



GENSCRIPT BIOTECH CORPORATION

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1548



Make People and Nature Healthier through

BIOTECHNOLOGY

Interim Report 2024



This interim report is printed on environmental-friendly paper

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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 organisation (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, 2024 (the “**Reporting Period**”).

The Group has been inspired by the mission “Make People and Nature Healthier through Biotechnology” since its founding 22 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 U.S., Hong Kong, Japan, Singapore, Netherlands, Ireland, the United Kingdom, Korea, Belgium, Spain and Australia. Our professional workforce is consisted of 7,284 team members as at June 30, 2024.

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 end-to-end services and capabilities, from biologics discovery, development to commercialisation manufacturing services to accelerate biologics development and manufacturing for customers worldwide.

Legend Biotech Corporation (“**Legend Biotech**” or “**Legend**”) is the biopharma subsidiary of the Group that specifically engages in the discovery and development of novel cell therapies for oncology and other indications. Legend’s lead product candidate, ciltacabtagene autoleucel (“**cilta-cel**”), is a chimeric antigen receptor T-cell (“**CAR-T**”) therapy jointly developed with Janssen Biotech, Inc. (“**Janssen**”), for the treatment of multiple myeloma (“**MM**”).

Bestzyme Biotech Corporation (“**Bestzyme**”) is a subsidiary of the Group which engages 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. Fangliang Zhang
Mr. Jiange Meng (*Chairman*)
Ms. Ye Wang (*President*)
Dr. Li Zhu (*Chief Strategy Officer*)

Non-Executive Directors

Dr. Luquan Wang
Mr. Yuexin Pan (*resigned on June 21, 2024*)
Ms. Jiafen Wang (*resigned on July 5, 2024*)

Independent Non-Executive Directors

Mr. Hongxin Guo (*resigned on June 21, 2024*)
Mr. Zumian Dai
Mr. Jiuan Pan
Dr. Xuehai Wang (*resigned on July 5, 2024*)
Mr. Yiu Leung Andy Cheung (*appointed on April 12, 2024*)
Dr. Chenyang Shi (*appointed on April 12, 2024*)

AUDIT COMMITTEE

Mr. Zumian Dai (*Chairman*)
Mr. Jiuan Pan
Mr. Hongxin Guo (*resigned on June 21, 2024*)
Mr. Yiu Leung Andy Cheung (*appointed on June 21, 2024*)

REMUNERATION COMMITTEE

Mr. Hongxin Guo (*Chairman*) (*resigned on June 21, 2024*)
Mr. Zumian Dai (*Chairman*) (*re-designated from member to chairman on June 21, 2024*)
Ms. Ye Wang
Dr. Chenyang Shi (*appointed on June 21, 2024*)

NOMINATION COMMITTEE

Mr. Jiange Meng (*Chairman*)
Mr. Zumian Dai
Mr. Jiuan Pan
Mr. Yiu Leung Andy Cheung (*appointed on April 12, 2024*)
Dr. Chenyang Shi (*appointed on April 12, 2024*)

RISK MANAGEMENT AND ESG COMMITTEE

Dr. Fangliang Zhang (*Chairman*)
Mr. Hongxin Guo (*resigned on June 21, 2024*)
Mr. Jiuan Pan
Mr. Yiu Leung Andy Cheung (*appointed on June 21, 2024*)

STRATEGY COMMITTEE

Dr. Fangliang Zhang (*Chairman*)
Mr. Yuexin Pan (*resigned on June 21, 2024*)
Ms. Jiafen Wang (*resigned on July 5, 2024*)
Mr. Zumian Dai (*appointed on June 21, 2024*)
Mr. Jiuan Pan (*appointed on June 21, 2024*)
Dr. Chenyang Shi (*appointed on July 5, 2024*)

SANCTIONS RISK CONTROL COMMITTEE

Dr. Zhenyu Liu (*Chairman*)
Ms. Weihui Shao
Dr. Eric Wang
Mr. Shiniu Wei

COMPANY SECRETARY

Ms. Wai Ling Wong

AUTHORISED REPRESENTATIVES

Mr. Jiange Meng
Dr. Li Zhu

HONG KONG LEGAL ADVISERS

Jones Day
31/F, Edinburgh Tower
The Landmark
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Central
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AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
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Quarry Bay
Hong Kong

Corporate Information

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103 South Church Street, George Town
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Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN THE U.S.

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NJ 08854
U.S.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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

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183 Queen's Road East
Wan Chai
Hong Kong

COMPANY WEBSITES

www.genscript.com
www.probiocdmo.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

- The Group continuously delivered strong revenue growth. Revenue of the Group for the Reporting Period was approximately US\$561.4 million, representing an increase of 43.5% as compared with approximately US\$391.3 million for the six months ended June 30, 2023 (the “**Prior Period**”), among which, the external revenue for non-cell therapy business was approximately US\$281.1 million, representing a slight decrease of 0.2% as compared with approximately US\$281.8 million for the Prior Period, and the external revenue for cell therapy business was approximately US\$280.3 million, representing a notable increase of 156.0% as compared with approximately US\$109.5 million for the Prior Period.
- The incremental revenue has led to a strong increase in gross profit of the Group. Gross profit of the Group for the Reporting Period was approximately US\$307.0 million, representing an increase of 75.4% as compared with approximately US\$175.0 million for the Prior Period, among which, the gross profit of non-cell therapy business before eliminations was approximately US\$133.5 million, representing a slight decrease of 0.9% as compared with approximately US\$134.7 million for the Prior Period, and the gross profit of cell therapy business before eliminations was approximately US\$175.3 million, representing a remarkable increase of 323.4% as compared with approximately US\$41.4 million for the Prior Period.
- Loss of the Group for the Reporting Period narrowed to approximately US\$215.6 million as compared with approximately US\$245.8 million for the Prior Period.

The adjusted net loss of the Group for the Reporting Period was approximately US\$69.0 million, whilst the adjusted net loss of the Group was approximately US\$162.0 million for the Prior Period. The adjusted net profit of non-cell therapy business before eliminations was approximately US\$29.2 million, representing a decrease of 13.1% as compared with approximately US\$33.6 million for the Prior Period, and the adjusted net loss of cell therapy business before eliminations was approximately US\$98.3 million, as compared with approximately US\$195.7 million for the Prior Period.

Financial Highlight

Notes:

(1)

	For the six months ended June 30, 2024				For the six months ended June 30, 2023			
	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)	(137,739)	(77,989)	97	(215,631)	65,339	(311,229)	133	(245,757)
Excluding:								
Equity-settled share-based compensation expense, net of tax	12,844	40,442	—	53,286	15,491	22,714	—	38,205
Fair value losses/(gains) of preferred shares and warrants	113,509	—	—	113,509	(51,019)	85,750	—	34,731
Losses of foreign currency forward and option contracts, net of tax	896	—	—	896	2,754	—	—	2,754
Impairment loss of long-term assets	37,480	—	—	37,480	—	—	—	—
Consultation and other related costs for the Investigation, net of tax	—	—	—	—	732	—	—	732
Exchange (gains)/losses, net of tax	(1,309)	(60,704)	—	(62,013)	(1,713)	7,020	—	5,307
Fair value losses of non-current financial assets	1,171	—	—	1,171	750	—	—	750
Service fees and finance costs for equity financing activities	2,305	—	—	2,305	1,278	—	—	1,278
Adjusted net profit/(loss)	29,157	(98,251)	97	(68,997)	33,612	(195,745)	133	(162,000)

(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 of foreign currency forward and option contracts; (iv) impairment loss of long-term assets; (v) consultation and other related costs for the Investigation (as defined in the announcement of the Company dated September 21, 2020), (vi) exchange gains or losses; (vii) fair value losses of non-current financial assets; and (viii) service fees and finance costs for equity financing activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group continues to deliver fast revenue growth. During the Reporting Period, the overall revenue of the Group was approximately US\$561.4 million, representing an increase of 43.5% as compared with approximately US\$391.3 million for the Prior Period. Gross profit was approximately US\$307.0 million, representing an increase of 75.4% as compared with approximately US\$175.0 million for the Prior Period. The loss attributable to owners of the Company (the “**Shareholder(s)**”) was approximately US\$175.1 million, whilst loss attributable to owners of the Company was approximately US\$93.6 million for the Prior Period.

During the Reporting Period, the external revenue of (i) life-science services and products, (ii) biologics development services, (iii) industrial synthetic biology products, and (iv) cell therapy accounted for approximately 38.8%, 6.6%, 4.6% and 49.9% of the total revenue of the Group, respectively.

RESULTS ANALYSIS OF THE FOUR MAJOR BUSINESS SEGMENTS

	For the six months ended June 30, 2024				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	Life-science services and products US\$'000	Biologics development services US\$'000	Industrial synthetic biology products US\$'000	Cell therapy US\$'000
Revenue	222,355	40,382	26,148	280,514	202,985	65,113	18,223	109,666
Adjusted gross profit	119,868	5,927	11,032	178,434	110,517	19,451	7,173	42,507
Adjusted selling and distribution expenses	(30,709)	(5,905)	(3,327)	(52,379)	(28,267)	(7,218)	(2,295)	(38,011)
Adjusted administrative expenses	(21,268)	(14,794)	(2,558)	(49,127)	(23,809)	(14,844)	(2,231)	(41,647)
Adjusted research and development expenses	(18,814)	(1,484)	(2,851)	(196,320)	(19,267)	(3,596)	(2,357)	(168,775)
(Provision for)/reversal of impairment of financial assets, net	(1,230)	(2,622)	(1)	—	(577)	(1,619)	109	—
Adjusted operating profit/(loss)	47,847	(18,878)	2,295	(119,392)	38,597	(7,826)	399	(205,926)

(Note) The adjusted cost and expenses exclude the impact from: (i) equity-settled share-based compensation expense, (ii) service fees and finance costs for equity financing activities, and (iii) impairment loss of long-term assets.

1. Life-science Services and Products

During the Reporting Period, revenue from life-science services and products was approximately US\$222.4 million, representing an increase of 9.6% as compared with approximately US\$203.0 million for the Prior Period. The adjusted gross profit was approximately US\$119.9 million, representing an increase of 8.5% as compared with approximately US\$110.5 million for the Prior Period. The adjusted gross profit margin remains stable for the Reporting Period. The adjusted operating profit was approximately US\$47.8 million, representing an increase of 23.8% from approximately US\$38.6 million for the Prior Period.

The increase in revenue, adjusted gross profit and adjusted operating profit were all mainly attributable to the (i) platform upgrades through innovations and automation, particularly in molecular biology, peptide and protein platforms, delivering reliable, accelerated turnaround and superior quality standards; (ii) enhanced manufacturing efficiency improvement across production sites in Singapore, Mainland China and the U.S.; and (iii) robust commercial operations in the U.S. and European markets, characterized by appropriate value proposition and premium technical support.

Management's Discussion and Analysis

2. Biologics Development Services

During the Reporting Period, revenue from biologics development services was approximately US\$40.4 million, representing a decrease of 37.9% as compared with approximately US\$65.1 million for the Prior Period. The adjusted gross profit was approximately US\$5.9 million, representing a decrease of 69.7% as compared with approximately US\$19.5 million for the Prior Period. The adjusted gross profit margin decreased to 14.7% for the Reporting Period from 30.0% for the Prior Period. The adjusted operating loss was approximately US\$18.9 million, while the adjusted operating loss was approximately US\$7.8 million for the Prior Period.

The decrease in revenue and adjusted gross profit was mainly impacted by (i) lower demand caused by declined biotech venture capital funding and intensified market competition resulting in price reductions, and (ii) lower capacity utilisation. The adjusted operating loss was primarily attributable to the (i) increased operating costs associated with the expansion of the U.S. capacity and strategic investments in growth initiatives, and (ii) continuous investment in talent resources development and reserving. The Company will continue (i) optimising pricing strategies and leveraging both the U.S. and the PRC sites to effectively enhance global market penetration, and (ii) implementing strategic measures to improve supply chain management and streamline operations, thereby leading to increased efficiency, cost-effectiveness and overall performance.

3. Industrial Synthetic Biology Products

During the Reporting Period, revenue from industrial synthetic biology products was approximately US\$26.1 million, representing an increase of 43.4% as compared with approximately US\$18.2 million for the Prior Period. The adjusted gross profit was approximately US\$11.0 million, representing an increase of 52.8% as compared with approximately US\$7.2 million for the Prior Period. The adjusted gross profit margin increased to 42.2% for the Reporting Period from 39.4% for the Prior Period. The adjusted operating profit was approximately US\$2.3 million, as compared with approximately US\$0.4 million for the Prior Period.

The increase of revenue was primarily attributable to the (i) market rebound and increased penetration of feed and industrial enzyme customers in Mainland China; and (ii) swift expansion of feed and industrial enzyme business outside of Mainland China. The adjusted gross profit margin and adjusted operating profit were positively impacted by higher capacity utilisation, production process upgrade, and product portfolio optimisation.

4. Cell Therapy

During the Reporting Period, revenue from cell therapy segment was approximately US\$280.5 million, representing a notable increase of 155.7% compared with approximately US\$109.7 million for the Prior Period. The increase in revenue was primarily attributed to the collaboration revenue generated from sales of CARVYKTI, the trade name of cilta-cel, in connection with the license and collaboration agreement with Janssen ("**Janssen Agreement**"), and the increase in the license revenue driven by the nature and timing of milestones achieved pursuant to the Janssen Agreement and the global license agreement with Novartis Pharma AG ("**Novartis License Agreement**").

During the Reporting Period, the adjusted operating loss was approximately US\$119.4 million whilst the adjusted operating loss was approximately US\$205.9 million for the Prior Period. The adjusted research and development costs were approximately US\$196.3 million during the Reporting Period compared with approximately US\$168.8 million for the Prior Period, mainly due to Legend's continuous investment in research and development activities in cilta-cel, including start-up costs for clinical production in Belgium, and in solid tumor programs. Additionally, Legend incurred approximately US\$52.4 million in the adjusted selling and distribution expenses and approximately US\$49.1 million in the adjusted administrative expenses during the Reporting Period, compared with approximately US\$38.0 million and approximately US\$41.6 million, respectively, for the Prior Period.

