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

GLOBAL OFFERING

** For identification purposes only*

Sole Sponsor

海通國際 HAITONG

Joint Global Coordinators and Joint Bookrunners

海通國際 HAITONG

J.P.Morgan

IMPORTANT

IMPORTANT: If you are in any doubt about the contents of this prospectus, you should obtain independent professional advice.

Genscript Biotech Corporation
金斯瑞生物科技股份有限公司*

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**400,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Public Offer Shares	:	**40,000,000 Shares (subject to adjustment)**
Number of International Offer Shares	:	**360,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Maximum Offer Price	:	**HK$1.68 per Offer Share (payable in full on application, plus a brokerage of 1.0%, an SFC transaction levy of 0.0027% and a Hong Kong Stock Exchange trading fee of 0.005% and subject to refund) and expected to be not less than HK$1.31 per Offer Share**
Nominal value	:	**US$0.001 per Share**
Stock code	:	**1548**

Sole Sponsor

Joint Global Coordinators and Joint Bookrunners

J.P.Morgan

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

Our Company is incorporated in the Cayman Islands, and a substantial part of our business operation is located in the PRC and the United States. Potential investors should be aware of the differences in legal, economic and financial systems between the Cayman Islands, the PRC, the United States and Hong Kong and that there are different risk factors relating to the investment in our Company. Potential investors should also be aware that the regulatory frameworks in the Cayman Islands, the PRC, and the United States are different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences and risk factors are set out in the sections headed "Risk Factors" and "Regulation".

The Offer Price is expected to be determined by agreement between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or around Tuesday, December 22, 2015 or such later time as may be agreed by our Company and the Joint Global Coordinators (on behalf of the Underwriters), but in any event no later than Thursday, December 24, 2015.

The Offer Price will be not more than HK$1.68 per Offer Share and is currently expected to be not less than HK$1.31 per Offer Share. Investors applying for Hong Kong Public Offer Shares must pay, on application, the maximum Offer Price of HK$1.68 per Offer Share, unless otherwise announced, together with a brokerage of 1.0%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK$1.68. The Joint Global Coordinators (on behalf of the Underwriters), with the consent of our Company, may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction in the number of Offer Shares being offered under the Global Offering and/or of the indicative offer price range will be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.genscript.com not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Public Offer Shares" in this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Thursday, December 24, 2015, the Global Offering will not proceed and will lapse.**

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus and the related Application Forms, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Pursuant to the termination provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Joint Global Coordinators, for themselves and on behalf of the Underwriters, have the right in certain circumstances, in the sole discretion of the Joint Global Coordinators, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the date when dealings in our Shares first commence on The Hong Kong Stock Exchange of Hong Kong Limited (such first dealing date is currently expected to be on Wednesday, December 30, 2015). Further details of the terms of the termination provisions are set out in the paragraph headed "Grounds for termination of the Hong Kong Underwriting Agreement" under the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged or transferred within the United States, except that the Offer Shares may be offered, sold, pledged or transferred to QIBs (i) in reliance on an exemption from registration under the U.S. Securities Act provided by Rule 144A or (ii) in reliance on another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may only be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

* *For identification purposes only*

December 17, 2015

EXPECTED TIMETABLE[1]

We will issue an announcement in Hong Kong to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) if there is any change to the following expected timetable of the Hong Kong Public Offering.

Latest time to complete electronic applications under the **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . . 11:30 a.m. on Tuesday, December 22, 2015

Application lists open[3] . . . . . 11:45 a.m. on Tuesday, December 22, 2015

Latest time to lodge **WHITE** and **YELLOW** Application Forms . . . . . 12:00 noon on Tuesday, December 22, 2015

Latest time to give **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Tuesday, December 22, 2015

Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . . 12:00 noon on Tuesday, December 22, 2015

