informed by the Procuratorate that the examination with respect to the Investigation has been concluded, and that the Procuratorate decided not to bring any charge against any entity or individual.

As at the date of this report, to the best of the Company’s knowledge, there are no formal charges made against any entity within the Group or any individual yet and there have been no other details released by the Authority. 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 2022.

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.

25. EVENTS AFTER THE REPORTING PERIOD

On 2 July 2022, Probio Cayman entered into the purchase agreement with the Series B Investor, whereby Probio Cayman agreed to issue and sell, and Series B Investor agreed to purchase 57,314,000 Series B Preferred Shares of Probio Cayman for the aggregate consideration of US\$37,254,100.

26. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized by the board of directors on 31 August 2022.