Management's Discussion and Analysis

FINANCIAL REVIEW

For the six months ended June 30,			
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)	Change US\$'000
Revenue	561,371	391,311	170,060
Gross profit	306,986	175,048	131,938
Loss after income tax expense	(215,631)	(245,757)	30,126
Adjusted net loss	(68,997)	(162,000)	93,003
Loss attributable to owners of the Company	(175,115)	(93,581)	(81,534)
Loss per share (US cent)	(8.27)	(4.44)	(3.83)
Adjusted profit and expenses:			
Gross profit	315,288	181,961	133,327
Selling and distribution expenses	93,736	76,881	16,855
Administrative expenses	96,586	91,395	5,191
Research and development expenses	218,526	193,877	24,649

REVENUE

During the Reporting Period, the Group recorded revenue of approximately US\$561.4 million, representing an increase of 43.5% from approximately US\$391.3 million for the Prior Period. This is mainly attributable to the (i) stable non-cell therapy business revenue with growth from life-science and industrial synthetic biology products business units, partially offset by the performance in the CDMO business unit, (ii) expanded product sales of CARVYKT1, and (iii) license revenue recognised under Janssen Agreement as new milestones thereunder have been achieved and Novartis License Agreement.

GROSS PROFIT

During the Reporting Period, the Group's gross profit increased by 75.4% to approximately US\$307.0 million from approximately US\$175.0 million for the Prior Period. The increase in gross profit was primarily attributable to the expansion of revenue, especially the license revenue in the cell therapy segment. The adjusted gross profit increased by 73.3% over the Prior Period.

SELLING AND DISTRIBUTION EXPENSES

During the Reporting Period, the Group's selling and distribution expenses increased by 19.5% to approximately US\$97.3 million from approximately US\$81.4 million for the Prior Period. This is mainly attributable to the rise in costs associated with commercial activities for cilta-cel, including the expansion of the sales force and second line indication launch preparation. The adjusted selling and distribution expenses increased by 21.9% over the Prior Period.

ADMINISTRATIVE EXPENSES

During the Reporting Period, the Group's administrative expenses increased by 12.9% to approximately US\$120.2 million from approximately US\$106.5 million for the Prior Period. This is mainly attributable to the expenditures associated with the infrastructure for capacity expansion and enhanced administrative functions. The adjusted administrative expenses increased by 5.7% over the Prior Period.

Management's Discussion and Analysis

RESEARCH AND DEVELOPMENT EXPENSES

During the Reporting Period, the Group's research and development expenses increased by 14.0% to approximately US\$236.4 million from approximately US\$207.3 million for the Prior Period. This is mainly attributable to continuous research and development activities in cilta-cel and solid tumor programs by Legend. The adjusted research and development expenses increased by 12.7% over the Prior Period.

FAIR VALUE GAINS OR LOSSES OF PREFERRED SHARES AND WARRANTS

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 were 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 at the applicable closing (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, 2024, the fair value of the Probio Series A Preferred Shares and Probio Series C Preferred Shares were assessed at approximately US\$463.7 million. Fair value losses of approximately US\$113.5 million were recorded during the Reporting Period due to the changes in their fair value.

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, 2024, the equity component of Probio Series B Preferred Shares in other reserves was assessed at approximately US\$1.6 million, and the liability component was assessed at approximately US\$40.1 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\$37.3 million with interest expenses at approximately US\$1.2 million during the Reporting Period.

INCOME TAX EXPENSE

During the Reporting Period, the income tax expense increased from approximately US\$1.1 million for the Prior Period to approximately US\$10.0 million for the Reporting Period. The increase of tax expense was mainly caused by the valuation allowance for deferred tax assets derived from the CDMO business.

NET LOSS

During the Reporting Period, net loss of the Group was approximately US\$215.6 million, whilst the net loss of the Group for the Prior Period was approximately US\$245.8 million. The adjusted net loss of the Group was approximately US\$69.0 million.

WORKING CAPITAL AND FINANCIAL RESOURCES

As at June 30, 2024, the cash and cash equivalents of the Group amounted to approximately US\$399.3 million (as at December 31, 2023: approximately US\$1.4 billion), and the restricted cash of the Group amounted to approximately US\$9.6 million (as at December 31, 2023: approximately US\$33.1 million).

As at June 30, 2024, the Group had available unutilised bank facilities of approximately US\$231.0 million (as at December 31, 2023: approximately US\$373.9 million).

CAPITAL EXPENDITURE

During the Reporting Period, capital expenditure incurred in purchasing software was approximately US\$112,000, the prepayment for collaboration assets was approximately US\$33.7 million, and the expenditure of constructing and purchasing property, plant and equipment was approximately US\$100.3 million.

Management's Discussion and Analysis

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

Significant investments held

As at June 30, 2024, significant investments held by the Group are as follows:

	As at June 30, 2024 US\$'000	As at December 31, 2023 US\$'000
Financial assets at fair value through profit or loss		
Current		
Wealth management financial products (a)	151,265	105,282
Foreign currency forward and option contracts	—	342
Listed equity investments	23	21
	151,288	105,645
Non-current		
Wealth management financial products (a)	23,640	13,044
Unlisted equity investments (b)	20,362	18,825
	44,002	31,869
Total	195,290	137,514

The majority of the wealth management financial products we purchased during the Reporting Period were issued by banks and financial institutions in Mainland China, Hong Kong and the U.S., and mainly included the money market fund and credit-linked notes with floating expected return rates ranging from 2.5% to 5.9% per annum and with maturity days between one day and about three years. These products did not guarantee the return of principals upon maturity. As at June 30, 2024, we preserved all our invested capital in these products and did not encounter any default by the issuing banks or institutions, and none of our investments was past due or impaired. The Group has redeemed those wealth management financial products at maturation and has no intention to dispose the investments in the long term. None of our investments had been pledged to secure our borrowings as at June 30, 2024.

As part of our treasury management plan, we have purchased wealth management financial products as an auxiliary mean to improve utilisation of our cash on hand in line with our cashflow forecast. 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 future years and allocated accordingly, and (ii) our management has carefully assessed the risks and benefits and decides to make such purchases (including, among others, the availability of certain wealth management financial products which have high liquidity and generate finance income meeting our standards).

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

Management's Discussion and Analysis

Any purchase and early redemption of our investments in wealth management financial products shall be reviewed and approved by chief finance officer of the Group or other authorised personnel based on internal approval authority matrix.

(a) Information in relation to the wealth management financial products as at June 30, 2024 are set out as follows:

	Banks/Financial institutions	Product type/ description	Original amount	Investment cost	Fair value as at June 30, 2024	Purchase date (Month/Day/Year)	Maturity date (Month/Day/Year)	Redemption date
			RMB or US\$	US\$'000	US\$'000			
1.	JPMorgan Chase Financial Company LLC	Credit Linked Notes	US\$10,000,000	10,000	10,244	1/11/2024	1/11/2027	Not Applicable
2.	CMB International Capital Corporation Limited	Money Market Fund	US\$29,799,770	29,800	30,349	2/9/2024	Not Applicable	On call
3.	China Merchants Bank	Non-guaranteed floating-income product	RMB40,000,000	5,613	5,633	5/23/2024	Not Applicable	On call
4.	China Merchants Bank	Non-guaranteed floating-income product	RMB10,000,000	1,403	1,403	5/13/2024	Not Applicable	On call
5.	China Merchants Bank	Non-guaranteed floating-income product	RMB14,000,000	1,964	1,971	5/13/2024	Not Applicable	On call
6.	China Merchants Bank	Non-guaranteed floating-income product	RMB36,000,000	5,051	5,187	1/5/2024	Not Applicable	On call
7.	China Merchants Bank	Non-guaranteed floating-income product	RMB10,000,000	1,403	1,408	5/14/2024	Not Applicable	On call
8.	JPMorgan Asset Management (Europe) S.à r.l.	Money Market Fund	US\$42,000,000	42,000	42,201	3/11/2024	Not Applicable	On call
9.	China Merchants Bank	Non-guaranteed floating-income product	RMB19,771,787	2,774	2,852	10/13/2023	Not Applicable	On call
10.	China Merchants Bank	Non-guaranteed floating-income product	RMB15,000,000	2,105	2,168	7/7/2023	Not Applicable	On call
11.	China Merchants Bank	Non-guaranteed floating-income product	RMB43,805,919	6,147	6,314	9/13/2023	Not Applicable	On call
12.	China Merchants Bank	Non-guaranteed floating-income product	RMB90,000,000	12,628	13,016	6/30/2023	Not Applicable	On call
13.	J.P. Morgan Structured Products B.V	Credit Linked Notes	US\$17,000,000	17,000	17,852	8/24/2023	9/6/2024	Not Applicable
14.	J.P. Morgan Structured Products B.V	Credit Linked Notes	US\$15,000,000	15,000	15,696	9/22/2023	10/15/2024	Not Applicable
15.	JPMorgan Chase Financial Company LLC	Credit Linked Notes	US\$13,000,000	13,000	13,396	12/8/2023	12/20/2025	Not Applicable
16.	CMB International Capital Corporation Limited	Money Market Fund	RMB1,571,442	1,571	1,674	10/31/2023	Not Applicable	On call
17.	CMB International Capital Corporation Limited	Money Market Fund	RMB3,348,727	3,349	3,541	11/10/2023	Not Applicable	On call
Total				170,808	174,905			

(Note) Given the value of certain wealth management financial products is insignificant and 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 5.0% of the total assets of the Group as at June 30, 2024, the Company did not prepare any analysis on their prospects.

Management's Discussion and Analysis

(b) Information in relation to the unlisted equity instruments as at June 30, 2024 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, 2024	Investment Cost	Fair value as at June 30, 2024	Percentage to the Group's total assets as at June 30, 2024	Unrealised gain/(loss) on change in fair value during the six months ended June 30, 2024
				%	US\$'000	US\$'000	%	US\$'000
Yuanming Prudence SPC — Healthcare Fund I Segregated Portfolio	Fund investment	Investment in fund/securities	486.43	0.28	261	294	0.01	43
Panacea Venture Healthcare Fund I, L.P.	Fund investment	Investment in fund/securities	Not applicable	5.54	9,370	8,152	0.25	(1,214)
Shenzhen Emma Biotechnology Co., Ltd.	Equity investment	Investment in corporation	Not applicable	3.96	1,123	1,614	0.05	—
AffyXell Therapeutics Co., Ltd.	Equity investment	Investment in corporation	113,637	1.13	810	710	0.02	—
Fund A*	Fund investment	Investment in fund/securities	Not applicable	57.89	3,163	3,151	0.09	—
Fund B*	Fund investment	Investment in fund/securities	Not applicable	90.91	3,785	3,967	0.12	—
7G BIOVENTURES I, L.P.	Fund investment	Investment in fund/securities	Not applicable	29.56	3,000	2,474	0.07	—
Total					21,512	20,362	0.61	(1,171)

* 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 Listing Rules) of the Company.

(Note) Given the value of these instruments is immaterial and 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 5.0% of the total assets of the Group as at June 30, 2024, the Company did not prepare any analysis on their prospects.

During the Reporting Period, we recorded the investment gains on the financial assets at fair value through profit or loss of approximately US\$1.3 million and fair value gains at approximately US\$1.7 million.

Save as disclosed above, the Group did not have any other significant investments held as at June 30, 2024, or engage in any material acquisitions or disposals of subsidiaries and associated companies during the Reporting Period.

TREASURY POLICY

The Group follows a set of funding and treasury policies to manage its capital resources and prevent risks involved. The Group invests surplus cash in the instruments issued by reputable and large-scale banks and financial institutions, only with reasonable expected return rates and controllable or predictable risks. The Group expects to fund its working capital and other capital requirements from a combination of various sources, including but not limited to necessary bank facilities.

To mitigate the risks arising from volatility of foreign exchange market and its impact to the Group's operation, the Group uses proper derivative instruments to hedge the foreign currency risks in the ordinary course of business, including foreign currency forward contracts and collar contracts, based on the cashflow forecast by currency.

Management's Discussion and Analysis

BANKS LOANS AND OTHER BORROWINGS

As at June 30, 2024, Nanjing GenScript Biotech Co., Ltd. ("**GS China**") had short-term interest-bearing loans from Citibank for a total amount of RMB47.0 million (equivalent to approximately US\$6.6 million) with a fixed interest rate at 2.4% per annum. Such loans are secured by credit. GS China, Nanjing Probio Biotech Co., Ltd., and Jiangsu GenScript Probio Biotech Co., Ltd. ("**Probio Jiangsu**") had short-term interest-bearing loans from China Merchants Bank for a total amount of approximately RMB174.1 million (equivalent to approximately US\$24.4 million) with fixed interest rates ranging from 2.38% to 2.6% per annum. These loans were used for the daily operation of each entity.

As at June 30, 2024, Probio Jiangsu had long-term interest-bearing loans from China Construction Bank and Jiangsu Bank for a total amount of approximately RMB96.1 million (equivalent to approximately US\$13.5 million) with a floating interest rate at LPR (Loan Prime Rate) per annum, which were secured by the leasehold land held by Probio Jiangsu. Such loans were used for the facility construction of Probio Jiangsu.

As at June 30, 2024, 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 a collaborator, Legend is entitled to receive funding advances from the collaborator when certain operational conditions are met. As a result, Legend took US\$250.0 million in total one after another during 2021 to 2022, by reducing the same amount of other payables due to the collaborator (the "**Funding Advances**"), with interest amounted to US\$41.6 million upon the principal. The respective interest rate was 12-month CME term SOFR plus LIBOR/SOFR adjustment (12 months) plus a margin of 2.5%.

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 from the first profitable year of the collaboration program and, subject to some limitations, from milestone payments due to Legend under the Janssen Agreement. Legend's management estimated that 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.

Save as disclosed above, the Group did not have any other outstanding, unpaid bank loans or other borrowings as at June 30, 2024.

PROVISION, CONTINGENT LIABILITIES AND GUARANTEES

The Group did not have any material provision, contingent liabilities or guarantees as at June 30, 2024.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group from the information disclosed under "Management's Discussion and Analysis" in the Company's annual report for the year ended December 31, 2023 up to the date of this report.

Management's Discussion and Analysis

CHARGES ON GROUP ASSETS

As at June 30, 2024, the leasehold land located in Jiangsu, China of approximately RMB35.3 million (equivalent to approximately US\$4.9 million) was pledged by Probio Jiangsu to secure loans of RMB96.1 million (equivalent to approximately US\$13.5 million).

As at June 30, 2024, bank balances of approximately US\$361,000 were pledged for credit cards' facilities, of approximately US\$7.7 million were pledged as security deposits for rentals, and of approximately US\$1.6 million were pledged for the letters of guarantee to suppliers.

As at June 30, 2024, the properties acquired by Jiangsu GenScript Biotech Co., Ltd. and Probio Jiangsu amounted to approximately RMB233.1 million (equivalent to approximately US\$32.7 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, 2024.

CURRENT RATIO AND GEARING RATIO

As at June 30, 2024, the Group's current ratio (current assets to current liabilities) was approximately 4.2 (as at December 31, 2023: approximately 4.8); and gearing ratio (total liabilities to total assets) was approximately 45.2% (as at December 31, 2023: approximately 39.6%).

SUBSEQUENT EVENTS

On July 8, 2024, a total of 68,054 restricted shares were granted to consultants of the Group pursuant to the 2021 RSA Scheme (as defined in the section headed "Employees and Remuneration Policies" below), which will be vested in one to three batches on an annual basis between August 31, 2025 and August 31, 2027. For details, please refer to the announcements of the Company dated July 8, 2024, July 9, 2024 and August 9, 2024.

On August 19, 2024, a total of 244,121 restricted shares were granted to the employees of the Company pursuant to the 2021 RSA Scheme (as defined in the section headed "Employees and Remuneration Policies" below), which will be vested in three batches on an annual basis between August 31, 2025 and August 31, 2027. For details, please refer to the announcement of the Company dated August 19, 2024.

Saved as disclosed in this report, no other important events affecting the Company occurred since June 30, 2024 and up to the date of this report.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group plans to actively build manufacturing capacity globally, including in the U.S., Singapore, and Mainland China to satisfy the strong customer demand.

For life-science services and products, the Group plans to continue to invest and expand molecular biology and protein capable production capacity globally, as well as to expand Good Manufacturing Practice ("GMP") grade manufacturing capacity for peptide and key reagents in the CGT supply chain including sgRNA and payloads.

For biologics development services, the Group plans to expand viral vectors production at the U.S. facility with additional production lines starting in late 2024 to better serve the U.S. and European customers.

Management's Discussion and Analysis

For industrial synthetic biology products, the Group plans to further optimise our manufacturing facility and expand manufacturing capacity in Mainland China, in order to support the growing business needs in the future. 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 will continue to expand manufacturing capacity for CARVYKTI in both North America and Europe in anticipation of an enlarged addressable patient population following the approvals by the U.S. Food and Drug Administration ("FDA") and European Commission ("EC") for second-line treatment of patients with relapsed and refractory 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.

Save as disclosed above, there was no other specific plan for material investments or capital assets as at June 30, 2024.

The Group has sufficient resources in the form of cash and cash equivalents, time deposits and other financial assets to support the planned capital investments.

RISK MANAGEMENT

Foreign exchange risk

The Group conducts business in several countries and regions and transacts in multiple foreign currencies. The Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimising its cash outflow position of non-U.S. dollars. Since January 2019, the Group has engaged in a series of forward and option contracts to manage the Group's currency risk, which are usually placed and adjusted quarterly. The Group may choose not to hedge certain foreign exchange exposures due to immateriality, prohibitive economic cost of hedging particular exposures, or limited availability of appropriate hedging instruments. The Group currently focuses on the management of 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 operational cash flows. We attempt to limit counterparty risk by executing foreign exchange contracts with only reputable financial institutions and banks.

As at June 30, 2024, there was no outstanding foreign currency forward or option contracts (as at December 31, 2023: approximately US\$60.0 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 foreign currency forward and option contracts are derivatives and are recorded at fair value. The changes in fair value of them were recognised in the consolidated statement of profit or loss. All of the foreign currency forward and option contracts were settled within one year.

Cash flow and fair value interest rate risk

As at June 30, 2024, other than bank balances with variable interest rates and time deposits with fixed interest rates, the Group has financial products of approximately US\$170.8 million related to fair value interest rate risk. 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.

Management's Discussion and Analysis

The sensitivity analysis for fair value interest rate risk is prepared on the exposure to financial assets at the end of the Reporting Period. If the interest rates had been 50 basis points higher or lower and all other variables were held constant, our pre-tax loss would have been approximately US\$0.4 million lower or higher for the Reporting Period.

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 points higher or lower and all other variables were held constant, our pre-tax loss would have been approximately US\$0.7 million higher or lower for the Reporting Period.

Credit risk

The carrying amounts of cash and cash equivalents, trade and other receivables and other current assets are the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

In respect of trade and other receivables, individual credit 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 monthly to ensure that adequate impairment losses are made for irrecoverable amounts.

Risk Related to geopolitical factors, international trade agreements, tariffs and import/export regulations, and export control and sanctions

In recent years, there have been more material uncertainties arising from geopolitical factors, including international trade agreements, tariffs and import/export regulations as well as export control and sanctions. If any new legislation and/or regulations are implemented, or if existing trade agreements are renegotiated, or if the U.S. or China imposes additional burdens on international trade that negatively affect the ability of both countries to import and export goods and services, it may lead to a decline in material supply and demand of the Group's services. In order to mitigate this risk, the Group has continuously diversified the global manufacturing footprint and supply chain partners.

(i) Impact of potential legislative change

A bill entitled "BIOSECURE Act" was introduced by the U.S. House Select Committee on China earlier in this year. If and when enacted, the "BIOSECURE ACT" may prohibit executive agencies of U.S. Federal Government from contracting with a "biotechnology company of concern", which may further impact pharmaceutical and biotechnology companies and supply chains, particularly if they or their customers do business with the U.S. Federal Government. We do not believe that this legislation will materially impact our business, but we have implemented measures to monitor progress of this legislation and will take all appropriate measures to mitigate any risk that would arise therefrom.

(ii) Change in tariff, export & import regulations

US-China trade tension remains palpable. Recently, both the China and the U.S. imposed new tariff on goods from the other. If additional burdens or restrictions were imposed on international trade that negatively affect the ability of both countries to import and export goods and services, 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.

Management's Discussion and Analysis

(iii) Export controls and economic sanctions

As the international trade regulatory environment in the United States, Europe and other countries/regions grows increasingly tightened, additional regulatory measures may be imposed by sanctions, import and export controls, and other trade control laws and regulations in the aforesaid countries and regions. We have been keeping a close eye on the change of the regulatory rules from various regulatory authorities/jurisdictions and constantly updating and improving our programs and policies to mitigate the potential compliance risks.

IMPORTANT EVENTS

Legend Biotech made significant progress in the clinical and commercialisation of cilta-cel, whose trade name is CARVYKTI, during the Reporting Period, including (i) EC and U.S. FDA approved CARVYKTI label expansion in earlier lines of treatment for adult patients with relapsed and lenalidomide-refractory multiple myeloma; and (ii) Legend Biotech USA Inc., a wholly-owned subsidiary of Legend Biotech and Janssen Pharmaceuticals Inc. entered into a Master Manufacturing and Supply Services Agreement with Novartis Pharmaceuticals Corporation; (iii) CARVYKTI generated approximately US\$343 million in net trade sales during the Reporting Period; (iv) the United Kingdom's Medicines and Healthcare Products Regulatory Agency approved CARVYKTI® in earlier lines of treatment for adult patients with relapsed and lenalidomide-refractory multiple myeloma; (v) CARVYKTI has demonstrated positive overall survival results in second interim analysis of CARTITUDE-4 study. Please refer to the announcements of the Company dated April 1, 2024, April 8, 2024, April 16, 2024, April 23, 2024, July 2, 2024, July 17, 2024 and August 9, 2024 for details.

In order to align with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from December 31, 2023, on June 21, 2024, the fourth amended and restated memorandum of association and the fourth amended and restated articles of association (the "M&A") of the Company was adopted by a special resolution of the Shareholders. Please refer to the announcements of the Company dated April 12, 2024 and June 23, 2024, the circular dated April 22, 2024 and the M&A displayed on June 24, 2024 on the websites of the Stock Exchange and the Company for details.

PROSPECTS

The life-science business stands steadily as the foundation of the Group. Since our inception in 2002, we have innovated and revolutionized our services to make them better, faster, more affordable, and accessible to scientists across the globe. We have served over 200,000 customers across over 100 countries in academic and industrial settings with various application areas including vaccine development, antibody therapeutics, gene and cell therapy, diagnostics and agriculture. As of June 30, 2024, we have been cited by over 100,000 peer reviewed journals. We are committed to continuously keep building and improving our comprehensive platforms to serve life-science research and development.

The CDMO industry continues to struggle as biotech funding recovery has been slow. U.S. and European CDMO markets are modestly improving as compared with 2023 while the China market continues to face price erosion due to fierce competition. Besides, the geopolitical climate in the U.S. continues to be a challenge to the growth of our business outside of China. We acquired a plasmid and viral vector production capacity in the U.S. and intend to help customers to mitigate the supply chain risk and their data storage/protection concerns. With a customer centric approach that focuses on excellent service and supply chain risk mitigation, we have been able to support our global customers and grow new sales in the first half of 2024 as compared with the second half of 2023. We have secured our first GMP order for the 2000L scale antibody production and a viral vector production order in support of the Biologics License Application submission for a CAR-T product. We will continue to invest in commercial excellence and innovation to differentiate our services and solutions to gain market share and accelerate growth. From our perspective, global CDMOs continue to optimise their capabilities as they divest businesses with excess capacity while investing in growth areas. Partnerships and consolidation deals will continue as the CDMO industry optimise its solutions and value proposition.

Management's Discussion and Analysis

After years of dedicated efforts on product optimisation and production efficiency improvements, Bestzyme has successfully achieved healthy growth and profitability. We are also developing new synthetic biologic products to explore potential business opportunities in new areas. We believe synthetic biology will serve more industrial applications with health and environmental benefits.

In the cell therapy field, our top priority is to accelerate the clinical and commercial development of CARVYKTI as well as to build more manufacturing capacity 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, 2024, the Group had a total of 7,284 employees. The Group had entered into employment contracts covering positions, employment conditions and terms, compensation, responsibilities 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 (excluding equity-settled share-based compensation expense) on the remuneration of employees (including the Directors and the chief executives) was approximately US\$270.3 million, representing approximately 48.1% of the total revenue of the Group, which was mainly due to that the Group views this as the necessary long-term investment in our talents pool. This investment has demonstrated the Group's desires and resolutions to continue to strengthen its talent uplifting strategy. This talent uplifting strategy not only involves the recruitment of experienced professional and managerial personnel to fulfill the front line posts of R&D, commercial and production functions, but also systematically increases the overall salary and benefits packages to sustain the stability of the employees to drive for long-term commitment and performance improvement as well.

The Company has adopted four share schemes, namely, the pre-IPO share option scheme (adopted on July 15, 2015) (the "**Pre-IPO Share Option Scheme**"), the post-IPO share option scheme (adopted on December 7, 2015 and amended on June 21, 2024) (the "**Post-IPO Share Option Scheme**"), the 2019 restricted share award scheme (adopted on March 22, 2019 and amended on June 21, 2024) (the "**2019 RSA Scheme**") and the 2021 restricted share award scheme (adopted on August 23, 2021 and amended on May 26, 2022 and June 21, 2024 respectively) (the "**2021 RSA Scheme**").

On December 21, 2017, the Company approved and adopted the share option scheme (the "**Legend Share Option Scheme**", together with the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the "**Share Option Schemes**") 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**", together with the 2019 RSA Scheme, the 2021 RSA Scheme and the Legend Restricted Shares Plan, the "**RSA Schemes**").

Management's Discussion and Analysis

The purpose of the Share Option Schemes and the RSA Schemes is to enable us to grant options or restricted shares to selected participants as incentives or rewards for their contributions. The Directors consider that the Share Option Schemes and the RSA Schemes, with its broad basis of participation, will enable the Group to reward its employees, Directors, and other selected participants for their contributions.

The details of the Share Option Schemes and the RSA Schemes are set out in the section headed "Share Schemes" below.

The number of employees of the Group categorized by function as at June 30, 2024 is set forth as follows:

Function	Number of employees	Percentage of Total number
Production	3,858	53.0%
Sales and marketing	634	8.7%
Administration	1,090	14.9%
Research and development	858	11.8%
Management	844	11.6%
Total	7,284	100.0%

The Group's remuneration policy and structure for remuneration of the Directors and senior management of the Group are based on the Group's operating results, individual performance and comparable market statistics and are reviewed by the remuneration committee of the Company (the "**Remuneration Committee**") periodically.

The remuneration of the non-executive Directors is recommended by the Remuneration Committee and is decided by the Board, while the remuneration of the executive Directors and senior management members is determined by the Remuneration Committee, having regard to their merit, qualifications and competence, the Group's operating results and comparable market statistics.

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.

In accordance with relevant regulations on social insurances or other benefits, the Group makes contribution to these statutory and supplementary insurances and benefits for its employees.

OTHER INFORMATION

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, 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, 2024, 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 C3 to the Listing Rules, are set out as follows:

Other Information

Long Positions in the Ordinary Shares and Underlying Shares of the Company as at June 30, 2024

Name of Director and Chief Executive	Capacity/Nature of interest	Number of Shares/underlying Shares held/ interested	Approximate Percentage of Shareholding* (%)
Directors			
Fangliang Zhang	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)	839,713,753	39.47
Jiange Meng	Beneficial owner ^(Note 3)	2,084,026	0.10
Ye Wang	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)	839,713,753	39.47
Li Zhu	Beneficial owner ^(Note 8)	1,996,711	0.09
Luquan Wang	Interest in controlled corporation ^(Note 9) , parties acting in concert ^(Note 5) and interests in spouse ^(Note 10)	839,713,753	39.47
Zumian Dai	Beneficial owner ^(Note 11)	107,338	0.01
Jiuan Pan	Beneficial owner ^(Note 12)	284,929	0.01
Jiafen Wang <i>(resigned on July 5, 2024)</i>	Beneficial owner ^(Note 13)	284,459	0.01
Xuehai Wang <i>(resigned on July 5, 2024)</i>	Beneficial owner ^(Note 14)	16,957	0.00
Chief Executives			
Weihui Shao	Beneficial owner ^(Note 15)	7,063,533	0.33
Zhenyu Liu	Beneficial owner ^(Note 16)	9,466,117	0.44

* The percentage has been calculated based on 2,127,686,517 Shares in issue as at June 30, 2024.

Other Information

Notes:

- (1) As at June 30, 2024, Fangliang Zhang held approximately 9.60% 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, Fangliang Zhang was deemed, or taken to be interested in, all the Shares held by GS Corp. On June 14, 2024, the Zhang Trust^(note 2) transferred 1,852,800 shares of GS Corp to Fangliang Zhang. On the same day, the Zhang 2023 Trust^(note 2) transferred 18,306,000 shares of GS Corp to Fangliang Zhang. On June 14, 2024, Weihong Jin 2023 Grantor Retained Annuity Trust, of which Weihong Jin, the spouse of Fangliang Zhang, is the initial trustee, transferred 18,306,000 shares of GS Corp to Weihong Jin. On the same day, Weihong Jin transferred 20,700,935 shares of GS Corp to Weihong Jin 2024 Grantor Retained Annuity Trust II, of which Weihong Jin is the initial trustee.
- (2) On October 12, 2017, Fangliang Zhang set up the 2017 Fang Liang Zhang Trust (the “Zhang Trust”), an irrevocable discretionary family trust, with his three children and their respective living issue as beneficiaries. Weihong Jin is the trustee of the Zhang Trust. As at June 30, 2024, the Zhang Trust (through its trustee), held approximately 20.93% of the entire issued share capital of GS Corp. As at June 30, 2024, Fang Liang Zhang 2023 Grantor Retained Annuity Trust (the “Zhang 2023 Trust”) with Fangliang Zhang as the initial trustee, through its trustee, held approximately 0.53% of the entire issued share capital of GS Corp.
- (3) As at June 30, 2024, Jiange Meng held 160,000 underlying Shares under the 2019 RSA Scheme, 1,643,320 underlying Shares under the options conditionally granted to him under the Pre-IPO Share Option Scheme and 280,706 Shares.
- (4) As at June 30, 2024, Ye Wang held approximately 4.15% in the issued share capital of GS Corp. Pursuant to the GS Corp Shareholder Voting Agreement and for the purpose of the SFO, Ye Wang was deemed, or taken to be interested in, all the Shares held by GS Corp.
- (5) On August 14, 2008, Fangliang Zhang, Ye Wang and Luquan Wang entered into the GS Corp Shareholder Voting Agreement, whereby Fangliang Zhang, Ye Wang and Luquan Wang agreed to vote unanimously in the shareholder meetings of GS Corp and, contemporaneously, proxies were conferred by Luquan Wang and Ye Wang to Fangliang Zhang authorising Fangliang Zhang to vote and exercise all voting and related rights with respect to the shares that each of Luquan Wang and Ye Wang beneficially owned in GS Corp, which held 799,999,123 Shares as of June 30, 2024. To the best knowledge and belief of the Directors after having made all reasonable enquiries, on May 28, 2015 and October 29, 2021, Yongmei Wu in her personal capacity and capacity as the trustee of the Wu 2021 Trust (as defined below) signed proxy agreements whereby she conferred all voting and related rights in relation to all the shares in GS Corp owned by her and the Wu 2021 Trust (as defined below) respectively, i.e. 1,118,720 shares and 11,041,707 shares of GS Corp as at June 30, 2024, to Fangliang Zhang.
- (6) As at June 30, 2024, Ye Wang held 120,000 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 168,630 Shares.
- (7) On October 5, 2017, Ye Wang set up the Wang Trust (the “Wang Trust”), an irrevocable discretionary family trust, with her spouse, her son and his living issue as beneficiaries and Zhiyong Hu, the spouse of Ye Wang, is the trustee of the Wang Trust. On June 14, 2024, the Wang Trust transferred 1,622,388 shares of GS Corp to Ye Wang. As at June 30, 2024, the Wang Trust (through its trustee) held approximately 8.06% of the entire issued share capital of GS Corp.
- (8) As at June 30, 2024, Li Zhu held 120,000 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 1,242,711 Shares.
- (9) As at June 30, 2024, Luquan Wang 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, Luquan Wang was deemed, or taken to be interested in, all the Shares held by GS Corp.
- (10) Luquan Wang is the spouse of Lili Huang. For the purpose of the SFO, Luquan Wang was deemed, or taken to be interested in all the Shares in which Lili Huang was interested, i.e. 638,000 Shares as at June 30, 2024.

Other Information

- (11) As at June 30, 2024, Zumian Dai held 44,860 underlying Shares under the 2019 RSA Scheme, and 58,000 underlying Shares under the options granted to him under the Post-IPO Share Option Scheme and 4,478 Shares.
- (12) As at June 30, 2024, Jiuan Pan held 10,451 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 and 4,478 Shares.
- (13) As at June 30, 2024, Jiafen Wang (resigned on July 5, 2024) held 10,451 underlying Shares under the 2019 RSA Scheme, 270,000 underlying Shares under the options granted to her under the Post-IPO Share Option Scheme and 4,008 Shares. On July 5, 2024, her 270,000 unexercised share options granted under the Post-IPO Share Option Scheme and 10,451 unvested restricted shares granted under the 2019 RSA Scheme were lapsed.
- (14) As at June 30, 2024, Xuehai Wang (resigned on July 5, 2024) held 16,957 underlying Shares under the 2019 RSA Scheme. On July 5, 2024, the 16,957 unvested restricted shares granted under the 2019 RSA were lapsed.
- (15) As at June 30, 2024, Weihui Shao held 3,906,337 underlying Shares under the 2019 RSA Scheme, 65,683 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 1,091,513 Shares.
- (16) As at June 30, 2024, Zhenyu Liu held 3,585,124 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 880,993 Shares.

Save as disclosed above, as at June 30, 2024, none of the Directors or chief executives 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.

Other Information

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

As at June 30, 2024, within the knowledge of the Directors, the following persons (other than the Directors or chief executives 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, 2024

Name	Capacity/Nature of interest	Number of Shares/underlying Shares held/ interested	Approximate Percentage of Shareholding* (%)
GS Corp ^(Note 1)	Beneficial owner	799,999,123	37.60
Weihong Jin ^(Note 2)	Interest in controlled corporation, parties acting in concert and trustee	839,713,753	39.47
Zhiyong Hu ^(Note 3)	Interest in controlled corporation, parties acting in concert and trustee	839,713,753	39.47
Lili Huang ^(Note 5)	Beneficial owner and interest in spouse	839,713,753	39.47
GNS Holdings Limited ^(Note 6)	Beneficial owner	164,770,965	7.74
Hillhouse Investment Management V, Ltd. ^(Note 6)	Interest in controlled corporation	173,348,965	8.15
Hillhouse Investment Management, Ltd. ^(Note 6)	Investment manager	173,348,965	8.15
Hillhouse Fund V, L.P. ^(Note 6)	Interest in controlled corporation	173,348,965	8.15

* The percentage has been calculated based on 2,127,686,517 Shares in issue as at June 30, 2024.

Other Information

Notes:

- (1) As at June 30, 2024, GS Corp is a company incorporated in the State of Delaware in the U.S. and owned as to approximately 9.60%, approximately 20.93%, approximately 0.53%, approximately 4.06%, approximately 0.53%, approximately 4.60%, approximately 22.76%, approximately 0.25%, approximately 3.99%, approximately 3.72%, approximately 3.72%, approximately 2.45%, approximately 4.76%, approximately 3.77%, approximately 4.15%, approximately 8.06%, approximately 1.05% and approximately 1.07% by Fangliang Zhang, the Zhang Trust^(Note 2), the Zhang 2023 Trust^(Note 2), Weihong Jin, Weihong Jin 2023 Grantor Retained Annuity Trust (the **"Jin 2023 Trust"**) of which Weihong Jin is the initial trustee, the Weihong Jin 2024 Grantor Retained Annuity Trust II (the **"Jin 2024 Trust"**) of which Weihong Jin is the initial trustee, Luquan Wang, Yongmei Wu, the Wu 2017 Trust^(Note 4), 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), the Wu 2023 Trust^(Note 4), Ye Wang, the Wang Trust^(Note 3), Yingjun Mu and Charity B, respectively.
- (2) On October 12, 2017, Fangliang Zhang set up the Zhang Trust, an irrevocable discretionary family trust, with his three children and their respective living issue as beneficiaries. Weihong Jin, the spouse of Fangliang Zhang, is the trustee of the Zhang Trust. As at June 30, 2024, the Zhang Trust (through its trustee), held approximately 20.93% 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, 2024, Weihong Jin, Jin 2023 Trust, and Jin 2024 Trust held approximately 4.06%, 0.53% and 4.60% of the entire issued share capital of GS Corp respectively.
- (3) On October 5, 2017, Ye Wang set up the Wang Trust, an irrevocable discretionary family trust, with her spouse, her son and his living issue as beneficiaries. Zhiyong Hu, the spouse of Ye Wang, is the trustee of the Wang Trust. As at June 30, 2024, Zhiyong Hu, as the trustee of the Wang Trust, held approximately 8.06% of the entire issued share capital of GS Corp and was deemed, or taken to be interested in, all the Shares held by GS Corp for the purpose of the SFO.
- (4) On December 17, 2017, Yongmei Wu set up 2017 Wu Yongmei Trust (the **"Wu 2017 Trust"**). On October 28, 2020, Yongmei Wu set up Descendants' Separate Trust FBO A (the **"Wu 2020 Separate Trust A"**) and Descendants' Separate Trust FBO L (the **"Wu 2020 Separate Trust L"**). On October 29, 2021, Yongmei Wu set up Yongmei Wu 2021 Trust (the **"Wu 2021 Trust"**) and serves as the initial trustee. On October 31, 2022, Yongmei Wu set up the Yongmei Wu 2022 Trust (the **"Wu 2022 Trust"**) and serves as the initial trustee. On October 31, 2023, Yongmei Wu transferred 17,000,000 shares of GS Corp to the Yongmei Wu 2023 Trust (the **"Wu 2023 Trust"**).
- (5) As at June 30, 2024, Lili Huang held 638,000 Shares. In addition, since Lili Huang is the spouse of Luquan Wang, who is a non-executive Director, for the purpose of the SFO, Lili Huang was deemed, or taken to be interested in all the Shares in which Luquan Wang 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, 2024, the Directors were not aware of any other person (other than the Directors or chief executives 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.

Other Information

SHARE SCHEMES

The Company has adopted four share schemes, namely, the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the 2019 RSA Scheme and the 2021 RSA Scheme. Legend has adopted the Legend Share Option Scheme and Legend Restricted Shares Plan. Probio has adopted the Probio RSUA Scheme.

Grant of share options and restricted shares by the Company during the Reporting Period

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

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

During the Reporting Period, 1,219,801 restricted shares were granted and accepted under the 2019 RSA Scheme (the **"RSA Grant A"**) on June 12, 2024. Please refer to our announcement dated June 13, 2024 for details. Save as disclosed, no other restricted shares have been granted under the 2019 RSA Scheme during the Reporting Period. All 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, under the 2021 RSA Scheme, 444,598 restricted shares were granted on March 13, 2024 and 11,450,843 restricted shares were granted on June 12, 2024 (among which, a total of 70,335 restricted shares were not accepted by the relevant grantees) (the **"RSA Grant B"**). Please refer to our announcements dated March 13, 2024 and June 13, 2024 for details. Save as disclosed, no other restricted shares have been granted under the 2021 RSA Scheme during the Reporting Period. All the restricted shares granted under the RSA Grant B and accepted by the relevant grantees 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 annual general meeting of the Company held on May 25, 2023 (the **"2023 AGM"**). Pursuant to the 2023 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 2023 AGM. Pursuant to the provisions of the Listing Rules, the 2023 General Mandate lapsed at the conclusion of the annual general meeting of the Company held on June 21, 2024 (the **"2024 AGM"**). As at June 30, 2024, no Shares have been issued under the RSA Grant B pursuant to the 2023 General Mandate. After the issue of new Shares for the RSA Grant B, no further new Shares will be issued and allotted pursuant to the 2023 General Mandate.

Pursuant to the scheme mandate limit (the **"Scheme Mandate Limit"**) granted by the Shareholders at the 2024 AGM, the Directors may exercise the power of the Company to grant share options and/or awards over new Shares of the Company under all share schemes adopted or to be adopted by the Company up to the limit of 10% of the total number of Shares in issue as at the date of the 2024 AGM, and within which, share awards over new Share up to the limit of 1% of the total number of issued Shares as at the 2024 AGM (the **"Service Provider Sublimit"**) may be granted to the service providers of the Company as defined in the 2019 RSA Scheme and the 2021 RSA Scheme (the **"Service Providers"**). As at June 30, 2024, no Shares have been issued pursuant to the scheme mandate limit.

As at June 30, 2024, no grant has been made to (i) any related entity participant or service provider with options and awards granted in excess of 0.1% of the Company's issued Shares over the 12-month period and (ii) any other participant with options and awards granted in excess of the 1% individual limit, as such terms are used in the Listing Rules.

Number of options and awards available for grant

As at January 1, 2024, the number of options and restricted shares available for grant under the Post-IPO Share Option Scheme and the 2019 RSA Scheme and the 2021 RSA Scheme were 82,090,141 and 152,308,888, respectively. As at January 1, 2024, the Company has not adopted service provider sublimit in respect of its share schemes.

As at June 30, 2024, after the Post-IPO Share Option Scheme, the 2019 RSA Scheme and the 2021 RSA Scheme were amended to fully comply with the current effective Chapter 17 of the Listing Rules, 212,768,651 Shares remained available for grant under all share schemes adopted by the Company, and among which, 21,276,865 Shares are available for future grant under the service provider sublimit of the 2019 RSA Scheme and 2021 RSA Scheme adopted by the Company.

The number of Shares that may be issued in respect of awards (i.e. 11,825,106 restricted shares) granted under the share schemes of the Company during the Reporting Period divided by the weighted average number of shares (i.e. 2,116,588,240) of the relevant class in issue for the Reporting Period is 0.5587%.

Share schemes of the subsidiaries of the Company

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	Number of share options					Outstanding as at June 30, 2024	Weighted Average Closing Price Immediately Before the Date of Exercise
					Outstanding as at January 1, 2024	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period		
				US\$							HK\$
Directors											
Jiange Meng	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	1,643,320	—	—	—	—	1,643,320	—
Ye Wang	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	218,664	—	—	—	—	218,664	—
Total					40,011,984	—	—	—	—	40,011,984	—

Note:

- (1) 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 22 to the interim condensed consolidated financial information in this interim report.

Other Information

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. On June 21, 2024, the Company approved the amendments to the Post-IPO Share Option Scheme by ordinary resolutions. 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.

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	Number of share options							
				Exercise Price per Share	Closing Price per Share immediately before the date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at June 30, 2024
				HK\$	HK\$						
Directors											
Li Zhu	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
Zumian Dai	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
Jiuan Pan	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

Other Information

Category/ Name of Grantee	Date of Grant	Vesting Period	Exercise Period	Number of share options							
				Exercise Price per Share	Closing Price per Share immediately before the date of grant	Outstanding as at January 1, 2024	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at June 30, 2024
				HK\$	HK\$						
Former Directors											
Yuxin Pan <i>(resigned on June 21, 2024)</i>	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 <i>(Note 3)</i>	—	—
Jiafen Wang <i>(resigned on July 5, 2024)</i>	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 <i>(Note 4)</i>
Hongxin Guo <i>(resigned on June 21, 2024)</i>	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 <i>(Note 5)</i>	—	—
Chief executives of the Company											
Weiwei Shao	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
Zhenyu Liu	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	Closing Price per Share immediately before the date of grant	Number of share options					
						Outstanding as at January 1, 2024	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Exercised during the Reporting Period	Outstanding as at June 30, 2024
						HK\$	HK\$				
Senior Management of the Company											
Shiniu Wei	November 29, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	19.132	19.54	300,000	—	—	—	—	300,000
		November 29, 2021– November 28, 2029									
		November 29, 2022– November 28, 2029									
		November 29, 2023– November 28, 2029									
	December 28, 2020	December 28, 2021– December 27, 2030	December 28, 2021– December 27, 2030	12.10	11.36	350,000	—	—	—	—	350,000
		December 28, 2022– December 27, 2030									
		December 28, 2023– December 27, 2030									
		December 28, 2024– December 27, 2030									
Other employees											
June 22, 2016	June 22, 2016– June 21, 2026	June 22, 2016– June 21, 2026	1.204	1.21	2,672,000	—	—	—	—	2,672,000	
September 23, 2016	September 23, 2017– September 22, 2026	September 23, 2017– September 22, 2026	2.406	2.3	3,277,000	—	—	—	60,000 ^(Note 1)	3,217,000	
April 25, 2017	April 25, 2019– April 24, 2027	April 25, 2019– April 24, 2027	3.512	3.45	9,264,950	—	—	—	386,000 ^(Note 1)	8,878,950	
October 11, 2017	July 25, 2018– October 10, 2027	July 25, 2018– October 10, 2027	8.33	8.07	5,190,000	—	—	—	2,102,000 ^(Note 1)	3,088,000	
November 20, 2017	December 31, 2019– November 19, 2027	December 31, 2019– November 19, 2027	9.35	8.91	2,011,000	—	—	—	56,000 ^(Note 1)	1,955,000	
May 4, 2018	January 1, 2019– May 3, 2028	January 1, 2019– May 3, 2028	26.46	26.65	6,505,476	—	—	857,142	—	5,648,334	
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	1,971,000	—	—	—	—	1,971,000	
November 29, 2019	November 29, 2020– November 28, 2029	November 29, 2020– November 28, 2029	19.132	19.54	1,996,000	—	—	50,000	—	1,946,000	
April 29, 2020	April 29, 2021– April 28, 2030	April 29, 2021– April 28, 2030	13.84	13.698	2,190,500	—	—	110,000	120,000 ^(Note 1)	1,960,500	
December 28, 2020	December 28, 2021– December 27, 2030	December 28, 2021– December 27, 2030	12.10	11.36	590,000	—	—	100,000	30,000 ^(Note 1)	460,000	
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	235,531	—	—	50,594	—	184,937	
Total						45,131,457	—	—	1,287,736	2,754,000 ^(Note 1)	41,089,721

Other Information

Notes:

- (1) The weighted average closing price of the Shares immediately before the dates on which the share options were exercised was HK\$10.65.
- (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 22 to the interim condensed consolidated financial information in this interim report.
- (3) Mr. Yuexin Pan ceased to be a Director on June 21, 2024. Pursuant to Post-IPO Share Option Scheme, 60,000 unexercised share options were lapsed on June 21, 2024.
- (4) Ms. Jiafen Wang ceased to be a Director on July 5, 2024. Pursuant to Post-IPO Share Option Scheme, 270,000 unexercised share options were lapsed on July 5, 2024.
- (5) Mr. Hongxin Guo ceased to be a Director on June 21, 2024. Pursuant to Post-IPO Share Option Scheme, 60,000 unexercised share options were lapsed on June 21, 2024.

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. On June 21, 2024, the Company approved the amendments to the 2019 RSA Scheme by ordinary resolutions. The 2019 RSA Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

The 2019 RSA Scheme will initially be valid and effective for a period of ten years commencing on the 2019 RSA Scheme Adoption Date.

An award is subject to time-based vesting and/or performance-based vesting or other vesting conditions as set forth in the notice of award to the grantee.

There is no requirement on the purchase price payable in respect of the restricted shares granted under the 2019 RSA Scheme.

There is no restriction on the maximum entitlement of each participant under the 2019 RSA Scheme, but the maximum entitlement of each participant of the 2019 RSA Scheme shall not exceed the limits as required under the Listing Rules.

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 announcements dated March 22, 2019 and June 23, 2024 and the Company’s circular dated April 22, 2024.

Other Information

During the Reporting Period, 1,219,801 restricted shares (the “**2019 RSA Shares**”) were granted under the 2019 RSA Scheme on June 12, 2024. Please refer to our announcement dated June 13, 2024 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 23 to the interim condensed consolidated financial information.

The 2019 RSA Shares shall be satisfied by the existing Shares that have been or will be required by the Trustee through on-market transactions.

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

			Number of shares					
Category/Name of Grantee	Date of Grant	Vesting Period (subject to other conditions in the 2019 RSA Scheme)	Closing Price	As at	Granted during	Vesting During	Lapsed during	Outstanding
			per Share					
			Immediately	2024	Period (Note 1)	Period (Note 2)	Period	June 30,
			Before the					2024
			Date of Grant					
HK\$								
Directors								
Jiange Meng	December 28, 2020	In five equal installments annually between December 28, 2021 and December 28, 2025	11.36	160,000	—	—	—	160,000
Ye Wang	May 31, 2021	In five equal installments annually between May 31, 2022 and May 31, 2026	27.35	180,000	—	30,000	30,000	120,000
Li Zhu	December 28, 2020	In five equal installments annually between December 28, 2021 and December 28, 2025	11.36	80,000	—	—	—	80,000
	May 31, 2021	In five equal installments annually between May 31, 2022 and May 31, 2026	27.35	60,000	—	10,000	10,000	40,000
Zumian Dai	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	10,451	—	—	—	10,451
Juan Pan	November 28, 2023	In one batch on November 30, 2024	22.75	34,409	—	—	—	34,409
	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	10,451	—	—	—	10,451
Former Directors								
Yuexin Pan (resigned on June 21, 2024)	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	10,451	—	—	10,451 (Note 3)	—
Jiafen Wang (resigned on July 5, 2024)	November 28, 2023	In one batch on November 30, 2024	22.75	34,409	—	—	34,409 (Note 3)	—
	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	10,451	—	—	—	10,451 (Note 4)
Hongxin Guo (resigned on June 21, 2024)	January 18, 2023	In three batches with the last batch vested on 17 December 2025	27.00	10,451	—	—	10,451 (Note 5)	—
	November 28, 2023	In one batch on November 30, 2024	22.75	34,409	—	—	34,409 (Note 5)	—
Xuehai Wang (resigned on July 5, 2024)	November 28, 2023	In three batches annually between November 30, 2024 and November 30, 2026	22.75	16,957	—	—	—	16,957 (Note 6)

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	Number of shares				
				As at January 1, 2024	Granted during the Reporting Period ^(Note 1)	Vesting During the Reporting Period ^(Note 2)	Lapsed during the Reporting Period	Outstanding as at June 30, 2024
HK\$								
Chief Executives of the Company								
Weihui Shao	May 31, 2021	In three equal installments annually between May 31, 2022 and May 31, 2024	27.35	27,675	—	13,838	13,837	—
	April 3, 2023	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	—	26,940	26,939	215,519
	June 1, 2023	In five batches annually between 1 June 2024 and 31 May 2028	17.32	3,145,693	—	629,138	—	2,516,555
	June 12, 2024 ^(Note 7)	In five batches annually between 31 August 2025 and 31 August 2029	9.1	—	1,174,263	—	—	1,174,263
Zhenyu Liu	January 10, 2022	In five installments annually between January 10, 2023 and January 10, 2027	31.15	131,489	—	16,436	16,436	98,617
	March 22, 2022	In five installments annually between March 22, 2023 and March 22, 2027	25.10	456,937	—	82,411	48,668	325,858
	May 26, 2022	In two equal installments annually between May 26, 2023 and May 26, 2024	20.65	11,313	—	11,313	—	—
	April 3, 2023	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	—	73,295	73,294	586,356
	June 1, 2023	In two to five batches on an annual basis between June 1, 2024 and May 31, 2028	17.32	3,170,091	—	641,336	—	2,528,755
	June 12, 2024 ^(Note 8)	In two batches on an annual basis between 31 August 2025 to 31 August 2026	9.1	—	45,538	—	—	45,538
Senior Management of the Company								
Shiniu Wei	December 28, 2020	In five annual installments with the last batch on December 28, 2025	11.36	160,000	—	—	—	160,000
	May 31, 2021	In three annual installments with the last batch on May 31, 2024	27.35	15,841	—	7,921	7,920	—
Other Employees								
	April 29, 2020	In two to five annual installments with the last batch on April 29, 2025	13.698	203,352	—	80,000	21,676	101,676
	December 28, 2020	In one to five annual installments with the last batch on December 28, 2025	11.36	107,290	—	—	—	107,290
	March 31, 2021	In two or three annual installments with the last batch on March 31, 2024	14.04	10,000	—	10,000	—	—
	May 31, 2021	In one to three annual installments with the last batch on May 31, 2024	27.35	1,475,098	—	759,328	715,770	—
	August 27, 2021	In two to three annual installments with the last batch on August 27, 2024	37.15	21,958	—	—	11,974	9,984
	December 10, 2021	In one to three annual installments with the last batch on December 10, 2024	41.80	70,607	—	—	34,965	35,642
	March 22, 2022	In two annual installments with the last batch on March 22, 2024	25.10	40,496	—	40,097	399	—
Total ^(Note 9)				10,702,622	1,219,801	2,432,053	1,101,598	8,388,772

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\$10.60.
- (3) On June 21, 2024, Mr. Yuexin Pan ceased to be a Director. Accordingly, a total of 44,860 unvested restricted shares granted under the 2019 RSA Scheme were lapsed.
- (4) On July 5, 2024, Ms. Jiafen Wang ceased to be a Director. Accordingly, a total of 10,451 unvested restricted shares granted under the 2019 RSA Scheme were lapsed.
- (5) On June 21, 2024, Mr. Hongxin Guo ceased to be a Director. Accordingly, a total of 44,860 unvested restricted shares granted under the 2019 RSA Scheme were lapsed.
- (6) On July 5, 2024, Dr. Xuehai Wang ceased to be a Director. Accordingly, a total of 16,957 unvested restricted shares granted under the 2019 RSA Scheme were lapsed.
- (7) The vesting conditions of the restricted shares granted to Ms. Weihui Shao on June 12, 2024 is conditional upon the achievement of certain performance targets, including without limitation, Ms. Shao having met certain key performance criteria.
- (8) The restricted shares granted to Dr. Zhenyu Liu on June 12, 2024 is subject to a time-based vesting schedule without attachment of performance target.
- (9) 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. On June 21, 2024, the Company approved the amendments to the 2021 RSA Scheme by ordinary resolutions. The 2021 RSA Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

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 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, but the maximum entitlement of each participant of the 2021 RSA Scheme shall not exceed the limits as required under the Listing Rules.

An award is subject to time-based vesting and/or performance-based vesting or other vesting conditions as set forth in the notice of award to the grantee.

There is no requirement on the purchase price payable in respect of the restricted shares granted 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 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, May 26, 2022 and June 23, 2024 and the circular of the Company dated April 22, 2024.

During the Reporting Period, 444,598 restricted shares and 11,380,508 restricted shares (collectively, the “**2021 RSA Shares**”) were granted and accepted under the 2021 RSA Scheme on March 13, 2024 and June 12, 2024 respectively. Please refer to our announcements dated March 13, 2024 and June 13, 2024 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 23 to the interim condensed consolidated financial information.

Certain 2021 RSA Shares granted during the Reporting Period will be issued by the Company and allotted to the Trustee under the 2023 General Mandate in accordance with the terms of the 2021 RSA Scheme.

Other Information

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	Number of shares				Outstanding as at June 30, 2024
				As at January 1, 2024	Granted during the Reporting Period	Vesting During the Reporting Period	Lapsed during the Reporting Period	
				HK\$				
Chief Executive of the Company								
Weihui Shao	March 22, 2022	In five installments annually between March 22, 2023 and March 22, 2027	25.10	101,345	—	26,865	8,797	65,683
Senior Management of the Company								
Shiniu Wei	March 22, 2022	In five annual installments with the last batch on March 22, 2027	25.10	172,094	—	35,768	16,749	119,577
	May 26, 2022	In two annual installments with the last batch on May 26, 2024	20.65	6,888	—	6,888	—	—
	April 3, 2023	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	—	63,940	38,898	336,233
	June 1, 2023	In two to five batches on an annual basis between June 1, 2024 and May 31, 2028	17.32	1,273,132	—	259,082	—	1,014,050
	June 12, 2024 ^(Note 3)	In two to five batches on an annual basis between 31 August 2025 and 31 August 2029	9.1	—	494,805	—	—	494,805
Other Employees								
	December 10, 2021	In three annual installments with the last batch on December 10, 2024	41.80	452,487	—	—	223,867	228,620
	March 22, 2022	In two or three annual installments with the last batch on March 22, 2025	25.10	809,349	—	344,143	85,167	380,039
	May 26, 2022	In two or three annual installments with the last batch on May 26, 2025	20.65	1,353,521	—	341,648	374,205	637,668
	September 2, 2022	In two or three annual instalments with the last batch on September 2, 2025	24.80	166,404	—	—	33,165	133,239
	January 18, 2023	In one to three batches with the last batch on December 17, 2025	27.00	1,742,171	—	—	386,933	1,355,238
	April 3, 2023	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	—	96,370	132,503	297,211
	June 1, 2023	In two to three batches on an annual basis between June 1, 2024 and May 31, 2026	17.32	3,508,448	—	520,859	770,592	2,216,997
	August 24, 2023	In two to three batches on an annual basis between August 31, 2024 and August 31, 2026	17.98	53,881	—	—	4,328	49,553
	November 28, 2023	In three batches on an annual basis on November 30, 2024, November 30, 2025 and November 30, 2026	22.75	129,926	—	—	75,061	54,865
	March 13, 2024 ^(Note 3)	In one to three batches on an annual basis between 31 March 2025 and 31 March 2027	15.7	—	127,665	—	—	127,665
	June 12, 2024 ^(Note 3)	In two to five batches on an annual basis between 31 August 2025 and 31 August 2029	9.1	—	10,845,712	—	—	10,845,712

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	Number of shares				
				As at January 1, 2024	Granted during the Reporting Period	Vesting During the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024
			HK\$					
Consultants (Note 4)	June 1, 2023	In three batches on an annual basis between June 1, 2024 and May 31, 2026	17.32	223,234	—	74,336	—	148,898
	March 13, 2024	In one to three batches on an annual basis between 31 March 2025 and 31 March 2027	15.7	—	316,933	—	—	316,933
	June 12, 2024	In one to three batches on an annual basis between 31 August 2025 and 31 August 2027	9.1	—	39,991	—	—	39,991
Total (Note 5)				10,958,035	11,825,106	1,769,899	2,150,265	18,862,977

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\$11.78.
- (3) The vesting conditions of certain restricted shares granted to Mr. Shiniu Wei and other employees on March 13, 2024 and June 12, 2024 include without limitation, the achievement of certain performance targets, including without limitation, the Employees having met the key performance criteria.
- (4) The consultants are service providers who provide strategic business, technical and/or sales consultancy services to the Group. Please refer to the announcements of the Company dated June 1, 2023, June 15, 2023, March 13, 2024 and June 13, 2024 for details.
- (5) No restricted share has been cancelled during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Share 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 Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transaction by Directors and Specified Individuals on terms no less exacting than the required standard set out in the Model Code. 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 C1 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.

Other Information

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”). The Audit Committee currently comprises of three members, namely, Mr. Zumian Dai (chairman of the Audit Committee), Mr. Jiuan Pan and Mr. Yiu Leung Andy Cheung (appointed on April 12, 2024), 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 consolidated interim results of the Group for the six months ended June 30, 2024 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 January 31, 2024 and May 29, 2024 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, 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

There is no adjustment to executive directors’ emoluments during the Reporting Period.

CHANGES IN DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, changes of the information of the Directors and chief executives, subsequent to the date of the annual report of the Company for the year ended December 31, 2023, are set out below.

Changes in Directors' Biographical Details

With effect from June 21, 2024, Mr. Zumian Dai has been re-designated from a member to the chairman of the Remuneration Committee and has been appointed as a member of the strategy committee of the Company (the **"Strategy Committee"**).

With effect from June 21, 2024, Mr. Jiuan Pan has been appointed as a member of the Strategy Committee.

With effect from June 21, 2024, Mr. Yiu Leung Andy Cheung has been appointed as a member of the Audit Committee and the risk management and ESG committee of the Company (the **"Risk Management and ESG Committee"**).

With effect from June 21, 2024 and July 5, 2024, Dr. Chenyang Shi has been appointed as a member of the Remuneration Committee and a member of the Strategy Committee, respectively.

With effect from June 21, 2024, Mr. Yuexin Pan resigned as a non-executive Director and a member of the Strategy Committee, and Mr. Hongxin Guo resigned as an independent non-executive Director, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the risk management and ESG committee.

With effect from July 5, 2024, Ms. Jiafen Wang and Dr. Xuehai Wang resigned as a non-executive Director and a member of the Strategy Committee, and an independent non-executive Director, respectively.

Please refer to the announcements of the Company dated June 23, 2024 and July 5, 2024 for details.

Adjustment to Emoluments of Independent Non-executive Directors

In August 2024, the Board approved (as recommended by the Remuneration Committee) the adjustment of Director's fees of Mr. Zumian Dai and Mr. Jiuan Pan, and Mr. Yiu Leung Cheung and Dr. Chenyang Shi, from HK\$360,000 per annum and HK\$480,000 per annum respectively, to US\$100,000 per annum, with effect from August 1, 2024. In addition, all independent non-executive Directors remain eligible to participate in the Post-IPO Share Option Scheme, the 2019 RSA Scheme and the 2021 RSA Scheme, and the grant of share awards and options are subject to recommendation by the Remuneration Committee and approval by the Board from time to time. The compensation packages were determined having given consideration to the level of responsibility, experience and abilities required of the independent non-executive Directors and the remuneration offered for similar positions in the biotech industry.

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 and chief executives after the date of the Annual Report 2023 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



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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 45 to 94, which comprises the condensed consolidated statement of financial position of Genscript Biotech Corporation (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2024 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.

Ernst & Young

Certified Public Accountants

Hong Kong

09 August 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
REVENUE	4	561,371	391,311
Cost of sales		(254,385)	(216,263)
Gross profit		306,986	175,048
Other income and gains	4	112,565	31,301
Selling and distribution expenses		(97,338)	(81,404)
Administrative expenses		(120,173)	(106,515)
Research and development expenses		(236,384)	(207,331)
Fair value losses of preferred shares and warrants	20	(113,509)	(34,731)
Other expenses		(2,166)	(6,191)
Finance costs	6	(14,226)	(12,463)
Provision for impairment on financial assets, net		(3,863)	(2,367)
Provision for impairment of long-term assets		(37,480)	—
LOSS BEFORE TAX	5	(205,588)	(244,653)
Income tax expense	7	(10,043)	(1,104)
LOSS FOR THE PERIOD		(215,631)	(245,757)
Attributable to:			
Owners of the parent		(175,115)	(93,581)
Non-controlling interests		(40,516)	(152,176)
		(215,631)	(245,757)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic (US cent)		(8.27)	(4.44)
Diluted (US cent)		(8.27)	(4.44)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
LOSS FOR THE PERIOD	(215,631)	(245,757)
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	(63,054)	(15,777)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(63,054)	(15,777)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	(63,054)	(15,777)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(278,685)	(261,534)
Attributable to:		
Owners of the parent	(207,500)	(113,416)
Non-controlling interests	(71,185)	(148,118)
	(278,685)	(261,534)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	620,546	608,107
Advance payments for property, plant and equipment		20,196	22,218
Investment properties		4,775	5,442
Right-of-use assets	11	193,169	120,620
Goodwill		1,347	1,356
Other intangible assets		16,078	18,648
Investments in associates		14,656	15,291
Financial assets at fair value through profit or loss	12	44,002	31,869
Deferred tax assets		15,132	16,506
Time deposits	16	38,076	38,247
Other non-current assets	15	149,567	155,887
Total non-current assets		1,117,544	1,034,191
CURRENT ASSETS			
Inventories	13	50,857	53,346
Contract costs		19,155	17,880
Trade and notes receivables	14	130,468	217,443
Prepayments, other receivables and other assets	15	130,265	103,320
Financial assets at fair value through profit or loss	12	151,288	105,645
Restricted cash		9,643	33,072
Time deposits	16	1,323,350	376,002
Cash and cash equivalents	16	399,297	1,446,403
Total current assets		2,214,323	2,353,111
CURRENT LIABILITIES			
Trade and bills payables	17	59,205	39,959
Other payables and accruals	18	291,336	273,405
Interest-bearing loans and other borrowings	19	31,024	57,011
Lease liabilities	11	14,458	8,867
Tax payable		15,581	18,132
Contract liabilities		121,393	97,437
Total current liabilities		532,997	494,811

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

	Notes	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
NON-CURRENT LIABILITIES			
Interest-bearing loans and other borrowings	19	305,047	287,207
Lease liabilities	11	97,599	63,905
Contract liabilities		2,704	47,962
Deferred tax liabilities		7,509	5,622
Financial liabilities at fair value through profit or loss	20	463,660	350,151
Financial liabilities measured at amortised cost		77,439	75,363
Other non-current liabilities		20,705	17,927
Total non-current liabilities		974,663	848,137
Net assets		1,824,207	2,044,354
EQUITY			
Share capital	21	2,126	2,121
Treasury shares	21	(8,308)	(9,445)
Reserves		1,221,100	1,398,403
Equity attributable to owners of the parent		1,214,918	1,391,079
Non-controlling interests		609,289	653,275
Total equity		1,824,207	2,044,354

Meng Jiange
Director

Zhu Li
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent											
	Share capital	Treasury Shares	Share premium	Merger reserve	Share option reserve	Other reserve	Statutory surplus	Accumulated losses	Exchange fluctuation		Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
					(Note 22 &							
	(Note 21)	(Note 21)	(Note 21)		Note 23)							
At 1 January 2024 (Audited)	2,121	(9,445)	1,939,258	(20,883)	98,378	904	13,790	(611,515)	(21,529)	1,391,079	653,275	2,044,354
Loss for the period	—	—	—	—	—	—	—	(175,115)	—	(175,115)	(40,516)	(215,631)
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(32,385)	(32,385)	(30,669)	(63,054)
Total comprehensive income for the period	—	—	—	—	—	—	—	(175,115)	(32,385)	(207,500)	(71,185)	(278,685)
Equity transaction with non-controlling interests	—	—	175	—	—	—	—	—	—	175	214	389
Gain on deemed disposal partial equity interest of an associate	—	—	—	—	—	642	—	—	—	642	56	698
Equity-settled share-based compensation arrangements	—	—	—	—	29,920	—	—	—	—	29,920	21,067	50,987
Exercise of share options and restricted share units	5	1,137	35,223	—	(35,763)	—	—	—	—	602	5,862	6,464
As at 30 June 2024 (Unaudited)	2,126	(8,308)	1,974,656	(20,883)	92,535	1,546	13,790	(786,630)	(53,914)	1,214,918	609,289	1,824,207

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent											Total equity US\$'000
	Share capital US\$'000	Treasury Shares US\$'000	Share premium US\$'000	Merger reserve US\$'000	Share option reserve US\$'000	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	
					(Note 22 & Note 23)							
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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(205,588)	(244,653)
Adjustments for:			
Provision for impairment of trade receivables and other receivables	14	3,863	2,367
Provision for inventories and contract costs to net realisable value	5	8,758	9,369
Depreciation of property, plant and equipment	10	30,276	26,049
Depreciation of investment properties	5	46	59
Depreciation of right-of-use assets	11	7,460	7,189
Amortisation of other intangible assets	5	2,513	2,225
Loss on disposal of property, plant and equipment	5	516	432
Finance income	4	(43,778)	(25,915)
Share of losses of associates	5	1,261	230
Provision for impairment of long-term assets	5	37,480	—
Fair value changes on financial assets at fair value through profit or loss		(1,722)	694
Fair value losses of preferred shares and warrants	20	113,509	34,731
Finance costs	6	14,226	12,463
Deferred subsidies		(971)	(991)
Increase in contract liabilities (current)		23,708	—
Decrease in contract liabilities (non-current)		(44,175)	—
Foreign exchange differences, net	5	(62,111)	4,596
Equity-settled share-based compensation expense		53,349	38,859
		(61,380)	(132,296)
Decrease/(increase) in trade and notes receivables		83,288	(30,612)
Increase in prepayments, other receivables and other assets		(26,739)	(10,023)
(Increase)/decrease in inventories		(4,917)	1,517
Increase in contract costs		(4,775)	(769)
(Increase)/decrease in other non-current assets		(355)	412
Increase/(decrease) in trade and bills payables		17,821	(15,428)
Increase/(decrease) in other payables and accruals		46,810	(17,285)
Increase/(decrease) in contract liabilities		2,121	(1,460)
Decrease in other non-current liabilities		(62)	(22)
(Increase)/decrease in restricted cash		(71)	1,355
Cash generated from/(used in) operations		51,741	(204,611)
Interest received		39,123	21,607
Interest paid for finance rental lease payment		(1,263)	(1,310)
Interest paid		(512)	(266)
Income taxes paid		(9,234)	(3,891)
Income taxes received		—	1,303
Net cash flows generated from/(used in) operating activities		79,855	(187,168)

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(100,331)	(80,197)
Purchases of financial assets at fair value through profit or loss		(221,239)	(56,700)
Redemption of financial assets at fair value through profit or loss		163,899	18,743
Purchases of time deposits		(2,503,237)	(947,876)
Redemptions of time deposits		1,559,175	676,795
Proceeds from disposal of property, plant and equipment		69	—
Purchases of intangible assets		(112)	(899)
Receipt of investment income		1,967	1,852
Decrease/(increase) in restricted cash		450	(550)
Purchases of investments in associates		—	(12,693)
Prepayment to collaborator for collaboration assets		(33,695)	(53,018)
Net cash flows used in investing activities		(1,133,054)	(454,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of shares of subsidiaries, and preferred shares and warrants of the Company's subsidiaries, net of issuance cost		—	1,012,516
Exercise of share options		4,389	9,906
Proceeds from loans and borrowings		25,158	12,273
Repayment of loans and borrowings		(43,193)	(9,418)
Decrease in restricted cash		23,053	—
Principal portion of lease payments	11	(4,231)	(5,258)
Cash received from equity transaction with non-controlling interests, net		389	—
Net cash flows generated from financing activities		5,565	1,020,019
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,047,634)	378,308
Cash and cash equivalents at beginning of period		1,446,403	1,023,999
Effect of foreign exchange rate changes, net		528	(4,973)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16	399,297	1,397,334

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the " 2020 Amendments ")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

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

3. OPERATING SEGMENT INFORMATION

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

- (a) The life-science services and products unit provides comprehensive reagent services, products, instruments and custom-tailored solutions for market segments such as gene therapy, cell therapy, antibody therapeutics, vaccines, and diagnostics, from early-stage discovery, lead identification and optimisation to preclinical 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 is engaged in the discovery and development of novel cell therapies for oncology and other indications, including with the application of its proprietary technologies for CAR-T, and allogeneic cell therapies; 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 2024

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2024

	Life-science services and products US\$'000 (Unaudited)	Biologics development services US\$'000 (Unaudited)	Industrial synthetic biology products US\$'000 (Unaudited)	Cell therapy US\$'000 (Unaudited)	Operation unit US\$'000 (Unaudited)	Eliminations US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue (Note 4)							
Sales to external customers	217,722	37,132	26,109	280,320	88	—	561,371
Intersegment sales	4,633	3,250	39	194	18,046	(26,162)	—
Total segment revenue	222,355	40,382	26,148	280,514	18,134	(26,162)	561,371
Segment cost of sales	(103,410)	(38,715)	(15,116)	(105,190)	(15,865)	23,911	(254,385)
Segment gross profit	118,945	1,667	11,032	175,324	2,269	(2,251)	306,986
Other income and gains	—	7,086	1,296	93,037	11,222	(76)	112,565
Selling and distribution expenses	(31,724)	(6,433)	(3,327)	(54,286)	(1,740)	172	(97,338)
Administrative expenses	(20,440)	(15,524)	(2,552)	(67,282)	(14,158)	(217)	(120,173)
Research and development expenses	(19,257)	(1,567)	(2,848)	(213,590)	(1,264)	2,142	(236,384)
Fair value gains/(losses) of preferred shares	—	32,283	—	—	—	(145,792)	(113,509)
Other expenses	(282)	(34)	(932)	(2)	(159,982)	159,066	(2,166)
Finance costs	—	(1,622)	(1,213)	(10,959)	(900)	468	(14,226)
Provision for impairment of long-term assets	—	(37,480)	—	—	—	—	(37,480)
Provision for impairment on financial assets, net	(1,230)	(2,622)	(1)	—	(397)	387	(3,863)
Profit/(loss) before tax	46,012	(24,246)	1,455	(77,758)	(164,950)	13,899	(205,588)

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

3. OPERATING SEGMENT INFORMATION (Continued)

Six months ended 30 June 2023

	Life-science services and products US\$'000 (Unaudited)	Biologics development services US\$'000 (Unaudited)	Industrial synthetic biology products US\$'000 (Unaudited)	Cell therapy US\$'000 (Unaudited)	Operation unit US\$'000 (Unaudited)	Eliminations US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Segment revenue (Note 4)							
Sales to external customers	198,755	64,652	18,113	109,547	244	—	391,311
Intersegment sales	4,230	461	110	119	23,663	(28,583)	—
Total segment 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)	(161)	(7,117)	(7,446)	9,841	(6,191)
Finance costs	—	(1,549)	(9)	(10,298)	(951)	344	(12,463)
(Provision for)/reversal of impairment of financial assets, net	(577)	(1,619)	109	—	(280)	—	(2,367)
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 2024

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Revenue from contracts with customers	389,455	296,583
Revenue from contracts with a collaborator	171,735	94,432
Revenue from other sources:		
Gross rental income from operating leases	157	214
Others	24	82
Total	561,371	391,311

Revenue from contracts with customers and a collaborator

(a) Disaggregated revenue information

For the six months ended 30 June 2024

Segments	Life-science services and products US\$'000 (Unaudited)	Biologics development services US\$'000 (Unaudited)	Industrial synthetic biology products US\$'000 (Unaudited)	Cell therapy US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
Types of goods or services					
Rendering of services and sale of products	217,722	36,296	26,097	5,558	285,673
License and collaboration revenue	—	755	—	274,762	275,517
Total	217,722	37,051	26,097	280,320	561,190
Timing of revenue recognition					
Goods and services transferred at a point in time	217,722	36,296	26,097	5,558	285,673
Licenses transferred at a point in time	—	755	—	75,077	75,832
Licenses transferred over time	—	—	—	27,950	27,950
Collaboration revenue at a point in time	—	—	—	171,735	171,735
Total	217,722	37,051	26,097	280,320	561,190

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers and a collaborator (Continued)

(a) Disaggregated revenue information (Continued)

For the six months ended 30 June 2023

Segments	Life-science services and products US\$'000 (Unaudited)	Biologics development services US\$'000 (Unaudited)	Industrial synthetic biology products US\$'000 (Unaudited)	Cell therapy US\$'000 (Unaudited)	Total US\$'000 (Unaudited)
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	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	198,755	64,652	18,061	109,547	391,015

Other income and gains

	For the six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Other income		
Finance income	43,778	25,915
Subsidies	3,971	4,830
Others	962	439
Gains		
Foreign currency exchange gain, net	62,111	—
Fair value gains on financial assets at fair value through profit or loss	1,722	—
Others	21	117
Total	112,565	31,301

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Cost of services and products	121,836	94,223
Depreciation of property, plant and equipment	30,276	26,049
Depreciation of investment properties	46	59
Depreciation of right-of-use assets	7,460	7,189
Amortisation of other intangible assets	2,513	2,225
Impairment of financial assets, net:		
Provision for impairment of trade receivables	3,863	2,367
Provision for impairment of long-term assets	37,480	—
Provision for inventories and contract costs to net realisable value	8,758	9,369
Employee benefit expenses (including directors' and chief executives' remuneration):		
Wages and salaries	255,673	210,101
Pension scheme contributions (defined contribution schemes)	14,640	11,985
Equity-settled share-based compensation expense	50,987	38,859
Less: Amount capitalised	2,362	—
	323,662	260,945
Foreign exchange differences, net	(62,111)	4,596
Loss on disposal of property, plant and equipment	516	432
Service fees and finance costs for equity financing activities	2,305	1,278
Fair value losses of preferred shares and warrants	113,509	34,731
Gains on wealth management financial products	(5,205)	(4,777)
Losses of foreign currency forward and option contracts, net	1,016	3,672
Fair value losses of non-current financial assets	1,171	750

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

6. FINANCE COSTS

	For the six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Interest on collaboration interest-bearing Funding Advances	10,220	9,689
Interest on financial liabilities measured at amortised cost	2,305	1,103
Interest on lease liabilities	1,263	1,310
Interest on bank loans	679	361
Less: Interest capitalised	(241)	—
Total	14,226	12,463

7. 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.

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% (2023: 21%) and state tax at an average rate of 0.75% to 9.99% (2023: 2.5% 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 (2023: 12.5%). Any non-trading income is subject to income tax at a rate of 25% (2023: 25%). Dividend withholding tax is imposed on distributions made by Irish companies at a rate of 25% with many exemptions provided (2023: 25%).

Singapore

The subsidiary of the Group operating in Singapore was subject to income tax at the rate of 5% (2023: 5%) on the estimated assessable profits arising from qualifying activities in Singapore during the reporting period. Any non-qualifying income is subject to income tax at a rate of 17% (2023: 17%).

Netherlands

The subsidiary of the Group operating in the Netherlands depends on the taxable amount. The first EUR200,000 (2023: EUR200,000) of taxable amount was taxed at 19% (2023: 19%), and remaining taxable amount was taxed at 25.8% (2023: 25.8%).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

7. INCOME TAX EXPENSE (Continued)

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% (2023: 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% (2023: 15%) for the reporting period.

Nanjing GenScript is qualified as High and New Technology Enterprises. It was subject to income tax at a preferential tax rate of 15% (2023: 25%) for the reporting period.

	For the six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Current — Mainland China	1,781	1,715
Current — U.S.	4,406	1,783
Current — Elsewhere	457	1,359
Deferred	3,399	(3,753)
Total income tax expense for the period	10,043	1,104

8. DIVIDENDS

The board of directors resolved not to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

9. 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 2,116,588,240 (for the six months ended 30 June 2023: 2,106,881,564) in issue during the reporting period.

The calculation of the diluted loss per share amount is based on the loss for the period 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	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation:	(175,115)	(93,581)

	Number of shares	
	2024 (Unaudited)	2023 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period	2,121,657,378	2,112,788,354
Effect of shares repurchased	(5,069,138)	(5,906,790)
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculation	2,116,588,240	2,106,881,564

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 2024 and 2023. For the six months ended 30 June 2024, the weighted average number of dilution effect of share options and restricted share units was 64,914,634 (for the six months ended 30 June 2023: 77,308,534).

Notes to Interim Condensed Consolidated Financial Information

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10. 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 2023 (Audited)	521,567
Additions	151,540
Depreciation	(54,836)
Disposal	(865)
Impairment	(4,307)
Exchange realignment	(4,992)
As at 31 December 2023 and 1 January 2024 (Audited)	608,107
Additions	84,353
Depreciation	(30,276)
Disposal	(738)
Impairment	(37,480)
Exchange realignment	(3,420)
As at 30 June 2024 (Unaudited)	620,546

As at 30 June 2024, properties amounted to approximately US\$32,707,000 (31 December 2023: US\$33,370,000) were pledged to an affiliate of the Series B Preferred Shareholder of Probio Cayman to secure the redemption right hold by such preferred shareholder.

During the six months ended 30 June 2024, an impairment loss of US\$37,480,000 (for the six months ended 30 June 2023: Nil) was recognised for certain property, plant and equipment in the biologics development services segment. The recoverable amount which has been determined at the level of the cash-generating unit based on a value-in-use calculation using cash flow projections. Discount rates reflect market assessments of the time value and the specific risks relating to the industry, and discount rate applied to the cash flow projections is 16.5%(2023: Not applicable).

Notes to Interim Condensed Consolidated Financial Information

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11. 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 50 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 2023 (Audited)	103,105
Additions	33,548
Depreciation	(14,580)
Disposal	(1,797)
Exchange realignment	344
As at 31 December 2023 and 1 January 2024 (Audited)	120,620
Additions	81,989
Depreciation	(7,460)
Disposal	(50)
Exchange realignment	(1,930)
As at 30 June 2024 (Unaudited)	193,169

As at 30 June 2024, leasehold land amounting to approximately US\$4,949,000 (2023: US\$5,036,000) were pledged for an interest-bearing bank loan as set out in Note 19 to the financial statements.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

11. 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 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Carrying amount at 1 January	72,772	55,112
New leases	45,040	28,148
Accretion of interest recognised during the period	1,263	2,683
Payments	(5,494)	(12,137)
Disposal	(50)	(1,879)
Exchange realignment	(1,474)	845
Carrying amount at the end of the period	112,057	72,772
Analysed into:		
Current portion	14,458	8,867
Non-current portion	97,599	63,905
Total	112,057	72,772

Notes to Interim Condensed Consolidated Financial Information

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12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Non-current		
Investments in financial products (note i)	23,640	13,044
Unlisted equity investments (note ii)	20,362	18,825
	44,002	31,869
Current		
Investments in financial products (note i)	151,265	105,282
Foreign currency forward and option contracts	—	342
Listed equity investments (note ii)	23	21
	151,288	105,645
Total	195,290	137,514

Notes:

- (i) The balance represents the investments in wealth management financial products issued by reputable commercial banks or institutions mainly located in the PRC, Hong Kong, and the U.S., 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, listed and unlisted 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 investments.

Notes to Interim Condensed Consolidated Financial Information

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13. INVENTORIES

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Raw materials	35,038	37,873
Work in progress	8,101	6,461
Finished goods	33,904	27,792
	77,043	72,126
Provision for inventories	(26,186)	(18,780)
Total	50,857	53,346

As at 30 June 2024, the collaboration inventories with a net carrying amount of US\$18,870,000 (31 December 2023: US\$19,433,000) were relating to the collaboration cost with a collaborator.

14. TRADE AND NOTES RECEIVABLES

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Trade receivables	136,885	219,064
Notes receivable	5,237	6,346
	142,122	225,410
Impairment of trade receivables	(11,654)	(7,967)
Total	130,468	217,443

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

14. TRADE AND NOTES RECEIVABLES (Continued)

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

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Within 3 months	91,710	179,954
3 to 6 months	17,804	12,556
6 to 12 months	11,981	14,198
Over 1 year	15,390	12,356
Total	136,885	219,064

15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Current		
Other receivables	87,660	56,210
Value-added tax recoverable	16,056	24,483
Prepaid expense	11,576	1,991
Prepayments	9,305	18,558
Deposits	5,082	216
Lease receivables	344	1,388
Prepaid income tax	238	471
Loan to an associate	37	37
	130,298	103,354
Impairment of other receivables	(33)	(34)
Total	130,265	103,320
Non-current		
Collaboration prepaid leases	144,552	151,216
Deposits	3,419	3,176
Prepaid expense	1,370	1,210
Lease receivables	226	285
Total	149,567	155,887

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

16. CASH AND BANK BALANCES

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Cash and bank balances	1,770,366	1,893,724
Less:		
Restricted cash	9,643	33,072
Non-pledged time deposits:		
Current portion	1,323,350	376,002
Non-current portion	38,076	38,247
Cash and cash equivalents	399,297	1,446,403

As at 30 June 2024, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to approximately US\$35,731,000 (31 December 2023: US\$65,336,000). The RMB is not freely convertible into other currencies, however, under 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.

17. TRADE AND BILLS PAYABLES

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Trade payables	58,791	39,097
Bills payables	414	862
Total	59,205	39,959

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

17. TRADE AND BILLS PAYABLES (Continued)

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 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Within 3 months	53,344	36,059
3 to 6 months	2,606	996
6 to 12 months	1,933	1,516
Over 1 year	908	526
Total	58,791	39,097

18. OTHER PAYABLES AND ACCRUALS

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Current		
Accrued expenses	121,293	84,466
Accrued payroll and welfare	61,263	72,871
Payables for purchases of property, plant and equipment	62,533	71,489
Payable for collaboration assets	15,350	16,338
Other tax payables	6,136	7,437
Subsidies (note)	1,562	1,141
Other payables	23,199	19,663
Total	291,336	273,405
Non-current		
Subsidies (note)	19,534	16,716
Others	1,171	1,211
Total	20,705	17,927

Note:

The subsidies received from the local government authorities for the purpose of compensation for the expenditure on certain facilities and projections, and were credited to a deferred income account. The grants were released to profit or loss over the expected useful lives of the relevant assets or upon fulfillment of the required conditions.

The Group also received certain financial subsidies from the local government authorities to support local business. There were no unfulfilled conditions or other contingencies attached to these government subsidies. These government subsidies of US\$3,000,000 (for the six months ended 30 June 2023: US\$3,839,000) were recognised in profit or loss upon receipt during the reporting period.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

19. INTEREST-BEARING LOANS AND OTHER BORROWINGS

Notes	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	US\$'000	Effective interest rate (%)	Maturity	US\$'000
Current						
Bank loans — unsecured	2.38–2.6	2025	31,024	2.4–2.6	2024	23,155
Bank loans — secured			—	1.1–1.7	2024	33,785
Current portion of long-term bank loans — secured			—	0.33	2024	71
Total			31,024			57,011
Non-current						
Other borrowings — unsecured (a)	8.26	No specific	291,559	8.07	No specific	281,328
Non-current portion of long-term bank loans — secured (b)	4.2	2026	13,488	4.2	2026	5,879
Total			305,047			287,207

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	31,024	57,011
In the second year	13,488	—
In the third to fifth years, inclusive	—	5,879
Other borrowings repayable:		
No agreed repayment period	291,559	281,328
Total	336,071	344,218

Notes:

- (a) 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 aggregate funding advances with principal amounting to US\$250,000,000, 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, accrued accumulated interest amount of US\$41,600,000. The respective interest rate of each borrowing was 12-month CME term SOFR plus LIBOR/SOFR adjustment (12 months) plus a margin of 2.5%.

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 and, subject to some limitations, from milestone payments due to the Legend under the Janssen Agreement. 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.

- (b) As at 30 June 2024, certain of the Group’s bank loans were secured by the land with a book value of approximately US\$4,949,000 (31 December 2023: US\$5,036,000). The effective interest rate bank loan was based on the LPR (2023: LPR), and the average effective interest rate for the reporting period was calculated as 4.20% (for the six months ended 30 June 2023: 4.20%).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

20. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Non-current			
Probio Series A Preferred Shares	(a)	230,494	159,810
Probio Series C Preferred Shares	(a)	233,166	190,341
Total		463,660	350,151

Note:

(a) 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 Probio Series A Preferred Shares in its Series A Financing, together with the issuance of Probio Warrant in the Probio Series A Financing.

