



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



Make People and Nature Healthier through
Biotechnology
Interim Report 2023

*For identification purpose only

CONTENTS

2	Corporate Profile
3	Corporate Information
5	Financial Highlight
7	Management's Discussion and Analysis
25	Other Information
49	Independent Review Report
	Interim Condensed Consolidated Statement of Profit or Loss
50	
	Interim Condensed Consolidated Statement of Comprehensive Income
51	
	Interim Condensed Consolidated Statement of Financial Position
52	
	Interim Condensed Consolidated Statement of Changes in Equity
54	
	Interim Condensed Consolidated Statement of Cash Flows
56	
	Notes to Interim Condensed Consolidated Financial Information
58	



CORPORATE PROFILE

Genscript Biotech Corporation (the “**Company**” or “**GenScript**”, together with its subsidiaries, the “**Group**”) is a well-recognised biotechnology company. Based on our proprietary gene synthesis technology and the other technology and know-hows on life-science research and application, we have well established four major platforms including (i) a life-science services and products platform to provide one-stop solutions to global research communities, (ii) a biologics contract development and manufacturing organization (the “**CDMO**”) platform, (iii) an industrial synthetic products platform, and (iv) an integrated global cell therapy platform. The above four internally built platforms collectively have demonstrated their growth from research and development to commercial delivery for the six months ended June 30, 2023 (the “**Reporting Period**”).

The Group has been inspired by the mission “**Make People and Nature Healthier through Biotechnology**” since its founding 21 years ago. Our clients’ business need is the Group’s first priority and the ultimate cornerstone for pursuing its long-term development. We have been improving our clients’ competitiveness through providing our quality, fast-delivery and cost-effective services and products. Internally, we focus on streamlining our operational workflows and procedures with the aim to strive for the highest quality of end-to-end delivery. Externally, we actively promote the value of strategic collaboration with business partners with the vision to build up a healthy biotech eco-system. We would like to contribute more of our efforts to speed up the evolution of the whole biotech and biopharma industry, to realize multi-win among all the participating partners in this industry.

The Group’s business operations span over 100 countries and region worldwide with legal entities located in Mainland China (the “**PRC**” or “**Mainland China**”), the United States (the “**U.S.**”), Hong Kong, Japan, Singapore, Netherlands, Ireland, the United Kingdom, Korea and Belgium. Our professional workforce is consisted of approximately 6,414 team members as at June 30, 2023.

The life-science services and products segment offers services and products covering gene synthesis, oligo nucleotide synthesis, peptide synthesis, protein production, antibody development, and life-science equipment and consumables. By servicing early stage research and discovery projects at pharma, biotech and academic institutions, our business has made significant contributions to the global life science research community.

The CDMO platform provides one-stop cell and gene therapy (“**CGT**”) development and biologics discovery, development and manufacturing services to customers worldwide. The CDMO business focused on expanding the manufacturing capacity and commercial network globally during the Reporting Period.

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 autoleucl (cilta-cel), is a chimeric antigen receptor T-cell therapy jointly developed with Janssen Biotech, Inc. (“**Janssen**”), for the treatment of multiple myeloma (“**MM**”).

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 home care industries. We believe synthetic biology offers us new opportunities from both technical and commercial perspectives.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Zhang Fangliang
Mr. Meng Jiange (*Chairman*)
Ms. Wang Ye (*President*)
Dr. Zhu Li (*Chief strategy officer*)

Non-Executive Directors

Dr. Wang Luquan
Mr. Pan Yuexin
Ms. Wang Jiafen

Independent Non-Executive Directors

Mr. Guo Hongxin
Mr. Dai Zumian
Mr. Pan 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 AND ESG COMMITTEE (FORMERLY KNOWN AS 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 Zhenyu (*Chairman*)
Ms. Shao Weihui
Dr. Eric Wang
Mr. Wei Shiniu

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
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

Corporate Information

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

JPMorgan Chase Bank

383 Madison Avenue
New York
NY 10017
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, 2023 was approximately US\$391.3 million, representing an increase of 26.4% as compared with approximately US\$309.6 million for the same period in 2022, among which, the external revenue for non-cell therapy business was approximately US\$281.8 million, representing an increase of 13.8% as compared with approximately US\$247.7 million for the same period in 2022, and the external revenue for cell therapy business was approximately US\$109.5 million, representing an increase of 76.9% as compared with approximately US\$61.9 million for the same period in 2022.
- Gross profit of the Group for the six months ended June 30, 2023 was approximately US\$175.0 million, representing an increase of 3.9% as compared with approximately US\$168.5 million recorded for the same period in 2022, among which, the gross profit of non-cell therapy business before eliminations was approximately US\$134.7 million, representing an increase of 6.7% as compared with approximately US\$126.2 million for the same period in 2022, and the gross profit of cell therapy business before eliminations was approximately US\$41.4 million, representing a decrease of 8.2% as compared with approximately US\$45.1 million for the same period in 2022.
- Loss of the Group for the six months ended June 30, 2023 was approximately US\$245.8 million, whilst loss was approximately US\$233.6 million for the same period in 2022.

The adjusted net loss of the Group for the six months ended June 30, 2023 was approximately US\$162.0 million, whilst the adjusted net loss was approximately US\$134.8 million for the same period in 2022, among which, the adjusted net profit of non-cell therapy business before eliminations was approximately US\$33.6 million, representing an increase of 1.2% as compared with approximately US\$33.2 million for the same period in 2022, and the adjusted net loss of cell therapy business before eliminations was approximately US\$195.7 million, whilst the adjusted net loss of cell therapy business before eliminations was approximately US\$168.2 million for the same period in 2022.

- Loss attributable to owners of the Company for the six months ended June 30, 2023 was approximately US\$93.6 million, whilst loss attributable to owners of the Company was approximately US\$135.5 million for the same period in 2022.

Financial
Highlight

Notes:

	For the six months ended June 30, 2023				For the six months ended June 30, 2022			
	Non-cell therapy US\$'000	Cell therapy US\$'000	Eliminations US\$'000	Total US\$'000	Non-cell therapy US\$'000	Cell therapy US\$'000	Eliminations US\$'000	Total US\$'000
Net profit/(loss)	65,339	(311,229)	133	(245,757)	(8,234)	(225,527)	172	(233,589)
Excluding: Equity-settled share-based compensation expense, net of tax	15,491	22,714	—	38,205	21,155	15,125	—	36,280
Fair value (gains)/losses of preferred shares and warrants	(51,019)	85,750	—	34,731	14,824	31,000	—	45,824
Losses related to foreign currency forward contracts, net of tax	2,754	—	—	2,754	2,969	—	—	2,969
Consultation and other related costs for the Investigation, net of tax	732	—	—	732	2,250	—	—	2,250
Exchange (gains)/losses, net of tax	(1,713)	7,020	—	5,307	(1,325)	9,599	—	8,274
Fair value losses of non-current financial assets, net of tax	750	—	—	750	1,577	—	—	1,577
Service fees and other costs for equity financing activities	1,278	—	—	1,278	—	1,604	—	1,604
Adjusted net profit/(loss)	33,612	(195,745)	133	(162,000)	33,216	(168,199)	172	(134,811)

- (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) equity-settled share-based compensation expense; (ii) fair value gains or losses of preferred shares and warrants; (iii) losses related to foreign currency forward contracts; (iv) consultation and other related costs for the Investigation (as defined in the announcement of the Company dated September 21, 2020); (v) exchange gains or losses; (vi) fair value losses of non-current financial assets; and (vii) service fees and other costs for equity financing activities.
- (3) All the comparative financial figures in this report have been adjusted according to the restated interim condensed consolidated financial information for the six months ended June 30, 2022. The adjustment was solely derived from the restatement of Legend Biotech. Please refer to note 3 to the interim condensed consolidated financial information below for details.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Reporting Period, the overall revenue of the Group was approximately US\$391.3 million, representing an increase of 26.4% as compared with approximately US\$309.6 million for the same period in 2022. Gross profit was approximately US\$175.0 million, representing an increase of 3.9% as compared with approximately US\$168.5 million for the same period in 2022. The loss attributable to owners of the Company was approximately US\$93.6 million, whilst loss attributable to owners of the Company was approximately US\$135.5 million for the same period in 2022.

During the Reporting Period, the external revenue of (i) life-science services and products, (ii) biologics development services, (iii) industrial synthetic biology products, (iv) cell therapy, and (v) operation unit accounted for approximately 50.8%, 16.5%, 4.6%, 28.0%, and 0.1% of the total revenue of the Group, respectively.

RESULTS ANALYSIS OF THE FOUR BUSINESS SEGMENTS

For the six months ended June 30, 2023

	Life-science services and products US\$'000	Biologics development services US\$'000	Industrial synthetic biology products US\$'000	Cell therapy US\$'000
Revenue	202,985	65,113	18,223	109,666
Adjusted gross profit	110,517	19,451	7,173	42,507
Adjusted selling and distribution expenses	28,267	7,218	2,295	38,011
Adjusted administrative expenses	23,809	14,844	2,231	41,647
Adjusted research and development expenses	19,267	3,596	2,357	168,775
Adjusted operating profit/(loss)	39,174	(6,207)	290	(205,926)

The adjusted cost and expenses exclude the impact from (i) equity-settled share-based compensation expense, and (ii) service fees and other costs for equity financing activities.

Management's Discussion and Analysis

1. Life-science Services and Products

During the Reporting Period, revenue from life-science services and products was approximately US\$203.0 million, representing an increase of 15.3% as compared with approximately US\$176.0 million for the same period in 2022. The adjusted gross profit was approximately US\$110.5 million, representing an increase of 9.2% as compared with approximately US\$101.2 million for the same period in 2022. The adjusted gross profit margin decreased slightly from 57.5% for the same period in 2022 to 54.4% this Reporting Period. The adjusted operating profit of life-science services and products was approximately US\$39.2 million, representing an increase of 16.7% from approximately US\$33.6 million for the same period in 2022.

The increase in revenue and adjusted gross profit was mainly attributable to the (i) successful commercial operations in the U.S. and European markets that drove increased demand, with particular strength in molecular biology, peptide and nucleic acid, and (ii) continued manufacturing efficiency improvement at production sites outside of Mainland China. Besides the contribution of increase of gross profit, the increased adjusted operating profit was also positively impacted by the improvement of operation efficiency.

2. Biologics Development Services

During the Reporting Period, revenue from biologics development services was approximately US\$65.1 million, representing a flat increase of 3.8% as compared with approximately US\$62.7 million for the same period in 2022. The adjusted gross profit was approximately US\$19.5 million, representing a decrease of 18.4% as compared with approximately US\$23.9 million for the same period in 2022. The adjusted gross profit margin decreased from 38.1% for the same period in 2022 to 30.0% this Reporting Period. The adjusted operating loss of biologics development services was approximately US\$6.2 million.

The adjusted gross profit was negatively impacted by the (i) lower capacity utilization during this Reporting Period, and (ii) provision of slow-moving inventories due to manufacturing process change that rendered the resin purchased during the COVID pandemic obsolete. The Company has taken timely actions to increase inventory usage rate. The adjusted operating loss was primarily attributable to the (i) increased operation costs for building up overseas capacity, and (ii) continuous investment in talent resources development and reserving. The Company will continue optimizing pricing package and leveraging commercial collaboration between different segments to improve global market penetration.

3. Industrial Synthetic Biology Products

During the Reporting Period, revenue from industrial synthetic biology products was approximately US\$18.2 million, representing an increase of 8.3% as compared with approximately US\$16.8 million for the same period in 2022. The adjusted gross profit kept stable at approximately US\$7.2 million as compared to the same period in 2022. The adjusted gross profit margin decreased from 42.9% for the same period in 2022 to 39.4% this Reporting Period. The adjusted operating profit of industrial synthetic biology products was approximately US\$0.3 million.

The increase of revenue was primarily attributable to the (i) incremented needs from customers in line with the rebound in feed enzyme market; and (ii) strain upgrade leading to increased competitiveness of products and improved market share. The adjusted gross profit margin and adjusted operating profit was positively impacted from the optimization and upgrade of production process, especially in industrial enzyme, while negatively impacted by the decreased profit from the license of patents and the increased expenditure of intensive devotion for the marketing.

Management's Discussion and Analysis

4. Cell Therapy

During the Reporting Period, revenue from cell therapy segment was approximately US\$109.7 million, representing an increase of 76.9% compared to approximately US\$62.0 million for the same period in 2022. The increase in revenue was primarily attributed to the collaboration revenue generated from sales of CARVYKTI in connection with the Janssen Agreement, offset by a decrease in the license revenue driven by the nature and timing of milestones achieved pursuant to Janssen Agreement.

During the Reporting Period, the adjusted operating loss was approximately US\$205.9 million whilst the adjusted operating loss was approximately US\$168.0 million for the same period in 2022. The continued investment in adjusted research and development costs of approximately US\$168.8 million during the Reporting Period compared to approximately US\$141.5 million for the same period in 2022, mainly due to (i) Legend's continuous investment in research and development activities in cilta-cel, including higher patient enrollment for Phase 3 clinical trials, and (ii) the increased investment in research and development activities for other pipelines. Additionally, Legend incurred approximately US\$38.0 million in the adjusted selling and distribution expenses and approximately US\$41.6 million in the adjusted administrative expenses during the Reporting Period compared to approximately US\$46.8 million and approximately US\$25.1 million, respectively, for the same period in 2022. Also, Legend incurred approximately US\$67.2 million during the Reporting Period towards the adjusted cost of collaboration revenue compared to US\$16.7 million for the same period in 2022 to support the commercial supply of CARVYKTI.

FINANCIAL REVIEW

	For the six months ended June 30,		
	2023 (Unaudited)	2022 (Unaudited) (Restated)	Change
	US\$'000	US\$'000	US\$'000
Revenue	391,311	309,589	81,722
Gross profit	175,048	168,498	6,550
Loss after income tax expense	(245,757)	(233,589)	(12,168)
Adjusted net loss	(162,000)	(134,811)	(27,189)
Loss attributable to owners of the Company	(93,581)	(135,507)	41,926
Loss per share (US cent)	(4.44)	(6.48)	2.04
Adjusted profit and expenses:			
Gross profit	181,961	177,905	4,056
Selling and distribution expenses	76,881	81,987	(5,106)
Administrative expenses	91,395	64,152	27,243
Research and development expenses	193,877	166,411	27,466

Management's Discussion and Analysis

REVENUE

During the Reporting Period, the Group recorded revenue of approximately US\$391.3 million, representing an increase of 26.4% from approximately US\$309.6 million for the same period in 2022. This is mainly attributable to the (i) stable growth in non-cell therapy business, especially in life-science services and products, and (ii) expanded product sales of CARVYKTI after the commercialization approval from the FDA.

GROSS PROFIT

During the Reporting Period, the Group's gross profit increased by 3.9% to approximately US\$175.0 million from approximately US\$168.5 million for the same period in 2022. This is mainly attributable to the expansion of the revenue, and was partially offset by the product and service portfolio mix change, especially the decrease of license revenue in the cell therapy segment. The adjusted gross profit increased by 2.3% over the same period in 2022.

SELLING AND DISTRIBUTION EXPENSES

During the Reporting Period, the Group's selling and distribution expenses slightly decreased by 6.3% to approximately US\$81.4 million from approximately US\$86.9 million for the same period in 2022. This is mainly attributable to the decreased costs for CARVYKIT commercialization in cell therapy segment and was partially offset by the increase in exhibitions and business travel activities in non-cell therapy business. The adjusted selling and distribution expenses decreased by 6.2% over the same period in 2022.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group's administrative expenses increased by 33.8% to approximately US\$106.5 million from approximately US\$79.6 million for the same period in 2022. This is mainly attributable to the (i) increased investment on talent to recruit experienced personnel with competitive package and equity-settled share-based compensation expense, (ii) reinforcement of some key administrative functions to support the Group's overall business expansion and compliance, and (iii) expenditures associated with the preparation and construction for capacity expansion. The adjusted administrative expenses increased by 42.4% over the same period in 2022.

RESEARCH AND DEVELOPMENT EXPENSES

During the Reporting Period, the Group's research and development expenses increased by 16.7% to approximately US\$207.3 million from approximately US\$177.6 million for the same period in 2022. This is mainly attributable to the (i) continuous investment in talents with competitive package and equity-settled share-based compensation expense, (ii) increase in clinical trial expenses, especially in the cell therapy segment, and (iii) continuous investment in new products and services to enhance our competitiveness. The adjusted research and development expenses increased by 16.5% over the same period in 2022.

FAIR VALUE GAINS OR LOSSES OF PREFERRED SHARES AND WARRANTS

On May 13, 2021 (New York time), Legend entered into a subscription agreement with an investor relating to (i) the offer and sale of 20,809,850 ordinary shares of Legend in a private placement at a purchase price of US\$14.41625 per ordinary share of Legend (the "**Legend Offering**"), and (ii) the issuing of a warrant exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend (the "**Legend Warrant**", together with the Legend Offering, the "**Legend Subscription**") at an aggregate consideration of US\$300.0 million. 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.

Management's Discussion and Analysis

On May 11, 2023, the warrant holder exercised the Legend Warrant in full for an aggregate exercise price of US\$200.0 million, and as a result, Legend issued 10,000,000 ordinary shares of Legend to the warrant holder. Please refer to the announcement of the Company dated May 14, 2023 for details.

The Legend Warrant was accounted for as a financial liability because the Legend Warrant was net share settleable at the holder's option. Upon the exercise of the Legend Warrant, Legend recorded a fair value loss of US\$85.8 million during the Reporting Period.

On August 18, 2021 (New York time), Probio Technology Limited ("**Probio Cayman**"), an indirectly owned subsidiary of the Company, entered into a purchase agreement with certain investors, whereby Probio Cayman sold 300,000,000 shares of series A preferred shares of Probio Cayman (the "**Probio Series A Preferred Shares**") and a warrant exercisable for up to an aggregate of 189,393,939 ordinary shares of Probio Cayman (the "**Probio Warrant**", and collectively the "**Probio Cayman Purchase**"). The total proceeds from the Probio Cayman Purchase was US\$150.0 million. Pursuant to the purchase agreement, 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 January 17, 2023, Probio Cayman entered into a subscription agreement with certain investors (including the Company), pursuant to which Probio Cayman issued and sold, and the investors purchased an aggregate of 319,998,370 series C preferred shares of Probio Cayman (the "**Probio Series C Preferred Shares**") for an aggregate consideration of approximately US\$224.0 million (the "**Probio Series C Financing**"). Please refer to the announcements of the Company dated January 17, 2023, February 10, 2023, and April 21, 2023 for details.

The Probio Series A Preferred Shares, Probio Series C Preferred Shares and the Probio 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, 2023, the fair value of the Probio Series A Preferred Shares, Probio Series C Preferred Shares and Probio Warrant were assessed at approximately US\$428.3 million. Fair value gains of approximately US\$51.0 million were recorded during the Reporting Period due to the changes in fair value of these financial liabilities.

FINANCIAL LIABILITIES AT AMORTISED COST

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 (the "**Probio Series B Preferred Shares**") at an aggregate consideration of approximately US\$37.3 million (the "**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.

The Probio Series B Preferred Shares is accounted for as financial liabilities at amortised cost for liability component and other reserves for equity component.

Management's Discussion and Analysis

On May 26, 2023, Nanjing Bestzyme Bioengineering Co., Ltd.* (南京百斯傑生物工程有限公司) (“**BSJ Nanjing**”), an indirect non-wholly owned subsidiary of the Company, entered into a capital increase agreement with certain investors, pursuant to which the investors subscribed for the additional registered capital of BSJ Nanjing of RMB37,609,070 (equivalent to approximately US\$5.3 million) for a total consideration of RMB250.0 million (equivalent to approximately US\$35.2 million) to acquire approximately 10.4168% equity interest in BSJ Nanjing upon the closing (the “**BSJ Series A Capital Increase**”). In connection with the BSJ Series A Capital Increase, the investors are entitled to the redemption right pursuant to the shareholder agreement dated May 26, 2023 entered into by, among others, the investors and BSJ Nanjing. Please refer to the announcements of the Company dated May 28, 2023 and June 25, 2023 for details.