Application lists close[3] . . . . . 12:00 noon on Tuesday, December 22, 2015

Expected Price Determination Date[5] . . . . . Tuesday, December 22, 2015

Announcement of:
(i) the Offer Price;
(ii) the level of indication of interest in the International Offering;
(iii) the level of applications in the Hong Kong Public Offering; and
(iv) the basis of allotment of the Hong Kong Public Offering (with successful applicants' identification document numbers, where applicable) to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on our website at **www.genscript.com** and the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** on or before . . . . . Tuesday, December 29, 2015

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Public Offer Shares — Publication of Results" from . . . . . Tuesday, December 29, 2015

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk**, with a "search by ID" function from . . . . Tuesday, December 29, 2015

Despatch of Share certificates in respect of wholly or partially successful applications on or before[6] . . . . . Tuesday, December 29, 2015

Despatch of refund cheques or **White Form** e-Refund payment instructions in respect of wholly or partially unsuccessful applications on or before[7][8] . . . . . Tuesday, December 29, 2015

Dealings in Shares on the Hong Kong Stock Exchange to commence on . Wednesday, December 30, 2015

Notes:

(1) All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

(2) You will not be permitted to submit your application through the **White Form eIPO** Service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force, in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, December 22, 2015, the application lists will not open and close on that day. Further information is set out in the section headed "How to Apply for Hong Kong Public Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus. If the application lists do not open and close on Tuesday, December 22, 2015, the dates mentioned in this section may be affected. We will make a press announcement in such event.

(4) Applicants who apply for Hong Kong Public Offering by giving **electronic application instructions** to HKSCC should see the section headed "How to Apply for Hong Kong Public Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

(5) The Price Determination Date is expected to be on or about Tuesday, December 22, 2015, and in any event will not be later than Thursday, December 24, 2015. If, for any reason, the Offer Price is not agreed on or before Thursday, December 24, 2015, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

(6) Share certificates for the Hong Kong Public Offer Shares are expected to be issued on Tuesday, December 29, 2015 but will only become valid certificates of title provided that (i) the Global Offering has become unconditional in all respects, and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. If the Global Offering does not become unconditional or the Underwriting Agreements are terminated in accordance with their terms, we will make an announcement as soon as possible. Investors who trade the Hong Kong Public Offer Shares on the basis of publicly available allocation details before the receipt of their Share certificates or before the Share certificates become valid certificates of title do so entirely at their own risk.

(7) Applicants who have applied on **WHITE** Application Forms for 1,000,000 or more Hong Kong Public Offer Shares and have provided all required information may collect refund cheques (if applicable) and Share certificates (if applicable) in person from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, December 29, 2015. Identification and (where applicable) authorization documents acceptable to the Hong Kong Share Registrar must be produced at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Public Offer Shares may collect their refund cheques (if applicable) in person but may not collect in person their Share certificates, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied through the **White Form eIPO** service by paying the application monies through a single bank account may have e-Refund payment instructions (if any) despatched to their application payment bank account on Tuesday, December 29, 2015. Applicants who have applied through the **White Form eIPO** service by paying the application monies through multiple bank accounts may have refund cheque(s) sent to the address specified in their application instructions through the **White Form eIPO** Service, on or before Tuesday, December 29, 2015, by ordinary post and at their own risk.

Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for Hong Kong Public Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

(8) Refund cheques will be issued (if applicable) and e-Refund payment instructions will be despatched (where applicable) in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application.

For further details in relation to the Hong Kong Public Offering, see the sections headed "How to Apply for Hong Kong Public Offer Shares" and "Structure of the Global Offering" in this prospectus.

CONTENTS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Public Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to subscribe to or buy, any security other than the Hong Kong Public Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of and does not constitute an offer to sell, or a solicitation of an offer to subscribe to or buy, any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares, or the distribution of this prospectus, in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. Information contained on our websites, located at ***www.genscript.com*** *and* ***www.bestzyme.com****, does not form part of this prospectus.*

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person involved in the Global Offering.