During the year ended 31 December 2023, Probio Cayman issued a total of 319,998,370 Probio Series C Preferred Shares in its 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.

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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

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

Note: (Continued)

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

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.

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 (which measured at amortised cost) will be paid unless and until all Series C Redemption Price of the eligible holders of Series C Preferred Shares is fully paid.

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

Note: (Continued)

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

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.

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 2024, the fair value of Probio Series A Preferred Shares was assessed at US\$230,494,000 (31 December 2023: US\$159,810,000) and the fair value of Probio Series C Preferred Shares was assessed at US\$233,166,000 (31 December 2023: US\$190,341,000), and an aggregate fair value loss of US\$113,509,000 was recognised during the six months ended 30 June 2024 (for the six months ended 30 June 2023: fair value gain of US\$35,199,000) at the Group level.

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

Presentation and classification (Continued)

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
Exercise of Legend Warrant	(152,750)
Fair value changes during the year	(43,457)
At 31 December 2023 and 1 January 2024 (Audited)	350,151
Fair value changes during the period	113,509
At 30 June 2024 (Unaudited)	463,660

During the six months ended 30 June 2024 and 2023, management considered that there was no significant change of the credit risk of the Group that drives the change of the fair value of each financial liability.

As at 30 June 2024, the preferred share liabilities were disclosed in non-current liability as the management of the Company considered these events would not be occurred within one year.

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21. SHARE CAPITAL AND SHARE PREMIUM Shares

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Authorised:		
Ordinary shares of US\$0.001 each	5,000	5,000
Issued and fully paid:		
Ordinary shares of US\$0.001 each	2,126	2,121

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

	Number of shares issued and fully paid	Share capital US\$'000	Treasury shares US\$'000	Share premium US\$'000	Total US\$'000
As at 1 January 2024 (Audited)	2,120,622,458	2,121	(9,445)	1,939,258	1,931,934
Equity transaction with non-controlling interests	—	—	—	175	175
Exercise of share options and restricted share units	5,331,245	5	1,137	35,223	36,365
As at 30 June 2024 (Unaudited)	2,125,953,703	2,126	(8,308)	1,974,656	1,968,474

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22. 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.

	2024		2023	
	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	0.6891	85,143	0.7382	92,647
Forfeited during the period	3.0696	(1,132)	1.9848	(1,162)
Exercised during the period	1.0037	(2,754)	0.5820	(2,394)
Expired during the period	2.0504	(155)	—	—
As at 30 June	0.6426	81,102	0.7264	89,091
Exercisable at 30 June	0.6094	79,270	0.6129	78,553

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2024 was HK\$9.885 per share (for the six months ended 30 June 2023: HK\$21.963).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

22. 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 2024 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
1,838	0.0772	2013/09/01–2025/07/31
7,672	0.1552	2016/06/22–2026/06/21
3,217	0.3102	2017/09/23–2026/09/22
10,880	0.4514	2019/04/25–2027/04/24
3,722	1.0672	2018/07/25–2027/10/10
1,955	1.1969	2019/12/31–2027/11/19
1,960	1.7857	2021/04/29–2030/04/28
126	1.7948	2018/11/29–2028/11/28
1,971	2.3444	2020/07/19–2029/07/18
2,246	2.4444	2020/11/29–2029/11/28
5,648	3.3710	2019/01/01–2028/05/03
598	1.9355	2020/09/01–2025/08/31
810	1.5606	2021/11/21–2030/12/27
100	1.7857	2022/03/31–2031/03/30
185	3.9228	2022/05/31–2031/05/30
81,102		

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30 June 2024

22. SHARE OPTION SCHEME (Continued)

a) The Company (Continued)

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
89,091		

* 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 2024 (for the six months ended 30 June 2023: Nil). The Group recognised a share option expense of US\$(1,199,000) during the six months ended 30 June 2024 (for the six months ended 30 June 2023: US\$142,000).

At the end of reporting period, the Company had 81,102,000 share options outstanding under the scheme, which represented approximately 3.8% 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 81,102,000 additional ordinary shares of the Company, an additional share capital of approximately US\$81,102 and a share premium of approximately US\$52,035,000 (before issue expenses).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

22. 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:

	2024		2023	
	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	9.3287	6,367	7.1370	9,180
Granted during the period	31.4100	15	23.5300	355
Forfeited during the period	5.5818	(274)	2.3172	(584)
Exercised during the period	3.7044	(1,045)	5.0792	(1,747)
As at 30 June	10.648	5,063	8.8350	7,204
Exercisable at 30 June	3.4987	2,020	6.2960	2,386

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2024 was US\$25.3031 per share (for the six months ended 30 June 2023: US\$30.6967).

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

22. 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 2024 Number of options '000	Exercise price* US\$ per share	Exercise period
1,592	0.50	2019/12/25–2027/12/25
54	1.00	2019/07/01–2028/08/29
33	1.00	2019/12/31–2028/12/30
599	1.50	2020/07/02–2029/07/01
124	11.50	2020/11/29–2029/11/28
54	11.50	2021/06/05–2030/06/04
229	16.30	2021/09/01–2030/08/31
202	14.10	2022/03/29–2031/03/28
155	19.00	2022/08/27–2031/08/26
253	18.40	2023/03/31–2032/03/31
740	18.20	2023/04/30–2032/04/30
80	18.40	2023/05/02–2032/05/02
40	18.40	2023/05/05–2032/05/05
80	18.40	2023/05/08–2032/05/08
200	18.40	2023/05/10–2032/05/10
10	19.70	2023/05/13–2032/05/13
188	27.50	2023/06/30–2032/06/30
60	23.30	2023/08/02–2032/08/02
355	23.50	2024/04/03–2033/04/03
15	31.40	2024/04/03–2033/04/03
5,063		

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

22. SHARE OPTION SCHEME (Continued)

b) The Legend (Continued)

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	2021/09/01–2030/08/31
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		

* 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.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

22. SHARE OPTION SCHEME (Continued)

b) The Legend (Continued)

The fair value of the share options granted during the six months ended 30 June 2024 was US\$282,000 (US\$18.8 each) (for the six months ended 30 June 2023: US\$4,756,000 (US\$13.40 each)). Legend recognised a share option expense of US\$6,102,000 during the six months ended 30 June 2024 (for the six months ended 30 June 2023: US\$6,937,000).

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 2024	30 June 2023
Expected volatility (%)	76.9	66.1
Risk-free interest rate (%)	4.25–5.41	3.40–4.90
Expected life of options (year)	10	10

The weighted average share price was US\$31.41 used in the share option fair value valuation model during the six months ended 30 June 2024 (for the six months ended 30 June 2023: US\$23.53).

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 5,063,000 share options outstanding under the Scheme, which represented approximately 1.4% of Legend's shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of Legend, result in the issue of 5,063,000 additional ordinary shares of Legend, an additional share capital of approximately US\$506 and a share premium of approximately US\$54,468,000 (before issue expenses) of Legend.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

23. 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 RSA 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 RSA Scheme"**, together with the 2019 RSA Scheme, the **"RSA 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 RSA 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:

	2024 Numbers '000	2023 Numbers '000
As at 1 January	22,030	11,388
Granted during the period	13,045	16,050
Forfeited during the period	(3,252)	(753)
Vested during the period	(3,266)	(3,480)
As at 30 June	28,557	23,205

The weighted-average remaining contractual life for outstanding RSUs granted under the RSA Scheme was 4.15 years as of 30 June 2024 (30 June 2023: 3.96 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 2024 was US\$16,067,000 (US\$1.232 each) (for the six months ended 30 June 2023: US\$39,362,000 (US\$2.452 each)). The Group recognised RSUs expense of US\$8,455,000 during the six months ended 30 June 2024 (for the six months ended 30 June 2023: US\$10,173,000).

At the end of reporting period, the Company had 28,557,000 RSUs outstanding under the RSA Schemes, which represented approximately 1.3% of the Company's shares in issue as at that date.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

23. 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:

	2024 Numbers ’000	2023 Numbers ’000
As at 1 January	4,949	3,386
Granted during the period	1,704	1,889
Forfeited during the period	(280)	(1,059)
Vested during the period	(1,474)	(275)
As at 30 June	4,899	3,941

The weighted-average remaining contractual life for outstanding RSUs granted under the Legend RSU Scheme was 1.77 years as of 30 June 2024 (30 June 2023: 1.51 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 2024 was US\$52,048,000 (US\$30.55 each) (for the six months ended 30 June 2023: US\$54,736,000 (US\$20.30 each)). Legend recognised RSUs expense of US\$34,340,000 during the six months ended 30 June 2024 (for the six months ended 30 June 2023: US\$15,777,000).

At the end of reporting period, Legend had 4,899,000 RSUs outstanding under the RSU Scheme, which represented approximately 1.3% of Legend’s shares in issue as at that date.

Notes to Interim Condensed Consolidated Financial Information

30 June 2024

23. 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:

	2024 Numbers ’000	2023 Numbers ’000
As at 1 January	79,976	88,932
Granted during the period	13,088	28,467
Forfeited during the period	(21,847)	(6,307)
Vested during the period	(2,434)	(1,211)
As at 30 June	68,783	109,881

The weighted-average remaining contractual life for outstanding RSUs granted under the Probio RSU Scheme was 3.28 years as of 30 June 2024 (30 June 2023: 3.91 years).

Notes to Interim Condensed Consolidated Financial Information

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23. 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 the below key assumptions applied in the valuation technique:

	March 2024
Risk-free interest rate	4.18%-4.29%
DLOM	23.54%- 27.53%
Volatility	53.34%

The fair value of the RSU granted during the six months ended 30 June 2024 was 3,503,000(US\$0.268 each) (for the six months ended 30 June 2023: US\$15,104,000(US\$0.531 each)). The Group recognised RSUs expense of US\$3,289,000 during the six months ended 30 June 2024 (for the six months ended 30 June 2023: US\$5,830,000).

At the end of reporting period, Probio Cayman had 68,783,000 RSUs outstanding under the RSU scheme, which represented approximately 3.1% of Probio Cayman's shares in issue as at that date.

24. COMMITMENTS AND CONTINGENCIES

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Property, plant and equipment	19,698	50,924
Capital commitments to unlisted equity investments	15,682	17,377
Total	35,380	68,301

Notes to Interim Condensed Consolidated Financial Information

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25. RELATED PARTY TRANSACTIONS

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

Related parties	Relationship
GenScript Corporation ("GS Corp")	The ultimate holding company
Maple Bio ("Maple Bio")	Associate
Maple Bio HK Limited ("Maple Bio HK")	Associate
Gourd Therapeutics, Inc. ("Gourd")	Associate
Deyang Tara Biotechnology Co., LTD ("Tara")	Associate
Huatai Genscript ("Huatai")	Associate
Vibrant Pharma Ltd. ("Vibrant")	Controlled by a director of the Company

(a) The Group had the following transactions with related parties during the period:

	For the six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Associates:		
Sales of products and service	604	136
Purchases of products and service	583	354
Controlled by a director of the Company:		
Sales of products and service	19	21

The above sales and purchase to related parties were made according to the published prices and conditions offered to the major customers of the Group.

Notes to Interim Condensed Consolidated Financial Information

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25. RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties:

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

(i) Due from major related parties

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Maple Bio HK	60	223
Vibrant	11	18
GS Corp	9	2
Maple Bio	4	—
	84	243

(ii) Due to major related parties

	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Tara	734	359
Maple Bio	33	33
	767	392

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25. RELATED PARTY TRANSACTIONS (Continued)

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

	For the six months ended 30 June	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Short-term employee benefits	1,449	1,398
Pension scheme contributions	34	32
Equity-settled share-based compensation expenses	4,787	2,122
Total compensation paid to key management personnel	6,270	3,552

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

26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying Amount		Fair Values	
	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)	30 June 2024 US\$'000 (Unaudited)	31 December 2023 US\$'000 (Audited)
Financial Assets				
Financial assets at fair value through profit or loss	195,290	137,514	195,290	137,514
Financial liabilities				
Financial liabilities at fair value through profit or loss	463,660	350,151	463,660	350,151

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

Notes to Interim Condensed Consolidated Financial Information

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

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.

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 2024 (Unaudited)

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	US\$'000	US\$'000	US\$'000	
Financial assets at fair value through profit or loss	77,789	117,501	—	195,290

As at 31 December 2023 (Audited)

	Fair value measurement using			Total US\$'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	US\$'000	US\$'000	US\$'000	
Financial assets at fair value through profit or loss	13,749	123,765	—	137,514

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

Fair value hierarchy (Continued)

Liability measured at fair value:

As at 30 June 2024 (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	—	—	463,660	463,660

As at 31 December 2023 (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	—	—	350,151	350,151

The movement in fair value measurements within Level 3 during the six months ended 30 June 2024 is as follows:

	For the six months ended 30 June 2024 US\$'000
Financial liabilities at fair value through profit or loss	
As at 1 January (Audited)	350,151
Fair value change during the period	113,509
As at 30 June (Unaudited)	463,660

During the six months ended 30 June 2024 and 2023, 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 (for the six months ended 30 June 2023: Nil).

Notes to Interim Condensed Consolidated Financial Information

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

Fair value hierarchy (Continued)

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 financial management products issued by banks was estimated based on expected return that reflect the credit risk of the products.

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 31 December 2023, the Group measured the Probio Series A and Series C Preferred Shares at fair value. The fair value of these preferred shares is determined by using the valuation techniques, including the discounted cash flow method and the back-solve method. Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis:

	31 December 2023
Probio Series A and Series C Preferred Shares	
Risk-free interest rate	3.84%–3.97%
DLOM	23.86%–26.50%
Volatility	53.45%

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.

As at 30 June 2024, the Group measured fair value of Probio Series A Preferred Shares and Probio Series C Preferred Shares using discounted cash flows method based on estimate redemption predetermined amount and maturing dates, which involved the use of significant accounting estimates and judgments. The Group estimated the discount rate based on the yield of the United States Treasury Constant Maturity with maturity close to the expected exit timing as of the valuation date, and adjusted credit spread that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. Discount rate used in determining fair value of preferred share was 6.53% (2023: Nil).

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27. EVENTS AFTER THE REPORTING PERIOD

On 08 July 2024, a total of 68,054 RSUs were granted to consultants who are engaged by the Group to provide consultancy services in relation to strategic technical and commercial consultancy for industrial biologics and strategic scientific consultancy for products and business of the Group respectively. These RSUs will be vested in one to three batches on an annual basis between 31 August 2025 and 31 August 2027 which will be an incentive to them to continue to provide their valuable services to the Group.

28. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised by the board of directors on 09 August 2024.