The BSJ Series A Capital Increase is accounted for as financial liabilities at amortised cost.

As at June 30, 2023, the equity components of Probio Series B Preferred Shares in other reserves were assessed at approximately US\$1.6 million. The financial liabilities at amortised cost of the Probio Series B Preferred Shares was assessed at approximately US\$37.9 million with interest expenses assessed at approximately US\$1.1 million during the Reporting Period. The financial liabilities at amortised cost of the BSJ Series A Capital Increase was assessed at approximately US\$34.5 million.

INCOME TAX EXPENSE

During the Reporting Period, the income tax expense decreased from approximately US\$3.8 million for the same period in 2022 to approximately US\$1.1 million this Reporting Period.

NET LOSS

During the Reporting Period, net loss of the Group was approximately US\$245.8 million, whilst the net loss for the same period in 2022 was approximately US\$233.6 million. The adjusted net loss of the Group was approximately US\$162.0 million.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at June 30, 2023, the cash and bank balances of the Group amounted to approximately US\$1.4 billion (as at December 31, 2022: approximately US\$941.9 million). As at June 30, 2023, the restricted cash of the Group amounted to approximately US\$25.5 million (as at December 31, 2022: approximately US\$27.2 million).

As at June 30, 2023, the Group had available unutilized bank facilities of approximately US\$335.3 million (as at December 31, 2022: approximately US\$146.9 million).

CAPITAL EXPENDITURE

During the Reporting Period, capital expenditure incurred in purchasing software was approximately US\$0.9 million, the prepayment to collaborator for collaboration right-of-use assets was approximately US\$53.0, and the expenditure of constructing and purchasing property, plant and equipment was approximately US\$80.2 million.

Management's Discussion and
Analysis

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

Significant investments held

As at June 30, 2023, significant investments held by the Group are as follows:

	As at June 30, 2023 US\$'000	As at December 31, 2022 US\$'000
Financial assets at fair value through profit or loss		
— Current	244,578	210,819
— Non-current	14,858	11,657
Total	259,436	222,476

The current part of financial assets at fair value through profit or loss represent investments in wealth management products issued by banks or institutions in China and the U.S..

The wealth management products which we purchased during the Reporting Period, mainly including the money market fund and credit-linked notes, were with floating expected return rate ranging from 1.4% to 5.2% per annum and with maturity dates between one day to about one year. These products did not guarantee the return of principals upon maturity, and none of them was past due or impaired as at June 30, 2023. As at June 30, 2023, the Group has redeemed those wealth management products at maturation and has no intention to dispose the investments in the long-term.

As part of our treasury management plan, we have purchased wealth management products as an auxiliary means to improve utilization of our cash on hand on a short-term basis. We have made such purchases only when (i) we have surplus funds after we have fully considered the cash requirement of our operations for the period and allocated accordingly, and (ii) our management has carefully assessed the risks and benefits and decided to make such purchases (including, among others, the availability of certain wealth management products which have high liquidity and generate interest income meeting our standards).

All investments were made in low-risk, liquid and sound wealth management products, such as capital preservation products, fixed-income products, trust products with agreed yield expectations and adequate safeguards, and trust products backed by highly liquid collaterals.

Any purchase and redemption of our investments in wealth management products shall be reviewed and approved by chief finance officer of the Group or its subsidiaries.

During the Reporting Period, we had only invested in wealth management products issued by major reputable banks and institutions in China and the U.S., and we preserved all our invested capital in these products and did not encounter any default by the issuing banks and institutions. We had not invested, and are prohibited, under our internal control policies, from directly investing in any listed financial product, and our investments had not been pledged to secure our borrowings during the six months ended June 30, 2023.

Management's Discussion and Analysis

Information in relation to the current part of financial assets at fair value through profit or loss as at June 30, 2023 are set out as follows:

Banks/Institution	Product type/description	Original amount In RMB or US\$	Investment cost In US\$'000	Fair value	Purchase date (Month/Day/Year)	Maturity date (Month/Day/Year)	Redemption date
				as at June 30, 2023 In US\$'000			
1. Bank of China	Non-guaranteed floating-income product	RMB44,000,000	6,089	6,315	12/15/2022	9/13/2023	Not applicable
2. China Merchants Bank	Non-guaranteed floating-income products	RMB90,000,000	12,455	12,455	6/30/2023	3/24/2024	Not applicable
3. JPMorgan Chase Financial Company LLC	Credit Linked Notes	US\$10,000,000	10,000	10,013	5/30/2023	6/20/2024	Not applicable
4. JPMorgan Chase Financial Company LLC	Credit Linked Notes	US\$30,000,000	30,000	30,039	2/2/2023	12/20/2023	Not applicable
5. JPMorgan Chase & Co.	Money Market Fund	US\$60,000,000	60,000	60,246	7/15/2022	Not applicable	On call
6. JPMorgan Chase & Co.	Money Market Fund	US\$62,000,000	62,000	62,253	10/14/2022	Not applicable	On call
7. JPMorgan Chase & Co.	Money Market Fund	US\$63,000,000	63,000	63,257	10/14/2022	Not applicable	On call
Total:			243,544	244,578			

Performance and prospects of the financial assets at fair value through profit or loss – JPMorgan Chase Financial Company LLC (“Fund 1”), JPMorgan U.S. Government Money Market Fund (“Fund 2”), JPMorgan 100% U.S. Treasury Securities Money Market Fund (“Fund 3”), JPMorgan U.S. Treasury Plus Money Market Fund (“Fund 4”)

As at June 30, 2023, Group invested US\$40.0 million in Fund 1, Credit Linked Notes, which is issued by JPMorgan Chase Financial Company LLC, guaranteed by JPMorgan Chase & Co., rating by Standard & Poor's/Fitch/Moody's: A-/AA-/A1.

According to information from JPMorgan Chase & Co., Credit Linked Notes linked to People's Republic of China provide a fixed interest rate of 5.2% per annum, if no credit event occurs on or prior to the credit observation end date.

As at June 30, 2023, Legend invested US\$60.0 million in Fund 2, whose ratings are AAAM (S&P), Aaa-mf (Moody's) and AAAMmf (Fitch), US\$62.0 million in Fund 3 and US\$63.0 million in Fund 4, ratings of both of which are AAAM (S&P) and Aaa-mf (Moody's), respectively.

According to information from JPMorgan Chase & Co., the Fund 2 seeks high current income with liquidity and stability of principal. It invests exclusively in high-quality, short-term securities that are issued or guaranteed by the U.S. government or by U.S. government agencies and instrumentalities. The Fund 2 will comply with the SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

According to information from JPMorgan Chase & Co., the Fund 3 aims to provide the highest possible level of current income while still maintaining liquidity and providing maximum safety of principal. It invests solely in debt securities of the U.S. Treasury, including Treasury bills, bonds and notes carrying different interest rates, maturities and issue dates. The interest on these securities is generally exempt from state and local income taxes. The Fund 3 is a money market fund managed to meet the requirements of Rule 2a-7 under the Investment Company Act of 1940.

Management's Discussion and
Analysis

According to information from JPMorgan Chase & Co., the Fund 4 seeks current income with liquidity and stability of principal. It invests exclusively in U.S. Treasury bills, notes and other obligations issued or guaranteed by the U.S. Treasury, and repurchase agreements collateralized by such obligations. The Fund 4 will comply with the SEC rules applicable to all money market funds, including Rule 2a-7 under the Investment Company Act of 1940.

The Fund 2, 3 and 4 seek to maintain a net asset value of \$1.00 per share and offers daily liquidity, and the average yields float with the Fed rate hikes throughout the Reporting Period. The dividend accrued for the previous month is paid to Legend's account on the first working day of the next month.

Information in relation to the non-current part of financial assets at fair value through profit or loss as at June 30, 2023 are set out as follows:

Name of investee company/fund	Principal business or investment scope	Nature of investment	Number of shares/units/amount of investments held	Percentage of total share capital/units owned by the Group as at June 30,		Fair value as at June 30,		Unrealised gain/ (loss) on change in fair value during the six months ended June 30,		Dividends received during the six months ended June 30,
				2023	Investment Cost	2023	2023	2023	2023	
				%	US\$'000	US\$'000	%	US\$' 000	US\$' 000	
Yuanming Prudence SPC — Healthcare Fund I Segregated Portfolio	Equity investment	Investment in fund/securities	486.43	0.28	500	256	0.01	(69)	(39)	
Panacea Venture Healthcare Fund I, L.P.	Equity investment	Investment in fund/securities	Not applicable	5.54	8,842	8,260	0.24	(681)	—	
Shenzhen Emma Biotechnology Co., Ltd.	Equity investment	Investment in corporation	Not applicable	3.96	1,107	1,590	0.05	—	—	
AffyXell Therapeutics Co., Ltd.	Equity investment	Investment in corporation	113,637.00	1.22	810	810	0.02	—	—	
Fund A*	Equity investment	Investment in fund/securities	Not applicable	58.23	1,599	1,599	0.05	—	—	
Fund B*	Equity investment	Investment in fund/securities	Not applicable	90.85	2,343	2,343	0.07	—	—	
Total:					15,201	14,858	0.44	(750)	(39)	

* The Company is subject to strict confidentiality obligations under which the name of the fund cannot be disclosed to any third party. As at the date of this report, to the best knowledge of the Company, each of the general partners, limited partners, and their ultimate beneficial owners of Fund A and Fund B is an independent third party who is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and the connected person(s) (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules")) of the Company.

(Note) Given the value of investments is insignificant pursuant to Appendix 16 of the Listing Rules and does not constitute a notifiable transaction of the Company pursuant to Chapter 14 of the Listing Rules, as the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), whether on a standalone or aggregate basis, are less than 1.0% of the total assets of the Group as at June 30, 2023, the Company has not prepared any analysis on their prospects.

During the Reporting Period, we recorded the investment gain on the financial assets at fair value through profit or loss of approximately US\$3.8 million and a fair value gain at approximately US\$0.3 million.

Management's Discussion and Analysis

Material disposal

Deemed disposal of equity interest in Probio Cayman

On January 17, 2023, Probio Cayman entered into a subscription agreement with certain investors (including the Company), pursuant to which Probio Cayman issued and sold and the investors purchased an aggregate of 319,998,370 Probio Series C Preferred Shares for an aggregate consideration of approximately US\$224.0 million. The initial closing and additional closing of the Probio Series C Financing took place on February 10, 2023 and April 21, 2023, respectively. Please refer to the announcements of the Company dated January 17, 2023, February 10, 2023 and April 21, 2023 for details.

As at the date of this report, Probio Cayman remains a non-wholly owned subsidiary of the Company and the financial results of Probio Cayman continues to be consolidated into the financial statements of the Group.

Deemed disposal of equity interest in BSJ Nanjing

On May 26, 2023, BSJ Nanjing entered into the capital increase agreement with certain investors, pursuant to which the investors subscribed for the additional registered capital of BSJ Nanjing of RMB37,609,070 (equivalent to approximately US\$5.3 million) for a total consideration of RMB250.0 million (equivalent to approximately US\$35.2 million) to acquire approximately 10.4168% equity interest in BSJ Nanjing. The completion of BSJ Series A Capital Increase took place on June 25, 2023. Please refer to the announcements of the Company dated May 28, 2023 and June 25, 2023 for details.

As at the date of this report, BSJ Nanjing remains a non-wholly owned subsidiary of the Company and the financial results of BSJ Nanjing continues to be consolidated into the financial statements of the Group.

Deemed disposal of equity interest in Legend

During the Reporting Period, Legend completed the following fundraising activities by way of private placement and registered direct offering: (i) Legend sold 7,656,968 ordinary shares of Legend (the "**Legend Biotech Shares**") to an investor in a private placement at a purchase price of US\$26.12 per Legend Biotech Share, of which the completion took place on April 24, 2023. Please refer to the announcements of the Company dated April 20, 2023 and April 25, 2023 for details; (ii) Legend sold 484,992 Legend Biotech Shares to an investor in a private placement at a purchase price of US\$26.12 per Legend Biotech Share, of which the completion took place on May 2, 2023. Please refer to the announcement of the Company dated May 7, 2023 for details; (iii) Legend sold 5,468,750 American Depositary Shares ("**ADS(s)**"), representing 10,937,500 Legend Biotech Shares at a purchase price of US\$64.0 per ADS in a registered direct offering, of which the completion took place on May 11, 2023. Please refer to the announcements of the Company dated May 8, 2023 and May 12, 2023; and (iv) Legend sold 692,782 Legend Biotech Shares to an investor in a private placement at a purchase price of approximately US\$32.0 per Legend Biotech Share, of which the completion took place on May 19, 2023. Please refer to the announcement of the Company dated May 21, 2023 for details.

As at the date of this report, Legend remains a non-wholly owned subsidiary of the Company and the financial results of Legend continues to be consolidated into the financial statements of the Group.

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.

Management's Discussion and Analysis

BANKS LOANS AND OTHER BORROWINGS

As at June 30, 2023, GenScript Japan Inc. ("**GS JP**") had a long-term interest-bearing loan from Mizuho Bank for a total amount of JPY40.0 million (equivalent to approximately US\$277,000) 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 the building.

As at June 30, 2023, Nanjing GenScript Biotech Co., Ltd. ("**GS China**") had short-term interest-bearing loans from China Citi Bank for a total amount of RMB22.0 million (equivalent to approximately US\$3.0 million) with a fixed interest rate at 2.6%. GS China used such loans for daily operation.

As at June 30, 2023, GS China had a short-term interest-bearing loan from China Merchants Bank for discounting notes for a total amount of RMB26.3 million (equivalent to approximately US\$3.6 million) with a fixed interest rate at 1.4%. GS China also had short-term interest-bearing loans from China Merchants Bank for a total amount of RMB85.0 million (equivalent to approximately US\$11.8 million) with fixed interest rates at 2.5% to 2.6%. GS China used such loans for daily operation.

As at June 30, 2023, Nanjing Probio Biotech Co., Ltd. ("**Probio Nanjing**") had a short-term interest-bearing loan from China CITIC Bank for discounting notes for a total amount of RMB119.1 million (equivalent to approximately US\$16.5 million) with a fixed interest rate at 1.3%. Probio Nanjing used such a loan for daily operation.

As at June 30, 2023, Legend took funding advances with principal amounted to US\$250.0 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, fifth amounting to US\$60.9 million on June 17, 2022, sixth amounting to US\$60.5 million on September 16, 2022, and seventh amounting to US\$3.6 million on December 16, 2022, by reducing the same amount of other payables due to the collaborator (collectively, the "**Funding Advances**"). As at June 30, 2023, Legend recorded interest payables of US\$20.6 million for the Funding Advances.

These 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.

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 borrowings will not be recouped by the collaborator within one year, and thus the borrowings was classified as a long-term liability.

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

Management's Discussion and Analysis

PROVISION, CONTINGENT LIABILITIES AND GUARANTEES

The Group did not have any material provision, contingent liabilities or guarantees as at June 30, 2023.

NO MATERIAL ADVERSE CHANGE

The directors of the Company (the "**Director(s)**") 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, 2022 up to the date of this report.

CHARGES ON GROUP ASSETS

As at June 30, 2023, the building and freehold land located in Tokyo, Japan of approximately JPY1.2 billion (equivalent to approximately US\$8.2 million) was pledged by GS JP to secure a loan of JPY40.0 million (equivalent to approximately US\$277,000).

As at June 30, 2023, bank balances of approximately US\$400,000 were pledged for credit cards' facilities, of approximately US\$20.1 million were pledged for bills payable, and of approximately US\$5.0 million were pledged for the letters of guarantee to suppliers.

As at June 30, 2023, the properties acquired by Jiangsu GenScript Biotech Co., Ltd.* (江蘇金斯瑞生物科技有限公司) and Jiangsu GenScript Probio Biotech Co., Ltd* (江蘇金斯瑞蓬勃生物科技有限公司) was approximately RMB239.6 million (equivalent to approximately US\$33.2 million) were pledged to an affiliate of the Series B Investor (as defined in the announcement of the Company dated July 4, 2022) so as to secure the performance of the redemption obligation of the Company and Probio Cayman. Please refer to the announcements of the Company dated June 29, 2022 and July 4, 2022 for details.

Save as disclosed above, the Group did not have any other material charges over its assets as at June 30, 2023.

CURRENT RATIO AND GEARING RATIO

As at June 30, 2023, the Group's current ratio (current assets to current liabilities) was approximately 5.6 (as at December 31, 2022: approximately 3.2); and gearing ratio (total liabilities to total assets) was approximately 38.4% (as at December 31, 2022: approximately 46.5%).

SUBSEQUENT EVENTS

As at June 30, 2023, the subsequent events of the Group are set out in note 30 to the interim condensed consolidated financial information in this report.

Saved as disclosed in this report, no other important events affecting the Company occurred since June 30, 2023 and up to the date of this report.

Management's Discussion and Analysis

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 and upgrade molecular biology and protein production capacity in China and overseas markets, as well as to expand Good Manufacturing Practice (“**GMP**”) grade manufacturing capacity for peptide, oligo and other key reagents in the CGT 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.

For industrial synthetic biology products, the Group plans to further optimize our manufacturing facility in Mainland China, in order to improve our capacity utilization rate. We are also planning to expand our synthetic biology laboratories in order to enhance our research and development (“**R&D**”) capabilities.

For cell therapy business, the Group plans to aggressively expand manufacturing capacity for CARVYKI in both North America and Europe in anticipation of an enlarged addressable patient population following the expected approval of the recently submitted supplemental Biologics License Application (sBLA) for treating earlier line MM patients.

The Group also plans to invest in upgrading supply chain and IT infrastructures as well as other supporting functions to improve operating efficiency and accommodate the strong business growth.

The Group finances its operating and capital expenditures mainly by internal resources such as operating cash flow and bank facilities.

Save as disclosed in this report, there was no other specific plan for material investments or capital assets as at June 30, 2023.

RISK MANAGEMENT

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 exchange rate between the U.S. dollar against RMB and Euro, respectively. 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 cashflows of the PRC entities. Since January 2019, the Group has engaged in a series of forward contracts to manage the Group's foreign exchange risk.

The Group adopts a hedging policy to manage our exposure to foreign exchange risk in relation to RMB, aiming to control foreign exchange risk to an acceptable level by ensuring that we will only consider hedging cashflows. As at June 30, 2023, the Group had outstanding foreign currency forward contracts in respect of U.S. dollar against RMB of notional principal amounts of approximately US\$44.8 million (as at December 31, 2022: approximately US\$22.0 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.

Management's Discussion and Analysis

Cash flow and fair value interest rate risk

As at June 30, 2023, other than bank balances with variable interest rates and short-term deposits, the Group has financial products of approximately US\$243.5 million related to fair value interest rate risk. The Directors consider that the exposure of fair value interest rate arising from financial products is insignificant because of the relatively short duration, 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 has not entered into any hedging instrument for either the fair value interest rate risk or cash flow interest rate risk. The sensitivity analysis for cash flow interest rate risk is prepared on the exposure to interest rates for interest-bearing bank loans and other borrowings at the end of the Reporting Period. If the interest rates had been 50 basis point higher or lower and all other variables were held constant, our post-tax loss would have been approximately US\$0.6 million higher or lower for the six months ended June 30, 2023.