	Page
Expected Timetable	i
Contents	iii
Summary	1
Definitions	15
Glossary of Technical Terms	31
Forward-looking Statements	41
Risk Factors	42
Waivers and Exemptions from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance	79
Information about This Prospectus and the Global Offering	83
Directors and Parties Involved in the Global Offering	87
Corporate Information	93
Industry Overview	95
Regulations	119
History and Reorganization	144
Business	168

		Page
Relationship with Controlling Shareholders		254
Directors and Senior Management		260
Share Capital		274
Substantial Shareholders		278
Cornerstone Investor		282
Financial Information		285
Future Plans and Use of Proceeds		347
Underwriting		350
Structure of the Global Offering		359
How to Apply for Hong Kong Public Offer Shares		369
Appendix I	**Accountants' Report**	I-1
Appendix II	**Unaudited Pro Forma Financial Information**	II-1
Appendix III	**Property Valuation**	III-1
Appendix IV	**Summary of the Constitution of Our Company and Cayman Islands Company Law**	IV-1
Appendix V	**Statutory and General Information**	V-1
Appendix VI	**Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection**	VI-1

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole prospectus (including the appendices hereto, which constitute an integral part of this prospectus) before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read this section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a well-recognized life sciences research and application service and product provider with comprehensive portfolio coverage in the world, according to the Frost & Sullivan Report. We ranked first in the global gene synthesis service market and ranked third in the global DNA synthesis service market in terms of revenue in 2014 with market share of 25.6% and 10.6%, respectively, according to the Frost & Sullivan Report. The gene synthesis service market is a subset of the global DNA synthesis service market. As gene synthesis is one of the fundamental techniques in synthetic biology and being a global leader in gene synthesis, we have strong technological advantages in the discipline of synthetic biology, and have successfully developed a number of products and services by applying synthetic biology technologies. According to the Frost & Sullivan Report, we are a well-recognized and trusted provider of synthetic biology research and application services and products with a broad portfolio coverage. Our services and products are primarily used by scientists and researchers for conducting fundamental life sciences research, translational biomedical research, and early stage pharmaceutical development. Our synthetic biology products are also used by industry users of industrial enzymes, such as those in the food industry.

Originally founded in New Jersey in the United States in 2002, we have established an extensive direct sales network, reaching over 100 countries in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan), and Japan. As of June 30, 2015, we had established a highly diversified customer base, including over 3,100 pharmaceutical and biotech companies, 1,980 colleges and universities, 680 research institutes, 60 government bodies (including government testing and diagnostic centers), and 30 distributors. For the period ended June 30, 2015, our sales to such categories of customers generated approximately 57.9%, 25.7%, 13.1%, 1.6% and 1.7% of our total revenue, respectively. Over the 13 years of our service, we believe that we have engendered customers' trust and confidence in our Company. As of June 30, 2015, over 14,500 international peer-reviewed journal articles had cited the use of our life sciences research and application services and products, making our Company a frequently cited life sciences research and application service and product provider. These citations also indicated that many users of our services and products are leading scientists and researchers in the life sciences research industries, according to the Frost & Sullivan Report.

SERVICES AND PRODUCTS

We attribute our success to our technological advantages and application experience in the discipline of synthetic biology, and our strong research and development capabilities accumulated over the years. Our competitive advantages are based on the broad and integrated life sciences research and application service and product portfolio of four segments, namely, (i) life sciences research services, (ii) life sciences research catalog products, (iii) preclinical drug development services, and (iv) industrial synthetic biology products. Under the first three segments, we provide our customers with efficient and cost-effective solutions designed to shorten their discovery and development time in various life sciences research and development activities and preclinical drug development processes. The fourth segment is a new segment growing from the leverage over our technical expertise and experience in gene synthesis and synthetic biology. For the six months ended June 30, 2015, our sales of life sciences research services, life sciences research catalog products, preclinical drug development services, and industrial synthetic

biology products generated approximately US$36.8 million, US$1.2 million, US$2.6 million, and US$0.5 million, respectively, representing approximately 89.6%, 2.9%, 6.4%, and 1.1% of our total revenue.

Segment	Key Service/Product	Applications	Sample Picture
Life sciences research services	• