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Genscript Biotech Corporation

金斯瑞生物科技股份有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1548)

CLARIFICATION ON PROFIT WARNING

Reference is made to the previous profit warning announcement of Genscript Biotech Corporation (the “**Company**”, together with its subsidiary, the “**Group**”) dated 7 August 2022 (the “**Previous Announcement**”). The Company would like to clarify certain inadvertent typographical errors that appear on page 2 of the Previous Announcement, and the relevant amendments are underlined below on page 2 in this announcement for ease of reference. Save for the clarification and amendments as underlined in this announcement, all information in the Previous Announcement remains unchanged.

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

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to update the shareholders of the Company (the “**Shareholders**”) and potential investors of the Company on the Company’s financial performance for the six months ended 30 June 2022 (the “**Reporting Period**”) based on the preliminary assessment of the latest unaudited management accounts of the Group and the information currently available.

Our subsidiaries Probio Technology Limited (“**Probio Cayman**”) and Legend Biotech Corporation (“**Legend Biotech**”) have successively completed a number of financing activities, resulting in non-cash fair value losses of financial liabilities. The Company believes that those financing activities will help Probio Cayman further improve its research and development (“**R&D**”) competencies and production capacity in gene and cell therapy (“**GCT**”) and antibody drug CDMO (contract development and manufacturing organization), and help Legend Biotech push ahead with R&D activities, clinical trials and commercialization of cilta-cel.

The Group also continued to invest on talents. Our equity-settled share-based compensation expenses is expected to be approximately US\$33.9 million to US\$38.3 million, as compared to approximately US\$14.5 million in the corresponding period in 2021. The Group will continue to carry out plans for team building and employee motivation.

- (1) The adjusted net profit in the Group's business excluding cell therapy business kept growing steadily. We expect the growth to be approximately 10.3% to 20.9%, with the non-cell therapy business expected to record an adjusted net profit of approximately US\$29.0 million to US\$31.8 million, as compared to approximately US\$26.3 million in the corresponding period in 2021. The increase was mainly derived from continued growth from the improvement of profitability from the Group's CDMO and synthetic biology business.

The adjusted net profit/(loss) in the Group's business excludes (i) equity-settled share-based compensation expenses, (ii) exchange gains or losses, (iii) consultation expenses and other related costs for the Investigation (as defined in the announcement of the Company dated 21 September 2020), (iv) fair value losses of financial liabilities, (v) fair value gains or losses of non-current financial assets, and (vi) service fees for public offering.

- (2) Investment into the cell therapy business: Legend Biotech is expected to record an adjusted loss from approximately US\$144.5 million to US\$168.6 million, mainly due to research and development expenses of approximately US\$135.3 million to US\$157.9 million, which was mainly caused by the continuous investment into its lead product candidate and other potential product candidates.
- (3) Non-cash fair value losses of financial liabilities: the Group is expected to record fair value losses of approximately from US\$42.1 million to US\$48.3 million caused by the changes of fair value of the series A preferred shares of Probio Cayman, a warrant exercisable for ordinary shares of Probio Cayman and a warrant exercisable for ordinary shares of Legend Biotech. Please refer to the announcements of the Company dated 14 May 2021, 23 May 2021, 19 August 2021 and 5 September 2021 for the details of these financial instruments. It is expected that the changes in fair value will finally lead to an increase of share premium after conversion, which in essence, had no impact on the net assets of Probio Cayman and Legend Biotech.

Overall, the Group is expected to record an adjusted loss of approximately US\$115.3 million to US\$136.6 million for the six months ended 30 June 2022, as compared to an adjusted loss of approximately US\$135.8 million for the corresponding period in 2021. Please refer to the following as the detailed reconciliation table for the six months ended 30 June 2022:

in US\$ in million	Non-cell therapy business	Cell therapy business	Elimination	Group
Net loss	(7.5)~(8.8)	(196.0)~(228.9)	0.2	(203.3)~(237.5)
Equity-settled share-based compensation expenses, net of tax	20.1~22.2	13.6~15.9	—	33.7~38.1
Consultation expenses and other related costs for the Investigation, net of tax	2.0~2.4	—	—	2.0~2.4
Exchange gains or losses, net of tax	(1.2)~(1.4)	8.6~10.1	—	7.4~8.7
Fair value losses of financial liabilities	14.2~15.7	27.9~32.6	—	42.1~48.3
Service fees for public offering	—	1.4~1.7	—	1.4~1.7
Fair value losses of non-current financial assets	1.4~1.7	—	—	1.4~1.7
Adjusted net profit/(loss)	29.0~31.8	(144.5)~(168.6)	0.2	(115.3)~(136.6)

The Group is expected to record a loss of approximately US\$203.3 million to US\$237.5 million for the six months ended 30 June 2022, as compared to a loss of approximately US\$156.1 million for the corresponding period in 2021.

As of 30 June 2022, the Group had approximately US\$782.2 million of cash and cash equivalents and approximately US\$462.8 million of time deposits. As of 30 June 2022, Legend Biotech had approximately US\$379.8 million of cash and cash equivalents and approximately US\$407.8 million of time deposits.

The information contained in this announcement can only be treated as a preliminary assessment by the Board based on the latest unaudited management accounts of the Group and the information currently available, which are subject to finalisation and other potential adjustments, and is not based on any figures or information that has been audited, confirmed or reviewed by the auditor of the Company. Shareholders and potential investors of the Company are advised to read the interim results announcement of the Company for the six months ended 30 June 2022, which is expected to be published before the end of August 2022.

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

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

Hong Kong, 8 August 2022

As at the date of this announcement, the executive Directors are Mr. Meng Jiange, Ms. Wang Ye and Dr. Zhu Li; the non-executive Directors are Dr. Zhang Fangliang, Dr. Wang Luquan, Mr. Pan Yuexin and Ms. Wang Jiafen; and the independent non-executive Directors are Mr. Guo Hongxin, Mr. Dai Zumian, Mr. Pan Jiuan and Dr. Wang Xuehai.

* *For identification purposes only*