Credit risk

The carrying amounts of cash and bank balances, restricted cash, time deposits, trade and other receivables and financial assets at fair value through profit or loss 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 rating is performed on customers and counterparties. These evaluations focus on the counterparty's business performance, including but not limited to, financing activities, financial position, market economic environment, and past history of payment punctuality. Prepayment requirement is determined and credit limit is granted based on the credit rating and historical contracting amount, which will be reviewed quarterly. Monitoring procedures have been implemented to ensure that follow-up actions will be taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual transaction and accounts' revenue volume, outstanding balances, long-time past due invoices and payment records semi-yearly to ensure that 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. On March 7, 2022, the second plenary session of the first session of the National People's Congress announced the reform plan of The State Council of the PRC. The China Center for Biotechnology Development, formerly under the Ministry of Science and Technology, was placed under the National Health Commission, and the China Human Genetic Resources Management Office under the center was also put under the administration of the Health Commission. The Implementing Rules for the Administrative Regulation on Human Genetic Resources issued by Ministry of Science and Technology (《人類遺傳資源管理條例實施細則》) was promulgated by the PRC Ministry of Science and Technology on June 1, 2023 and came into effect on July 1, 2023. We believe that future approvals will be more professional, faster and more conducive to the development of the biopharmaceutical industry.

Management's Discussion and Analysis

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.

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

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

IMPORTANT EVENTS

On January 17, 2023, Probio Cayman entered into the subscription agreement with certain investors (including the Company), pursuant to which Probio Cayman sold 319,998,370 series C preferred shares of Probio Cayman at an aggregate consideration of approximately US\$224.0 million. The initial closing and additional closing of the Probio Series C Financing took place on February 10, 2023 and April 21, 2023, respectively. Please refer to the announcements of the Company dated January 17, 2023, February 10, 2023 and April 21, 2023 for details.

On April 19, 2023 (New York Time), Legend Biotech entered into the subscription agreement with an investor, pursuant to which Legend Biotech sold 7,656,968 Legend Biotech Shares in a private placement at a purchase price of US\$26.12 per share. The closing of the private placement took place on April 24, 2023 (New York Time). Please refer to the announcements of the Company dated April 20, 2023 and April 25, 2023.

On April 26, 2023 and May 19, 2023 (New York Time), Legend Biotech entered into subscription agreements with an investment vehicle of Hillhouse Investment Management, Ltd., pursuant to which Legend Biotech sold 484,992 Legend Biotech Shares at a purchase price of US\$26.12 per Legend Biotech Share and 692,782 Legend Biotech Shares at a purchase price of US\$32.00 per Legend Biotech Share in private placements, respectively. Please refer to the announcements of the Company dated May 7, 2023 and May 21, 2023 for details.

On May 5, 2023 (U.S. Eastern Time), Legend Biotech entered into the purchase agreement with an investment adviser and certain purchasers (through the investment adviser), pursuant to which Legend Biotech sold an aggregate of 5,468,750 ADSs, representing 10,937,500 Legend Biotech Shares, at a purchase price of US\$64.00 per ADS in a registered direct offering. The closing of Registered Direct Offering took place on May 11, 2023 (U.S. Eastern Time). Please refer to the announcements of the Company dated May 8, 2023 and May 12, 2023 for details.

On May 11, 2023 (after trading hours in Hong Kong), LGN Holdings Limited exercised in full the Legend Warrant it held to purchase 10,000,000 Legend Biotech Shares, at an exercise price of US\$20.00 per Legend Biotech Share for an aggregate exercise price of US\$200,000,000, and as a result, Legend Biotech issued 10,000,000 Legend Biotech Shares to LGN Holdings Limited. Please refer to the announcement of the Company dated May 14, 2023 for details.

Management's Discussion and Analysis

On May 25, 2023, the third amended and restated memorandum and articles of association (the “**M&A**”) of the Company was adopted by a special resolution of the shareholders of the Company (the “**Shareholders**”). Please refer to the announcements of the Company dated April 6, 2023 and May 25, 2023 and the M&A displayed on the website of the Stock Exchange for details.

On May 26, 2023, BSJ Nanjing entered into the capital increase agreement with certain investors, pursuant to which the investors subscribed for the additional registered capital of BSJ Nanjing of RMB37,609,070 for a total consideration of RMB250.0 million to acquire approximately 10.4168% equity interest in BSJ Nanjing. The completion of BSJ Series A Capital Increase took place on June 25, 2023. Please refer to the announcements of the Company dated May 28, 2023 and June 25, 2023 for details.

In early August 2023, Legend received a milestone payment in the amount of US\$15.0 million for the European Medicines Agency's acceptance of the Type II variation application for CARVYKI and earned a milestone payment in the amount of US\$20.0 million in connection with the U.S. Food and Drug Administration's acceptance of the supplemental Biologics License Application (sBLA), respectively, in accordance with the Janssen Agreement. Please refer to the announcement of the Company dated August 15, 2023.

PROSPECTS

During the first half of 2023, the healthcare industry continues to confront a range of challenges, including geographic tensions, inflation, decreased biotech funding, regulatory pressures, and other uncertainties stemming from the post-COVID-19 era.

Nevertheless, our strategic focus remains on the CGT industry. Alongside our partner Janssen, our CAR-T product for treating Relapsed or Refractory Multiple Myeloma has achieved promising sales since its initial launch. Our investments in CGT-related services and products have also enabled our customers to enhance their R&D and cost efficiency. Over the long term, CGT holds the potential to significantly improve healthcare cost efficiency while delivering precision and efficacy for next-generation therapy.

The life science business serves as the cornerstone of our Group, offering a unique perspective that allows us to closely monitor industry trends. Since our inception in 2002, we have served over 200,000 customers in academic and industrial settings with various application areas. Our business footprint has expanded to more than 100 countries and regions. Our ongoing efforts involve enhancing our technological platform and developing enabling tools and services, all aimed at facilitating research within the life science community. Our life science business has become deeply intertwined with the industry and helps the group seize emerging opportunities for the future.

The slowdown in biotech funding had a profound impact on the CDMO industry. Emerging biotech companies have to optimize their pipelines and review R&D priorities to cut down costs. Some biotech companies that previously built manufacturing capacities for their own pipeline programs are now looking to sell such assets or use them for CDMO purposes. The CDMO industry in aggregate now has an oversupply of manufacturing capacity, particularly in Mainland China. Nevertheless, we believe our unwavering emphasis on quality and global commercial network offer unique value proposition. Our disciplined approach to capacity expansion and financing also positioned us favorably. We believe the industry participants are now much more rational, and we have the opportunity to gain market share and accelerate growth as the macro environment improves.

Management's Discussion and Analysis

After years of dedicated efforts on product optimization and production efficiency improvements, Bestzyme has successfully achieved healthy growth and profitability. We are also developing new synthetic biologic products through our syn-bio platform to explore potential opportunities in these areas. With the synthetic biology platform, we believe our technology will serve more industrial applications and enable our customer to achieve a healthier and environmentally friendly growth.

In the cell therapy field, our top priority is to accelerate the clinical and commercial development of CARVYKI to bring it to earlier lines of patients. We will also continue to push forward Legend's pipeline programs through our internal resources and potential collaborations with external partners. Legend plans to continue to utilize investigator initiated trials ("IIT") in Mainland China to generate clinical data in a fast and cost effective way and plans to continue to pursue Investigational New Drug-based trials in the U.S., which may, where beneficial, leverage data generated from these IITs.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2023, the Group had a total of approximately 6,414 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, short-term 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 executives) was approximately US\$260.9 million, representing approximately 66.7% of the total revenue of the Group. This significant increase in labor costs had been viewed by the Group as the necessary long-term investment in our talents pool.

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**", together with the Pre-IPO Share Option Scheme, the "**Share Option Schemes**"). On March 22, 2019, the Company adopted the restricted share award scheme (the "**2019 RSA Scheme**"). On August 23, 2021, the Company adopted the restricted share award scheme (as amended on May 26, 2022) (the "**2021 RSA Scheme**", together with the 2019 RSA Scheme, the "**RSA Schemes**"). The Share Option Schemes and the RSA Schemes are collectively referred as to the "**Share Incentive Schemes**". The details of the Share Incentive Schemes are set out in the section headed "Share Incentive Schemes".

The number of employees of the Group categorized by function as at June 30, 2023 is set forth as follows:

Function	Number of employees	Percentage of Total
Production	3,183	49.6%
Sales and marketing	592	9.2%
Administration	1,146	17.9%
Research and development	677	10.6%
Management	816	12.7%
Total	6,414	100.0%

Management's Discussion and Analysis

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.

The Group invests in continuing education and training programmes for its employees with a view to constantly upgrading their skills and knowledge and providing the employees with an environment that encourages them to develop their career with the Group. The Group has arranged continuous on-the-job training for its employees. These training courses cover a broad spectrum, including technical know-how of various business segments, environmental, health and safety management systems, and mandatory training required by applicable laws and regulations.

OTHER INFORMATION

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended June 30, 2023, 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 EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

As at June 30, 2023, the interests and short positions of the Directors and chief executives 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 Listing Rules, are set out as follows:

Other
Information

Long Positions in the Ordinary Shares and Underlying Shares of the Company as of June 30, 2023

Name of Director and Chief Executive	Capacity/Nature of interest	Number of Shares/ underlying Shares held/interested	Approximate Percentage of Shareholding* (%)
Director			
Zhang Fangliang	Interest in controlled corporation ^(Note 1) , parties acting in concert ^(Note 5) and founder of a discretionary trust and trustee ^(Note 2) , interest of spouse ^(Note 1)	848,321,753	40.04
Meng Jiange	Beneficial owner ^(Note 3)	2,315,893	0.11
Wang Ye	Interest in controlled corporation ^(Note 4) , parties acting in concert ^(Note 5) , beneficial owner ^(Note 6) , founder of a discretionary trust and trustee ^(Note 7)	848,321,753	40.04
Zhu Li	Beneficial owner ^(Note 8)	2,083,674	0.10
Wang Luquan	Interest in controlled corporation ^(Note 9) , parties acting in concert ^(Note 5) and interests in spouse ^(Note 10)	848,321,753	40.04
Pan Yuexin	Beneficial owner ^(Note 11)	474,929	0.02
Wang Jiafen	Beneficial owner ^(Note 12)	284,929	0.01
Guo Hongxin	Beneficial owner ^(Note 13)	474,929	0.02
Dai Zumian	Beneficial owner ^(Note 14)	453,929	0.02
Pan Jiuan	Beneficial owner ^(Note 15)	284,929	0.01
Wang Xuehai	Beneficial owner ^(Note 16)	210,000	0.01
Chief Executive			
Shao Weihui	Beneficial owner ^(Note 17)	5,953,965	0.28
Liu Zhenyu	Beneficial owner ^(Note 18)	9,638,672	0.45

* The percentage has been calculated based on 2,118,656,760 Shares in issue as at June 30, 2023.

Other
Information

Notes:

- (1) As at June 30, 2023, Zhang Fangliang held approximately 5.11% in the issued share capital of Genscript Corporation (“**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. On January 19, 2023, Zhang Fangliang transferred 41,401,870 shares of GS Corp to Jin Weihong. On May 31, 2023, Jin Weihong transferred 20,700,935 shares of GS Corp to Weihong Jin 2023 Grantor Retained Annuity Trust (the “**Jin Trust 2023**”), an irrevocable discretionary trust, with Jin Weihong as the trustee and beneficiary of the Jin Trust 2023.
- (2) 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. On May 31, 2023, Zhang Fangliang transferred 20,700,935 shares of GS Corp to Fang Liang Zhang 2023 Grantor Retained Annuity Trust (the “**Zhang 2023 Trust**”), an irrevocable discretionary trust, with Zhang Fangliang as the trustee and the beneficiary of the Zhang 2023 Trust. On the same day, the Zhang Trust transferred 2,361,100 shares of GS Corp to Zhang Fangliang. The Zhang Trust (through its trustee), held approximately 21.34% of the entire issued share capital of GS Corp. The Zhang 2023 Trust (through its trustee), held approximately 4.60% of the entire issued share capital of GS Corp.
- (3) As at June 30, 2023, Meng Jiange held 240,000 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 232,573 Shares.
- (4) As at June 30, 2023, Wang Ye held approximately 3.79% 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.
- (5) 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, 2023. 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.
- (6) As at June 30, 2023, Wang Ye held 180,000 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 138,630 Shares.
- (7) 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. On May 31, 2023, the Wang Trust transferred 863,820 shares of GS Corp to Wang Ye. As at June 30, 2023, the Wang Trust (through its trustee) held approximately 8.42% of the entire issued share capital of GS Corp. On December 21, 2021, Wang Ye donated 638,000 Shares to Ren-Shiu Foundation Inc., a family charitable foundation, with Wang Ye as the president of Ren-Shiu Foundation, Inc.
- (8) As at June 30, 2023, Zhu Li held 180,000 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 1,269,674 Shares.
- (9) As at June 30, 2023, 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.

**Other
Information**

- (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, 2023, Pan Yuexin held 14,929 underlying Shares under the 2019 RSA Scheme, and 460,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (12) As at June 30, 2023, Wang Jiafen held 14,929 underlying Shares under the 2019 RSA Scheme, and 270,000 underlying Shares under the options granted to her under the Post-IPO Share Option Scheme.
- (13) As at June 30, 2023, Guo Hongxin held 14,929 underlying Shares under the 2019 RSA Scheme, and 460,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (14) As at June 30, 2023, Dai Zumian held 14,929 underlying Shares under the 2019 RSA Scheme, and 439,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (15) As at June 30, 2023, Pan Jiuan held 14,929 underlying Shares under the 2019 RSA Scheme, and 270,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme.
- (16) As at June 30, 2023, 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, 2023, Shao Weihui held 3,442,766 underlying Shares under the 2019 RSA Scheme, 101,345 underlying Shares under the 2021 RSA Scheme, 2,000,000 underlying Shares under the options granted to her under the Post-IPO Share Option Scheme and 409,854 Shares.
- (18) As at June 30, 2023, Liu Zhenyu held 4,502,775 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 135,897 Shares.

Save as disclosed above, as at June 30, 2023, 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, 2023, 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, 2023

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	38.16
Jin Weihong ^(Note 2)	Interest in controlled corporation, parties acting in concert and trustee	848,321,753	40.04
Hu Zhiyong ^(Note 3)	Interest in controlled corporation, parties acting in concert and trustee	848,321,753	40.04
Huang Lili ^(Note 5)	Beneficial owner and interest in spouse	848,321,753	40.04
GNS Holdings Limited ^(Note 6)	Beneficial owner	164,770,965	7.78
Hillhouse Investment Management V, Ltd. ^(Note 6)	Interest in controlled corporation	164,770,965	7.78
Hillhouse Investment Management, Ltd. ^(Note 6)	Investment manager	164,770,965	7.78
Hillhouse Fund V, L.P. ^(Note 6)	Interest in controlled corporation	164,770,965	7.78

* The percentage has been calculated based on 2,118,656,760 Shares in issue as at June 30, 2023.

Other
Information

Notes:

- (1) As at June 30, 2023, GS Corp is a company incorporated in the State of Delaware in the U.S. and owned as to approximately 5.11%, approximately 21.34%, approximately 4.60%, approximately 4.60%, approximately 4.60%, approximately 22.76%, approximately 0.12%, approximately 3.80%, approximately 3.72%, approximately 3.72%, approximately 4.86%, approximately 6.44%, approximately 3.79%, approximately 8.42%, approximately 1.05% and approximately 1.07% by Zhang Fangliang, the Zhang Trust ^(Note 2), the Zhang 2023 Trust ^(Note 2), Jin Weihong, the Jin 2023 Trust, Wang Luquan, Wu Yongmei, the Wu 2017 Trust, the Wu 2020 Separate Trust A ^(Note 4), the Wu 2020 Separate Trust L ^(Note 4), the Wu 2021 Trust ^(Note 4), the Wu 2022 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. As at June 30, 2023, the Zhang Trust (through its trustee), held approximately 21.34% 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. As at June 30, 2023, Jin Weihong and Jin 2023 Trust, held approximately 4.60% and 4.60% of the entire issued share capital of GS Corp respectively.
- (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, 2023, Hu Zhiyong, as the trustee of the Wang Trust, held approximately 8.42% of the entire issued share capital of GS Corp and was deemed, or taken to be interested in, all the Shares held by GS Corp for the purpose of the SFO.
- (4) On October 28, 2022, the Wu 2021 Trust transferred 11,583,632 shares of GS Corp to Wu Yongmei, under the Wu 2021 Trust. On October 31, 2022, the Wu 2020 Trust transferred 14,829,150, 14,859,545 and 14,859,545 shares of GS Corp to Wu Yongmei, the Wu 2020 Separate Trust A and the Wu 2020 Separate Trust L, respectively, under the Wu 2020 Trust. On the same day, Wu Yongmei set up the Yongmei Wu 2022 Trust (the "**Wu 2022 Trust**") and serves as the initial trustee. On October 31, 2022, Wu Yongmei transferred 29,000,000 shares of GS Corp to the Wu 2022 Trust.
- (5) As at June 30, 2023, 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, 2023, 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 INCENTIVE SCHEMES

The Company adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the 2019 RSA Scheme and the 2021 RSA Scheme.

No further share options have been granted under the Pre-IPO Share Option Scheme since the Company was listed on the Stock Exchange.

During the Reporting Period, no share options have been granted under the Post-IPO Share Option Scheme.

Other
Information

During the Reporting Period, 74,645 restricted shares, 1,002,343 restricted shares and 6,315,784 restricted shares were granted and accepted under the 2019 RSA Scheme on January 18, 2023, April 3, 2023 and June 1, 2023, respectively. Please refer to our announcements dated January 18, 2023, April 3, 2023, June 1, 2023 and June 15, 2023 for details. Save as disclosed, no other restricted shares have been granted under the 2019 RSA Scheme during the Reporting Period. All of the restricted shares granted under the 2019 RSA Scheme during the Reporting Period will be satisfied by the existing Shares of the Company that have been or will be acquired by the Trustee through on-market transaction.

During the Reporting Period, 2,619,525 restricted shares, 965,155 restricted shares and 5,072,636 restricted shares were granted and accepted under the 2021 RSA Scheme on January 18, 2023, April 3, 2023 and June 1, 2023, respectively. Please refer to our announcements dated January 18, 2023, April 3, 2023, June 1, 2023, June 15, 2023 and August 20, 2023 for details. Save as disclosed, no other restricted shares have been granted under the 2021 RSA Scheme during the Reporting Period.

3,584,680 restricted shares granted by the Company to grantees on January 18, 2023 and April 3, 2023, collectively pursuant to the 2021 RSA Scheme (the “**RSA Grant A**”) will be satisfied by the Shares to be issued and allotted pursuant to the general mandate (the “**2022 General Mandate**”) granted by the Shareholders at the annual general meeting of the Company held on May 27, 2022 (the “**2022 AGM**”). Pursuant to the 2022 General Mandate, the Directors may exercise the power of the Company to allot and issue new Shares up to 20% of the total number of Shares in issue as at the date of the 2022 AGM. Pursuant to the provisions of the Listing Rules, the 2022 General Mandate lapsed at the conclusion of the annual general meeting of the Company held on May 25, 2023 (the “**2023 AGM**”). In light of the above, after the issue of new Shares for the RSA Grant A, no further new Shares will be issued and allotted pursuant to the 2022 General Mandate.

5,072,636 restricted shares granted by the Company to grantees on June 1, 2023 pursuant to the 2021 RSA Scheme (the “**RSA Grant B**”) will be satisfied by the Shares to be issued and allotted pursuant to the general mandate (the “**2023 General Mandate**”) granted by the Shareholders at the 2023 AGM. Pursuant to the 2023 General Mandate, the Directors may exercise the powers of the Company to allot and issue up to 423,611,705 Shares, representing 20% of the total number of Shares in issue as at the date of the annual general meeting. As at June 30, 2023, no Shares have been issued under the 2023 General Mandate. As such, after the issue of new Shares for the RSA Grant B, 418,539,069 Shares will remain available for future allotment and issue of the Shares under the 2023 General Mandate.

The number of shares that may be issued in respect of awards (i.e. 8,657,316 restricted shares) granted under the Share Incentive Schemes of the Company during the Reporting Period divided by the weighted average number of shares (i.e. 2,106,881,564) of the relevant class in issue for the Reporting Period is 0.41%.

On December 21, 2017, the Company approved and adopted the share option scheme (the “**Legend Share Option Scheme**”) of Legend, being the direct non-wholly owned subsidiary of the Company. 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, being the indirectly non-wholly owned subsidiary of the Company, approved and adopted the restricted share unit award scheme of Probio Cayman (the “**Probio RSUA Scheme**”). Each of the Legend Share Option Scheme, Legend Restricted Shares Plan and Probio RSUA Scheme is not subject to the provision of Chapter 17 of the Listing Rules, as each of Legend and Probio Cayman is not a principal subsidiary of the Company pursuant to Rule 17.14 of the Listing Rules.

Other
Information

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. No further share options are granted under the Pre-IPO Share Option Scheme after the listing.

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

Category/Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Exercise Price per Share US\$	Number of share options					Outstanding as at June 30, 2023
					Outstanding as at January 1, 2023	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ⁽¹⁾	
Directors										
Meng Jiange	January 30, 2015	January 30, 2016 – July 31, 2025 January 30, 2017 – July 31, 2025 January 30, 2018 – July 31, 2025 January 30, 2019 – July 31, 2025 January 30, 2020 – July 31, 2025	January 30, 2016 – July 31, 2025	0.077	1,843,320	—	—	—	—	1,843,320
Wang Ye	March 20, 2014	December 31, 2014 – July 31, 2025 December 31, 2015 – July 31, 2025 December 31, 2016 – July 31, 2025	December 31, 2014 – July 31, 2025	0.062	38,150,000	—	—	—	—	38,150,000
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	1,395,263	—	—	—	1,176,599	218,664
Total:					41,388,583	—	—	—	1,176,599	40,211,984

Notes:

- (1) The weighted average closing price of the Shares immediately before the dates on which the options were exercised was HK\$19.52.
- (2) For further details of the Pre-IPO Share Option Scheme, please refer to Appendix V “Statutory and General Information” of the prospectus of the Company and note 25 to the interim condensed consolidated financial information in this interim report.

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.

No share options were granted under the Post-IPO Share Option Scheme during the Reporting Period.

80,374,200 share options and 81,535,855 share options remained available for grant under the scheme mandate of the Post-IPO Share Option Scheme as at January 1, 2023 and June 30, 2023, respectively.

As at the end of the Reporting Period, the Post-IPO Share Option Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

Set out below are details of the outstanding share 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, 2023	Number of share options				
							Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ^(Note 1)	Outstanding as at June 30, 2023
Directors											
Zhu Li	October 11, 2017	December 31, 2019 – October 10, 2027 December 31, 2020 – October 10, 2027 December 31, 2021 – October 10, 2027 December 31, 2022 – October 10, 2027 December 31, 2023 – October 10, 2027	December 31, 2019 – October 10, 2027	8.33	8.07	634,000	—	—	—	—	634,000
Pan Yuexin	November 29, 2018	November 29, 2018 – November 28, 2023 November 29, 2019 – November 28, 2023 November 29, 2020 – November 28, 2023 November 29, 2021 – November 28, 2023 November 29, 2022 – November 28, 2023	November 29, 2018 – November 28, 2023	14.04	14.32	400,000	—	—	—	—	400,000
	September 1, 2020	September 1, 2020 – August 31, 2025 September 1, 2021 – August 31, 2025 September 1, 2022 – August 31, 2025	September 1, 2020 – August 31, 2025	15.00	14.98	60,000	—	—	—	—	60,000

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\$	Number of share options					Outstanding as at June 30, 2023
						Outstanding as at January 1, 2023	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ^(Note 1)	
Wang Jiafen	September 1, 2020	September 1, 2020 – August 31, 2025 November 25, 2020 – August 31, 2025 September 1, 2021 – August 31, 2025 November 25, 2021 – August 31, 2025 September 1, 2022 – August 31, 2025	September 1, 2020 – August 31, 2025	15.00	14.98	270,000	—	—	—	—	270,000
Guo Hongxin	November 29, 2018	November 29, 2018 – November 28, 2023 November 29, 2019 – November 28, 2023 November 29, 2020 – November 28, 2023 November 29, 2021 – November 28, 2023 November 29, 2022 – November 28, 2023	November 29, 2018 – November 28, 2023	14.04	14.32	400,000	—	—	—	—	400,000
	September 1, 2020	September 1, 2020 – August 31, 2025 September 1, 2021 – August 31, 2025 September 1, 2022 – August 31, 2025	September 1, 2020 – August 31, 2025	15.00	14.98	60,000	—	—	—	—	60,000
Dai Zumian	November 29, 2018	November 29, 2018 – November 28, 2023 November 29, 2019 – November 28, 2023 November 29, 2020 – November 28, 2023 November 29, 2021 – November 28, 2023 November 29, 2022 – November 28, 2023	November 29, 2018 – November 28, 2023	14.04	14.32	381,000	—	—	—	—	381,000
	September 1, 2020	September 1, 2020 – August 31, 2025 September 1, 2021 – August 31, 2025 September 1, 2022 – August 31, 2025	September 1, 2020 – August 31, 2025	15.00	14.98	58,000	—	—	—	—	58,000

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\$	Number of share options					Outstanding as at June 30, 2023
						Outstanding as at January 1, 2023	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ^(Note 1)	
Pan Juan	September 1, 2020	September 1, 2020 – August 31, 2025 November 25, 2020 – August 31, 2025 September 1, 2021 – August 31, 2025 November 25, 2021 – August 31, 2025 September 1, 2022 – August 31, 2025	September 1, 2020 – August 31, 2025	15.00	14.98	270,000	—	—	—	—	270,000
Wang Xuehai	December 28, 2020	November 21, 2021 – December 27, 2025 November 21, 2022 – December 27, 2025 November 21, 2023 – December 27, 2025	November 21, 2021 – December 27, 2025	12.10	11.36	210,000	—	—	—	—	210,000
Chief executives of the Company											
Shao Weihui	April 25, 2017	April 25, 2021 – April 24, 2027 April 25, 2024 – April 24, 2027	April 25, 2021 – April 24, 2027	3.512	3.45	2,000,000	—	—	—	—	2,000,000
Liu Zhenyu	June 22, 2016	June 22, 2019 – June 21, 2026 June 22, 2020 – June 21, 2026 June 22, 2021 – June 21, 2026 June 22, 2022 – June 21, 2026 June 22, 2023 – June 21, 2026	June 22, 2019 – June 21, 2026	1.204	1.21	5,000,000	—	—	—	—	5,000,000

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\$	Number of share options					Outstanding as at June 30, 2023
						Outstanding as at January 1, 2023	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ^(Note 1)	
Senior management of the Company											
Wei Shiniu	November 29, 2019	November 29, 2020 – November 28, 2029 November 29, 2021 – November 28, 2029 November 29, 2022 – November 28, 2029 November 29, 2023 – November 28, 2029 November 29, 2024 – November 28, 2029	November 29, 2020 – November 28, 2029	19.132	19.54	300,000	—	—	—	—	300,000
	December 28, 2020	December 28, 2021 – December 27, 2030 December 28, 2022 – December 27, 2030 December 28, 2023 – December 27, 2030 December 28, 2024 – December 27, 2030 December 28, 2025 – December 27, 2030	December 28, 2021 – December 27, 2030	12.10	11.36	350,000	—	—	—	—	350,000

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\$	Number of share options					Outstanding as at June 30, 2023
						Outstanding as at January 1, 2023	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period ^(Note 1)	
Other employees	June 22, 2016	June 22, 2016 – June 21, 2026	June 22, 2016 – June 21, 2026	1.204	1.21	2,875,466	—	—	—	40,000	2,835,466
	September 23, 2016	September 23, 2017 – September 22, 2026	September 23, 2017 – September 22, 2026	2.406	2.3	3,531,000	—	—	—	135,000	3,396,000
	April 25, 2017	April 25, 2019 – April 24, 2027	April 25, 2019 – April 24, 2027	3.512	3.45	10,335,950	—	—	—	460,000	9,875,950
	October 11, 2017	July 25, 2018 – October 10, 2027	July 25, 2018 – October 10, 2027	8.33	8.07	5,828,500	—	—	420,000	105,000	5,303,500
	November 20, 2017	December 31, 2019 – November 19, 2027	December 31, 2019 – November 19, 2027	9.35	8.91	2,308,500	—	—	80,000	82,500	2,146,000
	May 4, 2018	January 1, 2019 – May 3, 2028	January 1, 2019 – May 3, 2028	26.46	26.65	7,101,190	—	—	321,428	—	6,779,762
	November 29, 2018	November 29, 2019 – November 28, 2028	November 29, 2019 – November 28, 2028	14.04	14.32	126,000	—	—	—	—	126,000
	July 19, 2019	July 19, 2020 – July 18, 2029	July 19, 2020 – July 18, 2029	18.30	17.86	2,511,000	—	—	40,000	90,000	2,381,000
	November 29, 2019	November 29, 2020 – November 28, 2029	November 29, 2020 – November 28, 2029	19.132	19.54	2,361,000	—	—	40,000	75,000	2,246,000
	April 29, 2020	April 29, 2021 – April 28, 2030	April 29, 2021 – April 28, 2030	13.84	13.698	2,790,500	—	—	250,000	230,000	2,310,500
	December 28, 2020	December 28, 2021 – December 27, 2030	December 28, 2021 – December 27, 2030	12.10	11.36	750,000	—	—	—	—	750,000
	March 31, 2021	March 31, 2022 – March 30, 2031	March 31, 2022 – March 30, 2031	13.892	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	245,758	—	—	10,227	—	235,531
Total:						51,257,864	—	—	1,161,655	1,217,500	48,878,709

Notes:

- (1) The weighted average closing price of the Shares immediately before the dates on which the share options were exercised was HK\$23.52.
- (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 25 to the interim condensed consolidated financial information in this interim report.

Other Information

2019 RSA Scheme

The Company adopted its 2019 RSA Scheme on March 22, 2019 (the “**2019 RSA Scheme Adoption Date**”) for the purposes to (i) provide the eligible persons with the opportunity to acquire proprietary interests in the Company, (ii) encourage the eligible persons 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 any Director or employee of the Company or any of its subsidiaries.

The total number of the restricted shares underlying all grants made pursuant to the 2019 RSA Scheme and the 2021 RSA Scheme shall not exceed ten percent (i.e. 183,721,269 Shares) of the issued share capital of the Company as at the 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.

There is no restriction on the maximum entitlement of each participant under the 2019 RSA Scheme.

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 “**2019 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 restricted shares should be held by the Trustee in accordance with the Listing Rules and the 2019 Trust Deed until the end of the relevant vesting date and be transferred to the grantees upon satisfaction of the relevant vesting conditions as may specified by the Board at the time of making the grant of restricted shares.

For more details of the 2019 RSA Scheme, please refer to the Company’s announcement dated March 22, 2019.

During the Reporting Period, 74,645 restricted shares, 1,002,343 restricted shares and 6,315,784 restricted shares were granted and accepted under the 2019 RSA Scheme on January 18, 2023, April 3, 2023, and June 1, 2023, respectively. Please refer to our announcements dated January 18, 2023, April 3, 2023, June 1, 2023 and June 15, 2023 for details. Save as disclosed, no other restricted shares have been granted under the 2019 RSA Scheme during the Reporting Period.

For the fair value of the restricted shares granted during the Reporting Period at the grant date and the accounting standard and policy adopted, please refer to note 26 to the interim condensed consolidated financial information to this interim report.

Other
Information

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

Category/Name of Grantee	Date of Grant	Vesting Period (subject to other conditions in the 2019 RSA Scheme)	Closing Price per Share Immediately Before the Date of Grant (HK\$)	Number of shares				
				As at January 1, 2023	Granted during the Reporting Period ^(Note 1)	Vesting During the Reporting Period ^(Note 2)	Lapsed during the Reporting Period	Outstanding as at June 30, 2023
Director								
Meng Jiange	December 28, 2020	In five equal installments annually between December 28, 2021 and December 28, 2025	11.36	240,000	—	—	—	240,000
Wang Ye	May 31, 2021	In five equal installments annually between May 31, 2022 and May 31, 2026	27.35	240,000	—	52,500	7,500	180,000
Zhu Li	December 28, 2020	In five equal installments annually between December 28, 2021 and December 28, 2025	11.36	120,000	—	—	—	120,000
	May 31, 2021	In five equal installments annually between May 31, 2022 and May 31, 2026	27.35	80,000	—	17,500	2,500	60,000
Pan Yuexin	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	—	14,929	—	—	14,929
Wang Jiafen	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	—	14,929	—	—	14,929
Guo Hongxin	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	—	14,929	—	—	14,929
Dai Zumian	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	—	14,929	—	—	14,929
Pan Jiuan	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	—	14,929	—	—	14,929
Chief Executives of the Company								
Shao Weihui	May 31, 2021	In three equal installments annually between May 31, 2022 and May 31, 2024	27.35	55,350	—	24,216	3,459	27,675

Other
Information

Category/Name of Grantee	Date of Grant	Vesting Period (subject to other conditions in the 2019 RSA Scheme)	Closing Price per Share Immediately Before the Date of Grant (HK\$)	Number of shares				
				As at January 1, 2023	Granted during the Reporting Period ^(Note 1)	Vesting During the Reporting Period ^(Note 2)	Lapsed during the Reporting Period	Outstanding as at June 30, 2023
	April 3, 2023 ^(Note 3)	20% of the restricted shares will be vested on April 3, 2024 and the remaining restricted shares will be vested on an annual basis equally between March 31, 2025 and March 31, 2028	16.80	—	269,398	—	—	269,398
	June 1, 2023 ^(Note 4)	In five batches annually between 1 June 2024 and 31 May 2028	17.32	—	3,145,693	—	—	3,145,693
Liu Zhenyu	May 31, 2021	In two equal installments annually between May 31, 2022 and May 31, 2023	27.35	7,762	—	7,762	—	—
	January 10, 2022	In five installments annually between January 10, 2023 and January 10, 2027	31.15	164,361	—	28,763	4,109	131,489
	March 22, 2022	In five installments annually between March 22, 2023 and March 22, 2027	25.10	588,016	—	118,912	12,167	456,937
	May 26, 2022	In two equal installments annually between May 26, 2023 and May 26, 2024	20.65	22,626	—	11,313	—	11,313
	April 3, 2023 ^(Note 5)	20% of the restricted shares will be vested on April 3, 2024 and that the remaining shares will be vested on an annual basis equally between March 31, 2025 and March 31, 2028	16.80	—	732,945	—	—	732,945
	June 1, 2023 ^(Note 6)	In two to five batches on an annual basis between June 1, 2024 and May 31, 2028	17.32	—	3,170,091	—	—	3,170,091
Senior Management of the Company								
Wei Shiniu	December 28, 2020	In five annual installments with the last batch on December 28, 2025	11.36	240,000	—	—	—	240,000
	March 31, 2021	In two annual installments with the last batch on March 31, 2023	14.04	12,739	—	12,739	—	—
	May 31, 2021	In three annual installments with the last batch on May 31, 2024	27.35	34,939	—	17,302	1,796	15,841

Other
Information

Category/Name of Grantee	Date of Grant	Vesting Period (subject to other conditions in the 2019 RSA Scheme)	Closing Price per Share Immediately Before the Date of Grant (HK\$)	Number of shares				
				As at January 1, 2023	Granted during the Reporting Period ^(Note 1)	Vesting During the Reporting Period ^(Note 2)	Lapsed during the Reporting Period	Outstanding as at June 30, 2023
Other Employees	April 29, 2020	In two to five annual installments with the last batch on April 29, 2025	13.698	305,028	—	101,676	—	203,352
	December 28, 2020	In one to five annual installments with the last batch on December 28, 2025	11.36	284,935	—	—	4,000	280,935
	March 31, 2021	In two or three annual installments with the last batch on March 31, 2024	14.04	94,012	—	84,012	—	10,000
	May 31, 2021	In one to three annual installments with the last batch on May 31, 2024	27.35	3,040,845	—	1,218,622	313,144	1,509,079
	August 27, 2021	In two to three annual installments with the last batch on August 27, 2024	37.15	62,401	—	—	3,438	58,963
	December 10, 2021	In one to three annual installments with the last batch on December 10, 2024	41.80	144,824	—	—	10,347	134,477
	March 22, 2022	In two annual installments with the last batch on March 22, 2024	25.10	81,513	—	40,604	285	40,624
Total				5,819,351	7,392,772	1,735,921	362,745	11,113,457

Notes:

- (1) The consideration of the restricted shares granted by the Company to the grantees during the Reporting Period is nil.
- (2) The weighted average closing price of the Shares immediately before the dates on which the restricted shares were vested was HK\$17.95.
- (3) The vesting conditions of the restricted shares granted to Ms. Shao Weihui on April 3, 2023 include without limitation, (i) Ms. Shao Weihui having met her own key performance criteria, and/or (ii) the Company's annual revenue growth rate having been achieved.
- (4) The vesting conditions of the restricted shares granted to Ms. Shao Weihui on June 1, 2023 include without limitation, (i) the goal of enhancing the core competitiveness of the Group having been achieved, and/or (ii) Ms. Shao Weihui having met her own key performance criteria.
- (5) The vesting conditions of the restricted shares granted to Dr. Liu Zhenyu on April 3, 2023 include without limitation, (i) Dr. Liu Zhenyu having met his own key performance criteria, and/or (ii) the Company's annual revenue growth rate having been achieved.
- (6) The vesting conditions of certain restricted shares granted to Dr. Liu Zhenyu on June 1, 2023 include without limitation, (i) the goal of enhancing the core competitiveness of the Group having been achieved, and/or (ii) Dr. Liu Zhenyu having met his own key performance criteria.
- (7) No restricted share has been cancelled during the Reporting Period.

Other Information

2021 RSA Scheme

The Company approved and adopted the 2021 RSA Scheme on August 23, 2021 (the “**2021 RSA Scheme Adoption Date**”) to grant restricted shares to (i) Director or employee of the Company or any of its subsidiaries, and (ii) any person or entity 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 total ten percent (i.e. 183,721,269 Shares) of the Company’s issued share capital as at the adoption date of the 2019 RSA Scheme.

The 2021 RSA Scheme will initially be valid and effective for a period of ten years commencing on the 2021 RSA Scheme Adoption Date.

There is no restriction on the maximum entitlement of each participant under the 2021 RSA Scheme.

The Company and the Trustee entered into the trust deed in respect of the appointment of the Trustee for the administration of the 2021 RSA Scheme (the “**2021 Trust Deed**”). Pursuant to the 2021 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 or the grantees. Certain restricted shares should be held by the Trustee in accordance with the Listing Rules and the 2021 Trust Deed until the end of the relevant vesting date and be transferred to the grantees upon satisfaction of the relevant vesting conditions as may specified by the Board at the time of making the grant of restricted shares.

For more details of the 2021 RSA Scheme, please refer to the Company’s announcements dated August 24, 2021 and May 26, 2022.

Other
Information

During the Reporting Period, 2,619,525 restricted shares, 965,155 restricted shares and 5,072,636 restricted shares (collectively, the “2021 RSA Shares”) were granted and accepted under the 2021 RSA Scheme on January 18, 2023, April 3, 2023, and June 1, 2023, respectively. Please refer to our announcements dated January 18, 2023, April 3, 2023, June 1, 2023, June 15, 2023 and August 20, 2023 for details. Save as disclosed, no other restricted shares have been granted under the 2021 RSA Scheme during the Reporting Period. For the fair value of the restricted shares granted during the Reporting Period at the grant date and the accounting standard and policy adopted, please refer to note 26 to the interim condensed consolidated financial information.

Certain 2021 RSA Shares will be issued by the Company and allotted to the Trustee under the general mandate granted by the shareholders of the Company on May 27, 2022 or May 25, 2023 and in accordance with the terms of the 2021 RSA Scheme, subject to the fulfillment of customary conditions.

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

Category/Name of Grantee	Date of Grant	Vesting Period (subject to other conditions in the 2021 RSA Scheme)	Closing Price per Share Immediately Before the Date of Grant (HK\$)	Number of shares				
				As at January 1, 2023	Granted during the Reporting Period ^(Note 1)	Vesting During the Reporting Period ^(Note 2)	Lapsed during the Reporting Period	Outstanding as at June 30, 2023
Chief Executive of the Company								
Shao Weihui	March 22, 2022	In five installments annually between March 22, 2023 and March 22, 2027	25.10	137,007	—	33,464	2,198	101,345
Senior Management of the Company								
Wei Shiniu	March 22, 2022	In five annual installments with the last batch on March 22, 2027	25.10	224,611	—	48,330	4,187	172,094
	May 26, 2022	In two annual installments with the last batch on May 26, 2024	20.65	13,776	—	6,888	—	6,888
	April 3, 2023 ^(Note 3)	In two to five batches with the first batch on April 3, 2024 and the remaining restricted shares will be vested on an annual basis between March 31, 2025 and March 31, 2028	16.80	—	439,071	—	—	439,071
	June 1, 2023 ^(Note 4)	In two to five batches on an annual basis between June 1, 2024 and May 31, 2028	17.32	—	1,273,132	—	—	1,273,132
Other Employees								
	December 10, 2021	In three annual installments with the last batch on December 10, 2024	41.80	896,931	—	—	78,584	818,347
	March 22, 2022	In two or three annual installments with the last batch on March 22, 2025	25.10	1,250,446	—	397,251	32,329	820,866

Other
Information

Category/Name of Grantee	Date of Grant	Vesting Period (subject to other conditions in the 2021 RSA Scheme)	Closing Price per Share Immediately Before the Date of Grant (HK\$)	Number of shares				
				As at January 1, 2023	Granted during the Reporting Period ^(Note 1)	Vesting During the Reporting Period ^(Note 2)	Lapsed during the Reporting Period	Outstanding as at June 30, 2023
	May 26, 2022	In two or three annual installments with the last batch on May 26, 2025	20.65	2,101,846	—	569,444	126,135	1,406,267
	September 2, 2022	In two or three annual instalments with the last batch on September 2, 2025	24.80	255,390	—	—	7,841	247,549
	January 18, 2023 ^(Note 3)	In one to three batches with the last batch on December 17, 2025	27.00	—	2,619,525	—	138,656	2,480,869
	April 3, 2023 ^(Note 3)	In two to five batches with the first batch on April 3, 2024 and the remaining restricted shares will be vested on an annual basis between March 31, 2025 and March 31, 2028	16.80	—	526,084	—	—	526,084
	June 1, 2023 ^(Note 4)	In two to three batches on an annual basis between June 1, 2024 and May 31, 2026	17.32	—	3,576,270	—	—	3,576,270
Consultant ^(Note 5)	June 1, 2023	In three batches on an annual basis between June 1, 2024 and May 31, 2026	17.32	—	223,234	—	—	223,234
Total				4,880,007	8,657,316	1,055,377	389,930	12,092,016

Notes:

- (1) The consideration of the restricted shares granted during the Reporting Period is nil.
- (2) The weighted average closing price of the Shares immediately before the dates on which the restricted shares were vested was HK\$18.93.
- (3) The vesting conditions of certain restricted shares granted to Mr. Wei Shiniu and other employees on January 18, 2023 and April 3, 2023 include without limitation, (i) the grantees having met their respective key performance criteria, and/or (ii) the Company's annual revenue growth rate having been achieved.
- (4) The vesting conditions of certain restricted shares granted to Mr. Wei Shiniu and other employees on June 1, 2023 include without limitation, (i) the grantees having met their respective key performance criteria, and/or (ii) the Company's overall business goals having been achieved.
- (5) The consultant is a service provider who provides strategic business consultancy services to the Group. Please refer to the announcements of the Company dated June 1, 2023 and June 15, 2023 for details.
- (6) No restricted share has been cancelled during the Reporting Period.

167,667,287 restricted shares and 152,369,874 restricted shares remained available for grant under the 2019 RSA Scheme and the 2021 RSA Scheme as at January 1, 2023 and June 30, 2023 respectively.

As at the end of the Reporting Period, each of the 2019 RSA Scheme and the 2021 RSA Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUFFICIENCY OF 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, 2023.

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 PROCEEDS

Use of Proceeds from the Subscription Under General Mandate

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

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, 2023 US\$ million	Utilized amount during the Reporting Period US\$ million	Unutilized amount as at June 30, 2023 US\$ million	Intended year of application
Expansion of manufacturing facilities	8.1	8.1	—	Not applicable

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transaction by Directors and Specified Individuals (the “**Model 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 Model Code during the Reporting Period.

The Model 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 incidents of non-compliance with the Model Code by the Directors and the relevant employees of the Company were noted by the Company during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company 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 in effect from time to time) as its own code of corporate governance.

The Company has complied with all the applicable code provisions as set out in the CG Code during the Reporting Period and up to the date of this report.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”). The Audit Committee currently comprises three members, namely, Mr. Dai Zumian (chairman of the Audit Committee), Mr. Pan Jiuan and Mr. Guo Hongxin, all being independent non-executive Directors.

The principal duties of the Audit Committee are (i) to review and monitor the Company’s financial reporting system, risk management and internal control systems, (ii) to maintain the relations with the external auditor of the Company, and (iii) to review the financial information of the Company.

The Audit Committee has, together with the management and external auditors, reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

The written terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code and available on the websites of the Stock Exchange and the Company.

REVIEW ON INTERIM RESULTS

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2023 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.

SANCTIONS RISK CONTROL COMMITTEE

During the Reporting Period to the date of this report, the sanctions risk control committee of the Company (the “**Sanctions Risk Control Committee**”) held two meetings on March 24, 2023 and May 31, 2023 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.

ADJUSTMENTS TO EXECUTIVE DIRECTORS’ EMOLUMENTS

The Remuneration Committee of the Company recommended certain adjustments to the annual remuneration of the executive Directors of the Company with effect from April 1, 2023. These adjustments have been approved by the Board on March 30, 2023 and agreed by the respective Directors. Details of the adjustments to the executive Directors’ emoluments are as follows:

- (1) the adjusted annual emoluments of Dr. Zhang Fangliang shall be US\$572,000 (comprising of base salary and performance related bonuses), subject to adjustment based on the individual’s and the Group’s overall performance;

Other Information

- (2) the adjusted annual emoluments of Mr. Meng Jiange shall be US\$465,139 (comprising of base salary, allowance and performance related bonuses), subject to adjustment based on the individual's and the Group's overall performance;
- (3) the adjusted annual emoluments of Ms. Wang Ye shall be US\$668,109 (comprising of base salary and performance related bonuses), subject to adjustment based on the individual's and the Group's overall performance;
- (4) the adjusted annual emoluments of Dr. Zhu Li shall be US\$290,464 (comprising of base salary, allowance and performance related bonuses), subject to adjustment based on the individual's and the Group's overall performance.

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 was appointed as the director of Genscript Biotech (Spain), S.L. on February 7, 2023. Dr. Zhang resigned from the director and legal representative of Shandong Bestzyme Bio-Engineering Co., Ltd.* (山東百斯傑生物科技股份有限公司) on March 6, 2023. He also resigned from the responsible representative of Jinan Bestzyme biological engineering Co. Ltd., Downtown Branch Company* (濟南百斯傑生物工程有限公司市中分公司) on April 30, 2023, and resigned from the legal representative and director of Maple Bio (Nanjing) Co., Ltd.* (楓楊生物研發(南京)有限公司) on May 30, 2023.

Dr. Zhu Li was appointed as an independent director of Adagene Inc., the shares of which are listed on the Nasdaq Global Selected Market (stock code: ADAG) with effect from August 30, 2023.

The Shanghai Stock Exchange (the "SSE") issued the (i) decision on disciplinary measures dated February 1, 2023 (the "Decision") regarding Humanwell Healthcare Group Co., Ltd.* (人福醫藥集團股份公司) ("Humanwell", stock code: 600079) and Dr. Wang Xuehai, and (ii) review decision on the Decision dated 11 April 2023 (the "Review Decision"). In the Decision, the SSE imposed a public censure, among others, against Dr. Wang Xuehai in his capacity as the then chairman of Humanwell at the relevant time. For details, please refer to the announcement of the Company dated August 11, 2023.

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 2022 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.

INDEPENDENT REVIEW REPORT



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

安永會計師事務所
香港鰂魚涌
英皇道979號
太古坊一座27樓

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

To the board of directors of Genscript Biotech Corporation

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 50 to 112, which comprises the condensed consolidated statement of financial position of Genscript Biotech Corporation (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
REVENUE	5	391,311	309,589
Cost of sales		(216,263)	(141,091)
Gross profit		175,048	168,498
Other income and gains	5	31,301	9,850
Selling and distribution expenses		(81,404)	(86,942)
Administrative expenses		(106,515)	(79,648)
Research and development expenses		(207,331)	(177,606)
Fair value losses of preferred shares and warrants		(34,731)	(45,824)
Other expenses		(5,961)	(13,266)
Finance costs	7	(12,463)	(3,303)
Provision for impairment on financial assets, net		(2,367)	(1,535)
Share of losses of associates		(230)	—
LOSS BEFORE TAX	6	(244,653)	(229,776)
Income tax expense	8	(1,104)	(3,813)
LOSS FOR THE PERIOD		(245,757)	(233,589)
Attributable to:			
Owners of the parent		(93,581)	(135,507)
Non-controlling interests		(152,176)	(98,082)
		(245,757)	(233,589)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic (US\$ cent)		(4.44)	(6.48)
Diluted (US\$ cent)		(4.44)	(6.48)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
LOSS FOR THE PERIOD	(245,757)	(233,589)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(15,777)	(24,581)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(15,777)	(24,581)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(15,777)	(24,581)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(261,534)	(258,170)
Attributable to:		
Owners of the parent	(113,416)	(161,901)
Non-controlling interests	(148,118)	(96,269)
	(261,534)	(258,170)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	565,229	521,567
Advance payments for property, plant and equipment		22,240	22,251
Investment properties		6,185	6,833
Right-of-use assets	12	121,216	103,105
Goodwill		2,497	2,547
Other intangible assets		22,621	23,811
Investments in associates		16,804	4,372
Financial assets at fair value through profit or loss	13	14,858	11,657
Deferred tax assets		16,458	15,045
Time deposits	18	4,209	—
Other non-current assets	16	123,652	70,245
Total non-current assets		915,969	781,433
CURRENT ASSETS			
Inventories	14	51,515	59,935
Contract costs		14,949	16,490
Trade and notes receivables	15	132,414	104,089
Prepayments, other receivables and other assets	16	102,371	93,867
Financial assets at fair value through profit or loss	13	244,578	210,819
Loans to an associate		37	37
Restricted cash		25,484	27,203
Time deposits	18	499,670	310,573
Cash and bank balances	17	1,397,334	941,937
Total current assets		2,468,352	1,764,950
CURRENT LIABILITIES			
Trade and bills payables	19	40,328	55,755
Other payables and accruals	20	288,790	300,709
Interest-bearing loans and other borrowings	21	35,213	33,681
Lease liabilities	12	9,448	11,104
Tax payable		17,985	16,153
Contract liabilities		42,225	41,675
Government grants		1,508	2,652
Financial liabilities at fair value through profit or loss	22	2,407	84,249
Total current liabilities		437,904	545,978

Interim Condensed Consolidated Statement of
Financial Position

30 June 2023

	Notes	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
NON-CURRENT LIABILITIES			
Interest-bearing loans and other borrowings	21	270,614	261,006
Lease liabilities	12	65,612	44,008
Contract liabilities		—	2,010
Deferred tax liabilities		5,892	8,012
Government grants		16,425	16,167
Financial liabilities at fair value through profit or loss	22	428,260	269,460
Financial liabilities measured at amortized cost	23	72,332	36,761
Other non-current liabilities		1,238	313
Total non-current liabilities		860,373	637,737
Net assets		2,086,044	1,362,668
EQUITY			
Share capital	24	2,116	2,111
Treasury shares	24	(9,500)	(11,922)
Reserves		1,361,985	1,020,352
Equity attributable to owners of the parent		1,354,601	1,010,541
Non-controlling interests		731,443	352,127
Total equity		2,086,044	1,362,668

Meng Jiange
Director

Zhu Li
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the parent											
	Share capital US\$'000 (Note 24)	Treasury Shares US\$'000 (Note 24)	Share premium* US\$'000 (Note 24)	Merger reserve* US\$'000	Share option reserve* US\$'000 (Note 25 & Note 26)	Other Reserve* US\$'000	Statutory surplus reserve* US\$'000	Accumulated losses* US\$'000	Exchange fluctuation reserve* US\$'000	Total US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
At 1 January 2023 (Audited)	2,111	(11,922)	1,473,027	(20,883)	93,775	1,597	13,790	(516,038)	(24,916)	1,010,541	352,127	1,362,668
Loss for the period	-	-	-	-	-	-	-	(93,581)	-	(93,581)	(152,176)	(245,757)
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(19,835)	(19,835)	4,058	(15,777)
Total comprehensive income for the period	-	-	-	-	-	-	-	(93,581)	(19,835)	(113,416)	(148,118)	(261,534)
Issuance of ordinary shares of Legend Cayman for registered direct offering, private placements and exercise of Legend Warrant, net of issuance costs	-	-	429,065	-	-	-	-	-	-	429,065	507,114	936,179
Equity-settled share-based compensation arrangements	-	-	-	-	27,601	-	-	-	-	27,601	11,258	38,859
Exercise of share options and restricted share units	5	2,422	21,604	-	(23,221)	-	-	-	-	810	9,062	9,872
As at 30 June 2023 (Unaudited)	2,116	(9,500)	1,923,696	(20,883)	98,155	1,597	13,790	(609,619)	(44,751)	1,354,601	731,443	2,086,044

* These reserve accounts comprise the consolidated reserves of US\$1,361,985,000 (31 December 2022: US\$1,020,352,000) 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										
	Share capital US\$'000 (Note 24)	Treasury shares US\$'000 (Note 24)	Share premium US\$'000 (Note 24)	Merger reserve US\$'000	Share option reserve US\$'000 (Note 25 & Note 26)	Statutory surplus reserve US\$'000	Accumulated losses US\$'000	Exchange fluctuation reserve US\$'000	Total US\$'000	Non controlling interests US\$'000	Total equity US\$'000
As at 1 January 2022 (Restated)	2,096	(15,753)	1,274,271	(20,883)	61,588	13,790	(289,187)	20,070	1,045,992	341,701	1,387,693
Loss for the period (Restated)	—	—	—	—	—	—	(135,507)	—	(135,507)	(98,082)	(233,589)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(26,394)	(26,394)	1,813	(24,581)
Total comprehensive income for the period (Unaudited and restated)	—	—	—	—	—	—	(135,507)	(26,394)	(161,901)	(96,269)	(258,170)
Equity-settled share-based compensation arrangements	—	—	—	—	29,865	—	—	—	29,865	6,586	36,451
Exercise of share options and restricted share units	12	3,396	4,036	—	(5,437)	—	—	—	2,007	2,987	4,994
As at 30 June 2022 (Unaudited and restated)	2,108	(12,357)	1,278,307	(20,883)	86,016	13,790	(424,694)	(6,324)	915,963	255,005	1,170,968

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

		2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
	Notes		
CASH FLOWS IN OPERATING ACTIVITIES			
Loss before tax		(244,653)	(229,776)
Adjustments for:			
Provision for impairment of trade receivables, net	6	2,367	1,535
Provision/(reversal) of inventories and contract costs to net realizable value	6	9,369	(2,018)
Depreciation of property, plant and equipment	6	26,049	22,157
Depreciation of investment properties	6	59	48
Depreciation of right-of use assets	12	7,189	5,552
Amortisation of other intangible assets	6	2,225	2,263
Loss on disposal of items of property, plant and equipment	11	432	91
Interest income	5	(24,866)	(3,219)
Investment income, net	5	(1,049)	(1,152)
Share of profits and losses of associates		230	—
Fair value losses on financial assets at fair value through profit or loss and currency forward contracts, net		694	6,108
Fair value losses of preferred shares and warrants	22	34,731	45,824
Finance costs	7	12,463	3,303
Deferred government grants		(991)	(605)
Foreign exchange differences, net		4,596	7,129
Equity-settled share-based compensation expense		38,859	36,451
		(132,296)	(106,309)
(Increase)/decrease in trade and notes receivables		(30,612)	38,471
Increase in prepayments, other receivables and other assets		(10,023)	(33,719)
Decrease/(increase) in inventories and contract costs		748	(14,194)
Decrease/(increase) in non-current assets		412	(1,113)
Decrease in government grants		725	5,426
(Decrease)/increase in trade and bills payables		(15,428)	2,692
Increase/(decrease) in other payables and accruals		(7,292)	56,663
Decrease in payroll payable		(10,718)	(8,368)
Decrease in contract liabilities		(1,460)	(3,544)
Decrease/(increase) in restricted cash		1,355	(1,918)
Decrease in other non-current liabilities		(22)	(82)
Cash used in operations		(204,611)	(65,995)
Interest received		21,607	2,401
Interest paid for lease payment		(1,310)	(435)
Interest paid for loans and borrowings		(266)	(2)
Income tax paid		(3,891)	(3,425)
Income tax received		1,303	5,459
Net cash flows used in operating activities		(187,168)	(61,997)

Interim Condensed Consolidated Statement of
Cash Flows

For the six months ended 30 June 2023

	Notes	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
CASH FLOWS IN INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(80,197)	(73,925)
Proceeds from disposal of items of property, plant and equipment		—	160
Purchases of intangible assets		(899)	(1,431)
Purchases of investment in associates		(12,693)	—
Purchases of financial assets at fair value through profit or loss		(56,700)	(143,134)
Redemption of financial assets at fair value through profit or loss		18,743	124,162
Redemption of financial assets measured at amortized cost		—	30,000
Purchases of time deposits		(947,876)	(474,971)
Redemptions of time deposits		676,795	206,568
Decrease in restricted cash		(550)	—
Repayment of loans from associates		—	1,534
Prepayment to collaborator for collaboration right-of-use assets		(53,018)	(7,166)
Receipt of investment income, net		1,852	1,331
Net cash flows used in investing activities		(454,543)	(336,872)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares of subsidiaries		1,012,516	—
Exercise of share options		9,906	4,768
New loans and borrowings		12,273	6,453
Repayment of loans and borrowings		(9,418)	(248)
Principal portion of lease payments		(5,258)	(2,745)
Net cash flows from financing activities		1,020,019	8,228
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		1,023,999	1,180,971
Effect of foreign exchange rate changes, net		(4,973)	(8,084)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	1,397,334	782,246
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		1,397,334	640,246
Non-pledged time deposits recognized as cash equivalents		—	142,000
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position	17	1,397,334	782,246
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows		1,397,334	782,246

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

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 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform — Pillar Two Model Rules</i>

The adoption of above new and revised HKFRSs has no significant financial effect to the Group's interim condensed consolidated financial information.

3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS

As disclosed in note 2.2 to the Company's 2022 annual consolidated financial statements dated 30 March 2023, the Company restated the previously issued audited consolidated financial statements resulting from the restatement of Legend's financial statements, including the Group's consolidated statements of financial position at 31 December 2021 and 1 January 2021, the Group's consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the fiscal year ended 31 December 2021.

In connection with the Legend's restatement, the Group also restated its previously issued unaudited consolidated interim results as at 30 June 2022 and for the six months then ended, which was affected by the matters disclosed in note 2.2 to the Company's 2022 annual consolidated financial statements dated 30 March 2023 and below in relation to the collaboration and license agreement signed by Legend with Janssen Biotech, Inc. ("**Janssen**") for the worldwide development and commercialization of cilta-cel (the "**Janssen Agreement**").

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS (Continued)

Revenue Recognition Adjustments

Legend has revised its accounting treatment for the collaboration revenue from the profit sharing with Janssen on sales of CARVYKTI (“**Collaboration Revenue**”) and the collaboration costs for the revenue (“**Collaboration Cost of Revenue**”) in accordance with HKFRS 15.

Legend and Janssen share equally profits on sales of CARVYKTI in all areas other than the Greater China, where Legend retains or bears 70.0% of pre-tax profits or losses. In all areas other than Greater China, as Janssen is the principal in the sale transaction with the customer, Legend recognises a pro-rata share of collaboration net trade sales in the period Janssen completes the sale and delivers the product to the customer. Legend’s share of collaboration net trade sales in all areas other than Greater China are recognised as Collaboration Revenue, which was recognized within license and collaboration revenue on the Group’s consolidated statement of profit or loss.

Collaboration Cost of Revenue relates to the sale of CARVYKTI and includes costs incurred by Legend as well as Legend’s pro-rata share of Collaboration Cost of Revenue. Collaboration Cost of Revenue includes the cost of inventory sold, manufacturing costs, other costs attributable to production, and provisions to write down inventory, such as for excess and obsolete inventory or inventory that did not meet quality specifications. Collaboration Cost of Revenue was presented in the Group’s cost of sales on the consolidated statement of profit or loss.

Collaboration Assets Adjustments

Legend identified and corrected certain errors in the amounts reported as collaboration inventory, which was included in the inventories on the Group’s consolidated statement of financial position. Legend has revised its accounting treatment to include within collaboration inventory the inventory costs incurred by Legend measured at the lower of its cost and the collaboration inventory’s net realizable value. The Group records within prepayments, other receivables and other assets the amount it is entitled to be reimbursed from its collaboration partner for inventory costs incurred.

Legend also revised its accounting treatment to record lease arrangements in accordance with HKFRS 16. For lease agreements Legend entered into on behalf of the collaboration, Legend recognises the full lease liability, rather than its share, because Legend has the primary responsibility for making the lease payments. Legend records a finance sublease for the related right-of-use assets it subleases to the collaboration.

Legend also made reclassification adjustments in relation with its revised accounting treatments for the Collaboration Assets mentioned above.

The tables below present the impact of the Group’s unaudited interim condensed consolidated statement of financial position at 30 June 2022, unaudited interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months ended 30 June 2022.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS (Continued)

Unaudited interim condensed consolidated statement of profit or loss for the six months ended 30 June 2022

	For the six months ended 30 June 2022					
	As previously reported US\$'000	Adjustments by category				Total adjustments US\$'000
Revenue recognition US\$'000		Collaboration assets US\$'000	Tax impacts US\$'000			
REVENUE	304,677	4,912	—	—	4,912	309,589
Cost of sales	(129,154)	(11,937)	—	—	(11,937)	(141,091)
Gross profit	175,523	(7,025)	—	—	(7,025)	168,498
Other income and gains	9,840	—	10	—	10	9,850
Selling and distribution expenses	(86,942)	—	—	—	—	(86,942)
Administrative expenses	(79,640)	—	—	(8)	(8)	(79,648)
Research and development expenses	(177,360)	—	(246)	—	(246)	(177,606)
Fair value losses of preferred shares and warrants	(45,824)	—	—	—	—	(45,824)
Other expenses	(13,256)	—	(10)	—	(10)	(13,266)
Finance costs	(3,234)	—	(69)	—	(69)	(3,303)
Provision for impairment of financial assets, net	(1,535)	—	—	—	—	(1,535)
LOSS BEFORE TAX	(222,428)	(7,025)	(315)	(8)	(7,348)	(229,776)
Income tax expense	(3,501)	—	—	(312)	(312)	(3,813)
LOSS FOR THE PERIOD	(225,929)	(7,025)	(315)	(320)	(7,660)	(233,589)
Attributable to:						
Owners of the parent	(131,202)				(4,305)	(135,507)
Non-controlling interests	(94,727)				(3,355)	(98,082)
	(225,929)				(7,660)	(233,589)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic (US cent)	(6.28)				(0.20)	(6.48)
Diluted (US cent)	(6.28)				(0.20)	(6.48)

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

**3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS
(Continued)**

Unaudited interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2022

	For the six months ended 30 June 2022					
	As previously reported US\$'000	Adjustments by category				As restated US\$'000
		Revenue recognition US\$'000	Collaboration assets US\$'000	Tax impacts US\$'000	Total adjustments US\$'000	
LOSS FOR THE PERIOD	(225,929)	(7,025)	(315)	(320)	(7,660)	(233,589)
OTHER COMPREHENSIVE INCOME						
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:						
Exchange differences:						
Exchange differences on translation of foreign operations	(20,111)				(4,470)	(24,581)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(20,111)				(4,470)	(24,581)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(20,111)				(4,470)	(24,581)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(246,040)				(12,130)	(258,170)
Attributable to:						
Owners of the parent	(155,298)				(6,603)	(161,901)
Non-controlling interests	(90,742)				(5,527)	(96,269)
	(246,040)				(12,130)	(258,170)

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS
(Continued)

Unaudited interim condensed consolidated statement of financial position at 30 June 2022

	As at 30 June 2022					
	As previously reported US\$'000	Adjustments by category				As restated US\$'000
		Revenue recognition US\$'000	Collaboration assets US\$'000	Tax impacts US\$'000	Total adjustments US\$'000	
NON-CURRENT ASSETS						
Property, plant and equipment	493,445	—	(56,721)	—	(56,721)	436,724
Advance payments for property, plant and equipment	20,044	—	—	—	—	20,044
Investment properties	5,751	—	—	—	—	5,751
Right-of-use assets	55,284	—	30,737	—	30,737	86,021
Goodwill	14,076	—	—	—	—	14,076
Other intangible assets	25,465	—	(45)	—	(45)	25,420
Investments in associates	3,318	—	—	—	—	3,318
Financial assets at fair value through profit or loss	10,932	—	—	—	—	10,932
Deferred tax assets	6,335	—	—	—	—	6,335
Time deposits	4,470	—	—	—	—	4,470
Other non-current assets	7,364	—	27,206	—	27,206	34,570
Total non-current assets	646,484	—	1,177	—	1,177	647,661
CURRENT ASSETS						
Inventories	49,898	—	8,158	—	8,158	58,056
Contract costs	11,391	—	—	—	—	11,391
Trade and notes receivables	102,339	—	—	—	—	102,339
Prepayments, other receivables and other assets	75,044	—	(7,486)	1,004	(6,482)	68,562
Financial assets at fair value through profit or loss	15,083	—	—	—	—	15,083
Loans to associates	155	—	—	—	—	155
Restricted cash	3,320	—	—	—	—	3,320
Time deposits	458,334	—	—	—	—	458,334
Cash and cash equivalents	782,246	—	—	—	—	782,246
Total current assets	1,497,810	—	672	1,004	1,676	1,499,486

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

**3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS
(Continued)**

Unaudited interim condensed consolidated statement of financial position at 30 June 2022 (Continued)

	As at 30 June 2022					
	As previously reported US\$'000	Adjustments by category				As restated US\$'000
		Revenue recognition US\$'000	Collaboration assets US\$'000	Tax impacts US\$'000	Total adjustments US\$'000	
CURRENT LIABILITIES						
Trade and bills payables	32,867	—	—	—	—	32,867
Other payables and accruals	211,420	—	150	—	150	211,570
Interest-bearing loans and other borrowings	6,697	—	—	—	—	6,697
Lease liabilities	7,388	—	433	—	433	7,821
Tax payable	5,039	—	—	9,283	9,283	14,322
Contract liabilities	100,994	(64,654)	—	—	(64,654)	36,340
Government grants	833	—	—	—	—	833
Financial liabilities at fair value through profit or loss	147,593	—	—	—	—	147,593
Total current liabilities	512,831	(64,654)	583	9,283	(54,788)	458,043
NET CURRENT ASSETS	984,979	64,654	89	(8,279)	56,464	1,041,443
TOTAL ASSETS LESS CURRENT LIABILITIES	1,631,463	64,654	1,266	(8,279)	57,641	1,689,104

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS
(Continued)

Unaudited interim condensed consolidated statement of financial position at 30 June 2022 (Continued)

	As at 30 June 2022					
	As previously reported US\$'000	Adjustments by category				As restated US\$'000
		Revenue recognition US\$'000	Collaboration assets US\$'000	Tax impacts US\$'000	Total adjustments US\$'000	
NON-CURRENT LIABILITIES						
Interest-bearing loans and other borrowings	189,511	—	—	—	—	189,511
Lease liabilities	25,638	—	1,574	—	1,574	27,212
Contract liabilities	228,627	(226,541)	—	—	(226,541)	2,086
Deferred tax liabilities	9,941	—	—	—	—	9,941
Government grants	17,152	—	—	—	—	17,152
Financial liabilities at fair value through profit or loss	271,920	—	—	—	—	271,920
Other non-current liabilities	314	—	—	—	—	314
Total non-current liabilities	743,103	(226,541)	1,574	—	(224,967)	518,136
Net assets	888,360	291,195	(308)	(8,279)	282,608	1,170,968
EQUITY						
Share capital	2,108				—	2,108
Treasury shares	(12,357)				—	(12,357)
Reserves	767,596				158,616	926,212
Equity attributable to owners of the parent	757,347				158,616	915,963
Non-controlling interests	131,013				123,992	255,005
Total equity	888,360				282,608	1,170,968

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

**3. RESTATEMENT OF PREVIOUSLY ISSUED UNAUDITED CONSOLIDATED INTERIM RESULTS
(Continued)**

Unaudited interim condensed consolidated statement of changes in equity for the six months ended 30 June 2022

	For the six months ended 30 June 2022		
	As previously reported US\$'000	Total adjustments US\$'000	As restated US\$'000
Share capital	2,108	—	2,108
Treasury shares	(12,357)	—	(12,357)
Reserves	767,596	158,616	926,212
Equity attributable to owners of the parent	757,347	158,616	915,963
Non-controlling interests	131,013	123,992	255,005
Total equity	888,360	282,608	1,170,968

Unaudited interim condensed consolidated statement of cash flows for the six months ended 30 June 2022

	For the six months ended 30 June 2022		
	As previously reported US\$'000	Total adjustments US\$'000	As restated US\$'000
Net cash flows used in operating activities	(61,997)	—	(61,997)
Net cash flows used in investing activities	(336,872)	—	(336,872)
Net cash flows generated from financing activities	8,228	—	8,228
NET DECREASE IN CASH AND CASH EQUIVALENTS	(390,641)	—	(390,641)
Effect of foreign exchange rate changes, net	(8,084)	—	(8,084)
Cash and cash equivalents at beginning of period	1,180,971	—	1,180,971
CASH AND CASH EQUIVALENTS AT END OF PERIOD	782,246	—	782,246

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

4. 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 provide 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.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2023

	Life-science services and products (Unaudited) US\$'000	Biologics development services (Unaudited) US\$'000	Industrial synthetic biology products (Unaudited) US\$'000	Cell therapy (Unaudited) US\$'000	Operation unit (Unaudited) US\$'000	Eliminations (Unaudited) US\$'000	Total (Unaudited) US\$'000
Segment revenue (Note 5)							
Sales to external customers	198,755	64,652	18,113	109,547	244	—	391,311
Intersegment sales	4,230	461	110	119	23,663	(28,583)	—
Total revenue	202,985	65,113	18,223	109,666	23,907	(28,583)	391,311
Segment cost of sales	(94,095)	(49,818)	(11,050)	(68,285)	(19,935)	26,920	(216,263)
Segment gross profit	108,890	15,295	7,173	41,381	3,972	(1,663)	175,048
Other income and gains	3	7,998	688	20,994	7,202	(5,584)	31,301
Selling and distribution expenses	(30,661)	(7,523)	(2,295)	(39,383)	(1,638)	96	(81,404)
Administrative expenses	(25,185)	(16,166)	(2,237)	(49,958)	(13,077)	108	(106,515)
Research and development expenses	(20,288)	(3,983)	(2,357)	(180,680)	(1,584)	1,561	(207,331)
Fair value gains/(losses) of preferred shares and warrants	—	55,296	—	(85,750)	—	(4,277)	(34,731)
Other expenses	(74)	(1,234)	(2)	(7,117)	(7,375)	9,841	(5,961)
Finance costs	—	(1,549)	(9)	(10,298)	(951)	344	(12,463)
Provision for impairment on financial assets, net	(577)	(1,619)	109	—	(280)	—	(2,367)
Share of losses of associates	—	—	(159)	—	(71)	—	(230)
Profit/(loss) before tax	32,108	46,515	911	(310,811)	(13,802)	426	(244,653)

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

4. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2022

	Life-science services and products (Unaudited) US\$'000	Biologics development services (Unaudited) US\$'000	Industrial synthetic biology products (Unaudited) US\$'000	Cell therapy (Unaudited) (Restated) US\$'000	Operation unit (Unaudited) US\$'000	Eliminations (Unaudited) US\$'000	Total (Unaudited) (Restated) US\$'000
Segment revenue (Note 5)							
Sales to external customers	170,476	60,401	16,635	61,936	141	—	309,589
Intersegment sales	5,524	2,250	211	75	27,286	(35,346)	—
Total revenue	176,000	62,651	16,846	62,011	27,427	(35,346)	309,589
Segment cost of sales	(76,232)	(46,487)	(9,662)	(16,939)	(23,788)	32,017	(141,091)
Segment gross profit	99,768	16,164	7,184	45,072	3,639	(3,329)	168,498
Other income and gains	1,316	2,692	534	2,878	6,655	(4,225)	9,850
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)	(30,707)	(11,434)	1,204	(79,648)
Research and development expenses	(21,340)	(4,541)	(2,301)	(150,375)	(1,145)	2,096	(177,606)
Fair value losses of preferred shares and warrants	—	(15,774)	—	(31,000)	—	950	(45,824)
Other expenses	(50)	(63)	(21)	(9,646)	(6,252)	2,766	(13,266)
Finance costs	—	(200)	(11)	(2,687)	(603)	198	(3,303)
Provision for impairment on financial assets, net	(411)	—	(139)	—	(985)	—	(1,535)
Profit/(loss) before tax	27,262	(21,118)	943	(225,207)	(11,436)	(220)	(229,776)

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
Revenue from contracts with customers	391,015	309,397
Gross rental income from operating leases	214	192
Others	82	—
	391,311	309,589

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2023

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 and sale of products	198,755	63,878	18,061	—	280,694
License and collaboration revenue	—	774	—	109,547	110,321
Total revenue from contracts with customers	198,755	64,652	18,061	109,547	391,015
Timing of revenue recognition					
Goods and services transferred at a point in time	198,755	63,878	18,061	—	280,694
Licenses transferred at a point in time	—	774	—	15,115	15,889
Collaboration revenue at a point in time	—	—	—	94,432	94,432
Total revenue from contracts with customers	198,755	64,652	18,061	109,547	391,015

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

5. REVENUE, OTHER INCOME AND GAINS (Continued)

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

For the six months ended 30 June 2022 (Restated)

Segments	Life-science services and products US\$'000	Biologics development services US\$'000	Industrial synthetic biology products US\$'000	Cell therapy (Restated) US\$'000	Total (Restated) US\$'000
Types of goods or services					
Rendering of services and sale of products	170,476	60,401	15,349	—	246,226
License and collaboration revenue	—	—	1,235	61,936	63,171
Total revenue from contracts with customers	170,476	60,401	16,584	61,936	309,397
Timing of revenue recognition					
Goods and services transferred at a point in time	170,476	60,401	15,349	—	246,226
Licenses transferred at a point in time	—	—	1,235	50,000	51,235
Collaboration revenue at a point in time	—	—	—	11,936	11,936
Total revenue from contracts with customers	170,476	60,401	16,584	61,936	309,397

Other income and gains

For the six months ended 30 June

	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
Other income		
Bank interest income	24,866	3,219
Government grants	4,830	3,887
Investment income, net	1,049	1,152
Others	439	1,434
Gains		
Others	117	158
	31,301	9,850

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

6. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
Cost of services and products	94,223	76,549
Depreciation of property, plant and equipment	26,049	22,157
Depreciation of investment properties	59	48
Depreciation of right-of-use assets	7,189	5,552
Amortisation of other intangible assets	2,225	2,263
Provision for impairment of trade receivables, net	2,367	1,535
Provision/(reversal) of inventories and contract costs to net realizable value	9,369	(2,018)
Employee benefit expenses (including directors' and chief executive's remuneration):		
Wages and salaries	210,101	159,457
Pension scheme contributions (defined contribution schemes)	11,985	9,173
Equity-settled share-based compensation expense	38,859	36,451
	260,945	205,081
Foreign exchange differences, net	4,596	7,129
Loss on disposal of property, plant and equipment	432	91
Service fees and other costs for equity financing activities	1,278	1,604
Fair value losses of preferred shares and warrants	34,731	45,824
Gains of wealth management products	(4,777)	(579)
Losses on foreign currency forward contracts	3,672	4,711
Fair value losses of non-current financial assets	750	1,577

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

7. FINANCE COSTS

	For the six months ended 30 June	
	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
Collaboration interest-bearing advanced funding	9,689	2,515
Interest on lease liabilities	1,310	504
Interest on financial liabilities measured at amortized cost	1,103	—
Interest on bank loans	361	284
	12,463	3,303

8. INCOME TAX EXPENSE

The Company is subject to income tax on an entity basis on profits arising in or derived from jurisdictions in which Genscript or its subsidiaries are domiciled and operate.

Cayman and British Virgin Islands

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.

Hong Kong

Hong Kong profits tax was subject to the two-tiered profits tax rates regime. The first HK\$2,000,000 (2022: HK\$2,000,000) of assessable profits was taxed at 8.25% (2022: 8.25%) and the remaining assessable profits was taxed at 16.5% (2022: 16.5%).

United States of America

The subsidiaries of the Group operating in the United States of America were subject to federal tax at a rate of 21% (2022: 21%) and state tax at an average rate of 2.5% to 11.5% (2022: 4.9% to 11.5%) during the reporting period.

Ireland

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 (2022:12.5%). Any non-trading income is subject to income tax at a rate of 25% (2022: 25%). Dividend withholding tax is imposed on distributions made by Irish companies at a rate of 25% with many exemptions provided (2022: 25%).

Singapore

The subsidiary of the Group operating in Singapore was subject to income tax at the rate of 5% (2022: 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% (2022: 17%).

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

8. INCOME TAX EXPENSE (Continued)**Netherlands**

The subsidiary of the Group operating in the Netherlands depends on the taxable amount. The first EUR200,000 (2022: EUR245,000) of taxable amount was taxed at 19% (2022:15%), and remaining taxable amount was taxes at 25.8% (2022: 25%).

Mainland China

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% (2022: 15%) for the reporting period.

Jiangsu GenScript is qualified as High and New Technology Enterprises, and Advanced Technology Service Enterprises. It was subject to income tax at a preferential tax rate of 15% (2022: 15%) for the reporting period.

	For the six months ended 30 June	
	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
Current — Mainland China	1,715	2,479
Current — The USA	1,783	1
Current — Others	1,359	367
Deferred income tax (credit)/expense	(3,753)	966
Total income tax expense for the period	1,104	3,813

9. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

10. 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 2,106,881,564 (for the six months ended 30 June 2022: 2,090,828,703) in issue during the reporting period.

The calculation of the diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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

	For the six months ended 30 June	
	2023 (Unaudited) US\$'000	2022 (Unaudited) (Restated) US\$'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation:	(93,581)	(135,507)

	Number of shares	
	2023 (Unaudited)	2022 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period	2,112,788,354	2,098,055,016
Effect of shares repurchased	(5,906,790)	(7,226,313)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	2,106,881,564	2,090,828,703

The diluted loss per share is the same as the basic loss per share because the effect of share options and restricted share units were anti-dilutive for the six months ended 30 June 2023 and 2022. For the six months ended 30 June 2023, the weighted average number of dilution effect of share options and restricted share units was 98,098,791 (for the six months ended 30 June 2022:103,244,044).

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

11. PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of the Group's property, plant and equipment and the movements during the period are as follows:

	Total US\$'000
As at 1 January 2022 (Restated and Audited)	396,667
Additions	198,449
Depreciation	(46,637)
Disposal	(1,104)
Exchange realignment	(25,808)
As at 31 December 2022 and 1 January 2023 (Audited)	521,567
Additions	75,233
Depreciation	(26,049)
Disposal	(432)
Exchange realignment	(5,090)
As at 30 June 2023 (Unaudited)	565,229

As at 30 June 2023, assets with a net book value of US\$2,546,000 (31 December 2022: US\$2,168,000) were pledged as security for interest-bearing bank loans as set out in note 21 to the interim condensed consolidated financial statements.

As at 30 June 2023, properties amounted to approximately US\$33,159,000 (31 December 2022: US\$34,869,000) were pledged to an affiliate of the Series B Preferred Shareholder of Probio Cayman to secure the redemption right held by such preferred shareholder.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

12. LEASES**The Group as a lessee**

The Group has lease contracts for buildings and office premises. Leases of buildings and office premises generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period are as follows:

	Total US\$'000
As at 1 January 2022 (Restated and audited)	90,244
Additions	34,107
Depreciation	(12,104)
Disposal	(6,439)
Exchange realignment	(2,703)
As at 31 December 2022 and 1 January 2023 (Audited)	103,105
Additions	27,289
Depreciation	(7,189)
Disposal	(1,602)
Exchange realignment	(387)
As at 30 June 2023 (Unaudited)	121,216

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

12. LEASES (Continued)
The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Carrying amount at 1 January	55,112	34,859
New leases	26,620	29,283
Accretion of interest recognised during the period	1,310	1,632
Payments	(6,568)	(8,557)
Disposal	(1,719)	(1,338)
Exchange realignment	305	(767)
Carrying amount at the end of the period	75,060	55,112
Analysed into:		
Current portion	9,448	11,104
Non-current portion	65,612	44,008
	75,060	55,112

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Investments in financial products (current) (note i)	244,578	210,819
Unlisted equity investments (non-current) (note ii)	14,858	11,657
	259,436	222,476

Notes:

- (i) The balance represents the investments in wealth management products issued by reputable commercial banks in Mainland China and US, which were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (ii) The balance mainly represents the Group's investments in certain funds and companies. These investments are not regarded as associates of the Group because the Group has no right to participate in the relevant activities of these funds and companies.

14. INVENTORIES

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Raw materials	34,384	38,672
Work in progress	5,820	4,395
Finished goods	21,046	19,843
Provision for inventories	(9,735)	(2,975)
	51,515	59,935

As at 30 June 2023, the collaboration inventories with a net carrying amount of US\$15,196,000 (31 December 2022: US\$10,354,000) were relating to the collaboration cost with a collaborator.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

15. TRADE AND NOTES RECEIVABLES

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Trade receivables	133,218	100,293
Notes receivable	4,845	7,157
	138,063	107,450
Impairment of trade receivables	(5,649)	(3,361)
	132,414	104,089

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 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Within 3 months	99,399	80,595
3 to 6 months	14,789	10,397
6 to 12 months	11,359	6,179
Over 1 year	7,671	3,122
	133,218	100,293

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Current		
Other receivables	51,133	45,894
Value-added tax recoverable	23,310	19,565
Prepayments	22,531	23,193
Prepaid expense	3,952	2,132
Income tax refund	1,003	1,704
Deposits	214	383
Prepaid income tax	165	842
Lease receivables	96	188
	102,404	93,901
Impairment of other receivables	(33)	(34)
	102,371	93,867
Non-current		
Collaboration prepaid leases	119,173	65,276
Deposits	3,065	3,482
Prepaid expense	1,083	1,092
Lease receivables	331	395
	123,652	70,245

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

17. CASH AND BANK BALANCES

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Cash and bank balances	1,397,334	941,937

As at 30 June 2023, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately US\$92,463,000 (31 December 2022: US\$139,228,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

18. TIME DEPOSITS

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Time deposits	503,879	310,573
Less:		
Non-pledged time deposits		
Current portion	499,670	228,511
Non-current portion	4,209	—
Cash equivalents	—	82,062

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

19. TRADE AND BILLS PAYABLES

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Trade payables	39,507	54,310
Bills payables	821	1,445
	40,328	55,755

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 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Within 3 months	35,048	50,260
3 to 6 months	3,284	2,431
6 to 12 months	721	854
Over 1 year	454	765
	39,507	54,310

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

20. OTHER PAYABLES AND ACCRUALS

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Accrued expenses	119,791	140,336
Payables for purchases of property, plant and equipment	60,713	53,117
Accrued payroll and welfare	53,890	63,871
Payable for Collaboration Assets	24,518	22,852
Other tax payables	11,895	5,822
Other payables	17,983	14,711
	288,790	300,709

Other payables are non-interest-bearing and repayable on demand.

21. INTEREST-BEARING LOANS AND OTHER BORROWINGS

	Notes	30 June 2023 (Unaudited)			31 December 2022 (Audited)		
		Effective interest rate (%)	Maturity	US\$'000	Effective interest rate (%)	Maturity	US\$'000
Current							
Bank loans — unsecured		2.5-2.6	2024	14,809	2.5-2.6	2023	12,348
Bank loans — secured	(a)	1.3-1.4	2024	20,127	1.3-1.4	2023	20,882
Current portion of long-term bank loans — secured	(b)	0.32	2024	277	0.33	2023	451
				35,213			33,681
Non-current							
Other borrowings — unsecured	(c)	8.38	No specific	270,614	7.98	No specific	260,932
Non-current portion of long-term bank loans — secured				—	0.33	2024	74
				270,614			261,006

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

21. INTEREST-BEARING LOANS AND OTHER BORROWINGS (Continued)

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	35,213	33,681
In the second year	—	74
Other borrowings repayable:		
No agreed repayment period	270,614	260,932
	305,827	294,687

Notes:

- (a) Bank loans amounting to US\$20,127,000 (31 December 2022: US\$20,882,000) were derived from discounting bank acceptance bills issued within the Group, which were secured by deposits with a carrying value of US\$20,127,000 (31 December 2022: US\$20,882,000).
- (b) Certain of the Group's bank loans was secured by the land and building in property, plant and equipment, investment properties and right-of-use assets with book value of approximately US\$8,227,000 (31 December 2022: US\$9,001,000). The effective interest rate bank loan was based on the TIBOR+0.25% (31 December 2022: TIBOR+0.25%), and the average effective interest rate for the period was calculated as 0.32% (31 December 2022: 0.33%).
- (c) Pursuant to the Janssen Agreement, 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 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, a fifth funding advance with principal amounting to US\$60,900,000 on 17 June 2022, a sixth funding advance with principal amounting to US\$60,500,000 on 16 September 2022, and a seventh funding advance with principal amounting to US\$3,600,000 on 16 December 2022, by reducing the same amount of other payables due to the collaborator, respectively (collectively, the "Funding Advances").

These Funding Advances are accounted for as interest-bearing borrowings funded by the collaborator, constituted by a principal amounting to US\$250,000,000 and applicable interests accrued amounting to US\$20,600,000 upon such principal. 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 Legend applied such borrowings. For each of the seven batches of funding advances, interest started to accrue from 18 June 2021, 17 September 2021, 17 December 2021, 18 March 2022, 17 June 2022, 16 September 2022, and 16 December 2022, respectively.

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

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Current			
Legend Warrant	(a)	—	67,000
Probio Warrant	(b)	79	15,899
Foreign currency forward contracts		2,328	1,350
		2,407	84,249
Non-current			
Probio Series A Preferred Shares	(c)	204,330	269,460
Probio Series C Preferred Shares	(c)	223,930	—
		428,260	269,460
		430,667	353,709

(a) Legend Warrant

On 13 May 2021, Legend entered into a subscription agreement with an institutional investor (the “**PIPE Investor**”) relating to the offer and sale of 20,809,850 ordinary shares of Legend, par value US\$0.0001 per share, in a private placement at a purchase price of US\$14.41625 per ordinary share of Legend (the “**PIPE Offering**”). The total proceeds from the PIPE Offering is US\$300,000,000. Pursuant to the subscription agreement, Legend also agreed to issue and sell concurrently with the PIPE offering a warrant (the “**Legend Warrant**”) exercisable for up to an aggregate of 10,000,000 ordinary shares of Legend (such transaction together with the PIPE Offering, the “**Legend Transactions**”). The Legend Transactions were completed on 21 May 2021 (the “**Closing Date**”).

On 12 May 2023, the PIPE Investor exercised the Legend Warrant in full for an aggregate exercise price of \$200,000,000, and, as a result, Legend issued 10,000,000 ordinary shares to the PIPE Investor. The Legend Warrant was accounted for as a financial liability because the Legend Warrant was net share settleable at the holder’s option. As of 31 December 2022, the fair value of Legend Warrant was assessed at US\$67,000,000.

During the six months ended 30 June 2023, up to the exercise of the Legend Warrant, Legend recorded a fair value loss of US\$85,750,000 (for the six months ended 30 June 2022: fair value loss of US\$31,000,000).

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(b) Probio Warrant

On 18 August 2021, Probio Cayman entered into an agreement with an institutional investor relating to the offer and sale of 300,000,000 series A convertible redeemable preferred shares of Probio Cayman ("**Probio Series A Preferred Shares**"), par value US\$0.00002 per share, at a purchase price of US\$0.50 per preferred share for an aggregate purchase consideration of US\$150,000,000. Pursuant to the agreement, the Probio Cayman also agreed to issue a warrant (the "**Probio Warrant**") exercisable for up to an aggregate of 189,393,939 ordinary shares of Probio Cayman (the Probio Series A Preferred Shares and Probio Warrant are collectively referred as "**Probio Series A Financing**"). The Probio Series A Financing was completed on 3 September 2021.

The Probio Warrant will be exercisable, in whole or in part, at an initial exercise price of US\$0.66 per ordinary share of Probio Cayman and is exercisable at any time prior to the two-year anniversary of the completion of the Probio Series A Financing. The Probio Warrant was recognised at a financial liability measured at fair value with changes through profit or loss and initial fair value of the Probio Warrant is assessed at US\$851,000.

As at 30 June 2023, the fair value of the Probio Warrant is assessed at US\$79,000 (31 December 2022: US\$15,899,000), and a fair value gain of US\$15,820,000 was recognized during the six months ended 30 June 2023 (for the six months ended 30 June 2022: fair value loss of US\$3,694,000).

(c) Probio Series A Preferred Shares and Probio Series C Preferred Shares

During the year ended 31 December 2021, Probio Cayman issued a total of 300,000,000 Series A Preferred Shares in its Series A Financing, together with the issuance of Probio Warrant in the Probio Series A Financing.

During the six months ended 30 June 2023, Probio Cayman issued a total of 319,998,370 Series C preferred shares ("**Probio Series C Preferred Shares**") for an aggregate consideration of approximately US\$224,000,000 ("**Probio Series C Financing**"), of which 42,857,000 Series C Preferred Shares was subscribed by the Company at consideration of US\$30,000,000.

The key terms of the Probio Series A Preferred Shares and Probio Series C Preferred Shares are summarised as follows:

1) Dividends right

Each of the holders of Probio Series C Preferred Shares and Probio Series A Preferred Shares is entitled to receive non-cumulative dividends in preference to any dividend on the Probio Shares when, as and if declared by the board of directors of Probio Cayman, for each Series C Preferred Share and Series A Preferred Share held by such holder, at a rate of 8% per annum.

No non-cumulative dividends to Probio Series A Preferred Shares will be paid unless and until the full payment of the non-cumulative dividends to Probio Series C Preferred Shares.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(c) Probio Series A Preferred Shares and Probio Series C Preferred Shares (Continued)

2) Conversion right

Probio Series A Preferred Shares and Probio Series C Preferred Shares shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such preferred shares into such number of fully paid and non-assessable ordinary shares as determined by dividing the issue price by the then effective conversion price of such series of preferred shares, in effect at the time of the conversion. The initial Series A conversion price shall be the Series A issue price (US\$0.50 per Probio Series A Preferred Share) and the initial Series C conversion price shall be the Series C issue price (US\$0.70 per Probio Series C Preferred Share), and such initial conversion price for Series A Preferred Shares and Series C Preferred Shares shall be subject to adjustments for certain further events, including but not limited to dilutive issuances, share splits, share combinations and etc.

Probio Series A Preferred Shares and Probio Series C Preferred Shares shall automatically be converted into the ordinary shares of Probio Cayman at then respective effective conversion price of such series of preferred shares upon the completion of a qualified IPO of Probio Cayman.

3) Redemption feature

Each eligible holder of Probio Series C Preferred Shares (excluding the Company in its capacity as the holder of Probio Series C Preferred Shares) shall be entitled to request Probio Cayman and the Company, jointly and severally, to redeem all or any of part of such holder's Series C Preferred Shares at a price per share (the "**Series C Redemption Price**") at earliest occurrence of any of the redemption events agreed in the documents of Series C Financing. The Series C Redemption Price equals to the aggregate amount of:

- (i) 100% of the Series C issue price, which shall be subject to adjustments for certain dilutive issuances, splits and combinations;
- (ii) interest accrued based on the Series C issue price and calculated at an agreed rate in the documents of the Probio Series C Financing, from the date of issuance thereof through and including the redemption date; and
- (iii) any declared but unpaid dividends thereto as of the date of redemption.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(c) Probio Series A Preferred Shares and Probio Series C Preferred Shares (Continued)

3) Redemption feature (Continued)

Each holder of Probio Series A Preferred Shares shall be entitled to request Probio Cayman and the Company, jointly and severally, to redeem all or any part of such holder's Series A Preferred Shares at a price per share (the "**Series A Redemption Price**") at earliest occurrence of any of the redemption events agreed in the documents of Series A Financing. The Series A Redemption Price equals to the aggregate amount of:

- (i) 100% of the Series A issue price, which shall be subject to adjustments for certain dilutive issuances, splits and combinations;
- (ii) interest accrued based on the Series A issue price and calculated at an agreed rate in the documents of the Probio Series A Financing, from the date of issuance thereof through and including the redemption date; and
- (iii) any declared but unpaid dividends thereto as of the date of redemption.

No Series A Redemption Price or Series B Redemption Price (as defined in note 23) will be paid unless and until all Series C Redemption Price of the eligible holders of Series C Preferred Shares is fully paid.

4) Liquidation Preference

Upon any liquidation, dissolution or winding up or other liquidation events of Probio Cayman, all assets of funds of Probio Cayman legally available for distribution to the shareholders are distributed in the sequence as follows:

- (a) Series C liquidation amount
- (b) Series A liquidation amount

The Series C liquidation amount and Series A liquidation amount equal to the sum of (i) 100% of their respective issue price; (ii) interests thereon at an agreed rate per annum for each series of preferred shares and plus (iii) all declared and unpaid dividends on such preferred shares.

If the assets and funds thus distributed among the holders of Probio Series C Preferred Shares or Probio Series A Preferred Shares are insufficient to permit the payment to such holders of full Series C liquidation amount or Series A liquidation amount, then all such assets and funds of the Probio Cayman legally available for distribution shall be distributed ratably among the holders of such series of preferred shares in proportion to the liquidation amount that each such holder is otherwise entitled.

If there are any assets or funds remaining after the Series C liquidation amount and the Series A liquidation amount have been distributed or paid in full, the remaining assets and funds of Probio Cayman available for distribution shall be distributed ratably among holders of the preferred shares and ordinary shares based on the number of shares held by each such holder, on an as-if-converted basis.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)**(c) Probio Series A Preferred Shares and Probio Series C Preferred Shares (Continued)****Presentation and classification**

The Group does not bifurcate the embedded conversion derivatives from the host debt liability arising from the redemption right held by the shareholders of the Probio Series A Preferred Shares and Probio Series C Preferred Shares and has designated the entire instruments of Probio Series A Preferred Shares and Probio Series C Preferred Shares as financial liabilities at FVTPL. The change in fair value of financial liabilities at FVTPL is charged to profit or loss except for the portion attributable to own credit risk change that shall be charged to other comprehensive income.

As at 30 June 2023, the fair value of Probio Series A Preferred Shares was assessed at US\$204,330,000 (31 December 2022: US\$269,460,000) and the fair value of Probio Series C Preferred Shares was assessed at US\$223,930,000 (31 December 2022: not applicable), and an aggregate fair value gain of US\$35,199,000 was recognized during the six months ended 30 June 2023 (for the six months ended 30 June 2022: fair value loss of US\$11,130,000).

The movements of the above preferred shares and warrants are set out below:

	US\$'000
At 1 January 2023 (Audited)	352,359
Issuance	193,999
Fair value changes during the period	34,731
Exercise of Legend Warrant	(152,750)
At 30 June 2023 (Unaudited)	428,339
At 1 January 2022 (Audited)	371,128
Fair value changes	(18,769)
At 31 December 2022 (Audited)	352,359

During the six months ended 30 June 2023 and 2022, management considered that there was no significant change of the credit risk of the Group or corresponding subsidiaries that drives the change of the fair value of each financial liability.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

23. FINANCIAL LIABILITIES AT AMORTIZED COST

	Note	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Non-current			
Probio Series B Preferred Shares	(a)	37,864	36,761
BSJ Series A Capital Increase	(b)	34,468	—
		72,332	36,761

(a) Probio Series B Preferred Shares

On 2 July 2022, Probio Cayman entered into an agreement with an institutional investor relating to the offer and sale of 57,314,000 series B convertible redeemable preferred shares of Probio Cayman ("**Probio Series B Preferred Shares**"), par value US\$0.00002 per share, at a purchase price of US\$0.65 per preferred share for an aggregate consideration of US\$37,254,100 ("**Probio Series B Financing**"). The Probio Series B Financing was completed on 6 July 2022.

The key terms of the Probio Series B Preferred Shares are summarised as follows:

1) Conversion right

Probio Series B Preferred Shares shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such preferred shares into such number of fully paid and non-assessable ordinary share. The conversion ratio for each Series B Preferred Share shall be determined by dividing the Series B issue price by the then Series B conversion price, in effect at the time of the conversion. The initial Series B conversion price shall be the Series B issue price (US\$0.65 per Probio Series B Preferred Share), and such initial Series B conversion price shall be subject to adjustments for share dividend, share split or otherwise.

Probio Series B Preferred Shares shall automatically be converted into the ordinary shares of Probio Cayman at the then respective effective Conversion Price upon the completion of an IPO of Probio Cayman.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

23. FINANCIAL LIABILITIES AT AMORTIZED COST (Continued)

(a) Probio Series B Preferred Shares (Continued)

2) Redemption feature

Each holder of Probio Series B Preferred Shares shall be entitled to request Probio Cayman and the Company, jointly and severally, to redeem all or any part of such holder's Series B Preferred Shares at a price per share (the "**Series B Redemption Price**") at earliest occurrence of any of the redemption events agreed in the documents of Series B Financing. The Series B Redemption Price equals to the aggregate amount of:

- (i) 100% of the Series B issue price, which shall be subject to adjustments for certain dilutive issuances, splits and combinations;
- (ii) interest accrued based on the Series B issue price and calculated at an agreed rate in the documents of the Series B Financing, from the date of issuance thereof through and including the redemption date; and
- (iii) any declared but unpaid dividends thereto as of the date of redemption.

Presentation and classification

The Probio Series B Preferred Shares contain only liability and equity components, of which the initial fair value of the liability component was determined at US\$35,657,000 which was subsequently measured at amortised cost using effective interest method, and the remainder of the proceeds from the Series B Financing amounted to US\$1,597,100 was allocated to the conversion option and recognized in the Group's equity.

(b) BSJ Series A Capital Increase

On 26 May 2023, Nanjing Bestzyme Bioengineering Co., Ltd. ("**BSJ Nanjing**"), an indirect non-wholly owned subsidiary of the Company, entered into capital increase agreement with certain investors (collectively referred as "**BSJ Series A Investors**"), pursuant to which BSJ Nanjing issued additional registered capital of RMB37,609,070 for a total consideration of RMB250,000,000 ("**BSJ Series A Capital Increase**"). The BSJ Series A Capital Increase was completed on 25 June 2023.

Pursuant to the BSJ Series A Capital Increase documents, each of BSJ Series A Investors shall be entitled to request BSJ Nanjing to redeem all or part of such registered capital at a price per share ("**BSJ Series A Redemption Obligations**") at earliest occurrence of any redemption events agreed in BSJ Series A Capital Increase documents. The BSJ Series A Redemption Obligations equals to the aggregate amount of:

- (i) 100% of the issue price for each registered capital;
- (ii) interest accrued based on the issue price for each registered capital and calculated at an agreed rate in the documents of the BSJ Series A Capital Increase, from the date of issuance thereof through and including the redemption date; and
- (iii) any declared but unpaid dividends thereto as of the date of redemption.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

23. FINANCIAL LIABILITIES AT AMORTIZED COST (Continued)**(b) BSJ Series A Capital Increase (Continued)****Presentation and classification**

Since the BSJ Series A Capital Increase contains an obligation for BSJ Nanjing purchase its own equity instruments for cash, it gives rise to a financial liability for the present value of the redemption amount even if the obligation to purchase is conditional on BSJ Series A Investors exercising a right to redeem.

Therefore, the Company initially recognized the BSJ Series A Redemption Obligations as a financial liability at approximately US\$35,089,000, which is the present value of the redemption amount, and subsequently measured at amortized cost using effective interest method.

The movements of liability components for Probio Series B Preferred Shares and BSJ Series A Redemption Obligations are set out below:

	US\$'000
At 1 January 2023	36,761
Issuance	35,089
Interest expenses accrued during the period	1,103
Exchange realignment	(621)
At 30 June 2023	72,332

24. SHARE CAPITAL AND SHARE PREMIUM Shares

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Authorised:		
Ordinary shares of US\$0.001 each	5,000	5,000
Issued and fully paid:		
Ordinary shares of US\$0.001 each	2,116	2,111

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

24. SHARE CAPITAL AND SHARE PREMIUM (Continued)
Shares (Continued)

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

	Note	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 2023 (Audited)		2,111,225,635	2,111	(11,922)	1,473,027	1,463,216
Issuance of ordinary shares of Legend Cayman for registered direct offering, private placements and exercise of Legend Warrant, net of issuance costs	(a)	—	—	—	429,065	429,065
Exercise of share options and restricted share units		4,790,090	5	2,422	21,604	24,031
As at 30 June 2023 (Unaudited)		2,116,015,725	2,116	(9,500)	1,923,696	1,916,312

Note:

- (a) On 24 April 2023, 2 May 2023 and 19 May 2023, Legend sold 7,656,968, 484,992 and 692,782 ordinary shares to institutional investors in private placement transactions, respectively, for net proceeds of US\$234,410,000, after deduction of related issuance costs.

On 10 May 2023, Legend sold 10,937,500 ordinary shares to certain investors in a registered direct offering at a price of US\$32.00 per Legend's share, for net proceeds of US\$349,278,000, after deduction of related issuance costs.

On 12 May 2023, the PIPE Investor exercised Legend Warrant in full for an aggregate exercise price of US\$200,000,000, and, as a result, Legend issued 10,000,000 ordinary shares to the PIPE Investor.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

25. 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. Equity-settled 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 only condition for vesting is service condition.

For the six months ended 30 June

	2023		2022	
	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	0.7382	92,647	0.7372	109,444
Forfeited during the period	1.9848	(1,162)	1.9497	(2,730)
Exercised during the period	0.5820	(2,394)	0.3161	(10,285)
As at 30 June	0.7264	89,091	0.7477	96,429
Exercisable at 30 June	0.6129	78,553	0.5337	75,466

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2023 was HK\$21.963 per share (for the six months ended 30 June 2022: HK\$28.010).

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

25. 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 2023 Number of options '000	Exercise price* US\$ per share	Exercise period
24	0.0515	2013/08/10~2025/07/31
38,150	0.0617	2014/12/31~2025/07/31
2,038	0.0772	2013/09/01~2025/07/31
7,835	0.1552	2016/06/22~2026/06/21
3,396	0.3102	2017/09/23~2026/09/22
11,876	0.4514	2019/04/25~2027/04/24
5,938	1.0672	2018/07/25~2027/10/10
2,146	1.1969	2019/12/31~2027/11/19
2,310	1.7857	2021/04/29~2030/04/28
1,307	1.7948	2018/11/29~2028/11/28
2,381	2.3444	2020/07/19~2029/07/18
2,546	2.4444	2020/11/29~2029/11/28
6,780	3.3710	2019/01/01~2028/05/03
718	1.9355	2020/09/01~2025/08/31
1,310	1.5606	2021/11/21~2030/12/27
100	1.7857	2022/03/31~2031/03/30
236	3.9228	2022/05/31~2031/05/30
89,901		

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

25. SHARE OPTION SCHEME (Continued)

a) The Company (Continued)

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		

* 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.

No share options were granted during the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil). The Group recognised a share option expense of US\$142,000 during the six months ended 30 June 2023 (for the six months ended 30 June 2022: US\$440,000).

At the end of reporting period, the Company had 89,091,000 share options outstanding under the scheme, which represented approximately 4.2% of the Company's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 89,091,000 additional ordinary shares of the Company, an additional share capital of approximately HK\$89,091 and a share premium of approximately HK\$64,626,000 (before issue expenses).

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

25. SHARE OPTION SCHEME (Continued)

b) The Legend

Legend operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of Legend’s operations. Eligible participants of the Scheme include Legend’s directors, including independent non-executive directors, and employees of any member of Legend. The Scheme became effective on 21 December 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Scheme has a performance vesting condition and is subject to forfeiture if the participants cannot meet certain performance targets set by the board of directors.

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

The following share options were outstanding during the period:

	For the six months ended 30 June			
	2023		2022	
	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	7.1370	9,180	2.8970	9,529
Granted during the period	23.5300	355	19.3427	2,205
Forfeited during the period	2.3172	(584)	3.9404	(475)
Exercised during the period	5.0792	(1,747)	1.5814	(1,344)
As at 30 June	8.8350	7,204	6.6827	9,915
Exercisable at 30 June	6.2960	2,386	2.3231	1728

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2023 was US\$30.6967 per share (for the six months ended 30 June 2022: US\$19.3427).

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

25. 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 2023 Number of options '000	Exercise price* US\$ per share	Exercise period
1,858	0.50	2019/12/25 ~ 2027/12/25
1,019	1.00	2019/07/01 ~ 2028/08/29
95	1.00	2019/12/31 ~ 2028/12/30
1,031	1.50	2020/07/02 ~ 2029/07/01
168	11.50	2020/11/29 ~ 2029/11/28
72	11.50	2021/06/05 ~ 2030/06/05
274	16.34	2021/09/01 ~ 2030/8/31
210	14.12	2022/03/29 ~ 2031/03/28
160	19.02	2022/08/27 ~ 2031/08/26
550	18.44	2023/03/25 ~ 2032/03/24
740	18.17	2023/04/30 ~ 2032/03/30
69	18.44	2023/05/02 ~ 2032/03/24
40	18.44	2023/05/05 ~ 2032/03/24
53	18.44	2023/05/08 ~ 2032/03/24
200	18.44	2023/05/10 ~ 2032/03/24
10	19.68	2023/05/13 ~ 2032/03/24
240	27.50	2023/06/30 ~ 2032/06/29
60	23.27	2023/08/02 ~ 2032/08/01
355	23.53	2024/04/03 ~ 2033/04/02
7,204		

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

25. SHARE OPTION SCHEME (Continued)

b) The Legend (Continued)

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 ~ 2030/08/31
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		

* 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 six months was US\$4,756,000 (US\$13.40 each) (for the six months ended 30 June 2022: US\$26,305,000 (US\$11.93 each)). Legend recognised a share option expense of US\$6,937,000 during the six months ended 30 June 2023 (for the six months ended 30 June 2022: US\$3,772,000).

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

25. SHARE OPTION SCHEME (Continued)**b) The Legend (Continued)**

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

	30 June 2023	30 June 2022
Dividend yield (%)	—	—
Expected volatility (%)	66.1	73.0–87.1
Risk-free interest rate (%)	3.40–4.90	2.31–3.10
Expected life of options (year)	10	10

The weighted average share price was US\$23.53 used in the share option fair value valuation model during the six months ended 30 June 2023 (for the six months ended 30 June 2022: US\$19.34).

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, Legend had 7,204,288 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of Legend, result in the issue of 7,204,288 additional ordinary shares of Legend, an additional share premium of approximately US\$63,647,000 (before issue expenses) of Legend.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

26. 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	
	2023 Numbers '000	2022 Numbers '000
As at 1 January	11,388	12,497
Granted during the period	16,050	4,816
Forfeited during the period	(753)	(1,287)
Vested during the period	(3,480)	(3,287)
As at 30 June	23,205	12,739

The weighted-average remaining contractual life for outstanding RSUs granted under the RSU Scheme was 3.96 years as of 30 June 2023 (30 June 2022: 3.61 years).

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

The fair value of the RSUs granted during the six months ended 30 June 2023 was US\$39,362,000 (US\$2.452 each) (for the six months ended 30 June 2022: US\$14,400,000 (US\$2.990 each)). The Group recognised RSUs expense of US\$10,173,000 during the six months ended 30 June 2023 (for the six months ended 30 June 2022: US\$10,132,000).

At the end of reporting period, the Company had 23,205,000 RSUs outstanding under the RSU Scheme, which represented approximately 1.1% of the Company's shares in issue as at that date.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

26. RESTRICTED STOCK SHARES (Continued)

b) The Legend

Legend operates a restricted stock unit plan (the “**Legend RSU Scheme**”) 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 Plan include the Legend’s directors, including independent non-executive directors, and employees of any member of the Legend. The Legend RSU Scheme became effective on 26 May 2020 unless otherwise cancelled or amended.

The movements in the number of RSUs outstanding under the Legend RSU Scheme were as follows:

	For the six months ended 30 June	
	2023 Numbers ‘000	2022 Numbers ‘000
As at 1 January	3,386	2,601
Granted during the period	1,889	2,028
Forfeited during the period	(1,059)	(236)
Vested during the period	(275)	(547)
As at 30 June	3,941	3,846

The weighted-average remaining contractual life for outstanding RSUs granted under the Legend RSU Scheme was 1.51 years as of 30 June 2023 (30 June 2022: 1.55 years).

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 RSUs granted during the six months ended 30 June 2023 was US\$54,736,000 (US\$28.97 each) (for the six months ended 30 June 2022: US\$41,157,000 (US\$20.30 each)). Legend recognised RSUs expense of US\$15,777,000 during the six months ended 30 June 2023 (for the six months ended 30 June 2022: US\$11,354,000).

At the end of reporting period, Legend had 3,941,000 RSUs outstanding under the RSU Scheme, which represented approximately 1.1% of Legend’s shares in issue as at that date.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

26. RESTRICTED STOCK SHARES (Continued)

c) The Probio

Probio 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’s operations. Eligible participants of the Probio RSU Scheme include the Probio’s directors, including independent non-executive directors, and employees of any member of the Probio. The Probio RSU Scheme became effective on 3 August 2021 unless otherwise cancelled or amended. The Probio RSU Scheme has performance vesting condition and is subject to forfeiture if the participants cannot meet certain performance target set by the board of directors, and if employment terminated, the vested part have to be transferred back to Probio RSU pool unless otherwise agreed, the unvested part will be lapsed.

The movements in the number of RSUs outstanding under the Probio RSU Scheme were as follows:

	For the six months ended 30 June	
	2023 Numbers '000	2022 Numbers '000
As at 1 January	88,932	97,302
Granted during the period	28,467	—
Forfeited during the period	(6,307)	—
Vested during the period	(1,211)	—
As at 30 June	109,881	97,302

The weighted-average remaining contractual life for outstanding RSUs granted under the Probio RSU Scheme was 3.91 years as of 30 June 2023 (30 June 2022: 4.53 years).

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

26. RESTRICTED STOCK SHARES (Continued)

c) The Probio (Continued)

The fair value of the awarded shares was calculated based on the fair value of the ordinary shares of Probio Cayman at the respective grant date, which was estimated using the discounted cash flow method with below key assumptions were applied in the valuation technique during the period ended 30 June 2023:

	June 2023	Feb 2023
Risk-free interest rate	3.83%	3.56%
DL0M	20.00%–27.00%	20.50%–25.76%
Volatility	55.42%–57.49%	54.96%–57.31%

The fair value of the RSU granted during the six months ended 30 June 2023 was US\$15,104,000(US\$0.531 each) (for the six months ended 30 June 2022: Nil). The Group recognised RSUs expense of US\$5,830,000 during the six months ended 30 June 2023 (for the six months ended 30 June 2022: US\$10,754,000).

At the end of reporting period, Probio Cayman had 109,881,000 RSUs outstanding under the RSU scheme, which represented approximately 4.9% of Probio Cayman's shares in issue as at that date.

27. COMMITMENTS AND CONTINGENCIES

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Contracted, but not provided for: Property, plant and equipment	69,551	108,965

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

28. RELATED PARTY TRANSACTIONS

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

Company	Relationship
GenScript Corporation ("GS Corp")	The ultimate holding company
Maple Bio ("Maple Bio")	Associate
Maple Bio HK Limited ("Maple Bio HK")	Associate
Maple Bio (Nanjing) Co., Ltd. ("Maple Bio Nanjing")*	Associate
Gourd Therapeutics, Inc. ("Gourd")	Associate
Hunan Gomeet Biotechnology Co., Ltd. ("Gomeet")**	Associate
Deyang Tara Biotechnology Co., LTD ("Deyang Tara")	Associate
Xinhua Biological Pharmaceutical (Guangzhou) Co., LTD ("Xinhua")	Controlled by a director of the Company

* Maple Bio Nanjing was cancelled in May 2023.

** Gomeet was disposed in January 2023.

(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:

		For the six months ended 30 June	
		2023 (Unaudited) US\$'000	2022 (Unaudited) US\$'000
	Notes		
Sales of products and service to related companies	(i)	157	175
Repayment from a related company	(i)	—	1,534
Purchase of products and service from related companies	(i)	354	895

Notes:

(i) The prices are mutually agreed after taking into account the prevailing market prices.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

28. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with major related parties:

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

(i) Due from major related parties

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Maple Bio HK	215	201
Xinhua	27	112
Maple Bio	—	89
	242	402

The balances are unsecured, interest-free and have no fixed terms of repayment.

(ii) Due to a major related party

	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Deyang Tara	191	—

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

	For the six months ended 30 June	
	2023 (Unaudited) US\$'000	2022 (Unaudited) US\$'000
Short-term employee benefits	1,398	1,194
Pension scheme contributions	32	13
Equity-settled share-based compensation expenses	2,122	1,474
Total compensation paid to key management personnel	3,552	2,681

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

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

29. 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 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000	30 June 2023 (Unaudited) US\$'000	31 December 2022 (Audited) US\$'000
Financial Assets				
Financial assets at fair value through profit or loss	259,436	222,476	259,436	222,476
Financial liabilities				
Financial liabilities at fair value through profit or loss	430,667	353,709	430,667	353,709

Management has assessed that the fair values of trade and notes receivables, financial assets included in prepayments, other receivables and other assets, loans to an associate, restricted cash, time deposits, cash and bank balances, 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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

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 2023 (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	185,756	73,680	—	259,436

As at 31 December 2022 (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	185,603	36,873	—	222,476

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liability measured at fair value:

As at 30 June 2023 (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	—	2,328	428,339	430,667

As at 31 December 2022 (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	—	68,350	285,359	353,709

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

29. 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 2023 is as follows (for the six months ended 30 June 2022: Nil):

	For the six months ended 30 June 2023 US\$'000
Financial liabilities at fair value through profit or loss	
As at 1 January	285,359
Issuance	193,999
Fair value change during the period	(51,019)
As at 30 June	428,339

During the six months ended 30 June 2023 and 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.

Valuation techniques and significant inputs used to determine fair values:

(a) Level 2 financial instruments:**Financial assets:**

The fair value of investment in unlisted equity investments were calculated based on a) net assets value of the investee which approximate the fair value and b) the investees' recent transaction prices.

The fair value of wealth management products issued by banks was estimated based on expected return that reflect the credit risk of the products.

Notes to Interim Condensed Consolidated Financial
Information

30 June 2023

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

(a) Level 2 financial instruments: (Continued)

Financial liabilities:

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

Legend Warrant	30 June 2023	31 December 2022
Underlying stock price (per ordinary share of Legend Cayman)	N/A	US\$24.96
Volatility	N/A	62.30%
Risk free rate	N/A	3.8%–4.7%
Dividend	N/A	0%

Forward currency contracts, is measured using valuation techniques similar to forward pricing, using present value calculations. The model incorporates market observable inputs including foreign exchange spot, forward exchange rates and risk-free interest rate curves.

(b) Level 3 financial instruments:

As at 30 June 2023, the Group measured Probio Series A Preferred Shares, Probio Series C Preferred Shares and Probio Warrant at fair values. The fair values of Probio Series A Preferred Shares and Probio Series C 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.

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

Probio Series A and Series C Preferred Shares	30 June 2023	31 December 2022
Risk-free interest rate	4.31%	4.05%
DLOM	12.00%–19.00%	16.00%–21.00%
Volatility	55.31%–56.57%	54.80%–57.14%

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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)**Fair value hierarchy (Continued)**

(b) Level 3 financial instruments: (Continued)

Probio Warrant	30 June 2023	31 December 2022
Risk-free interest rate	5.35%	4.75%
Volatility	36.55%	49.59%

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. 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.

30. EVENTS AFTER THE REPORTING PERIOD

On 4 August 2023, Legend earned a milestone payment of US\$20,000,000 in connection with the U.S. Food and Drug Administration's acceptance of the supplemental Biologics License Application, in accordance with the Janssen Agreement.

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized by the board of directors on 19 August 2023.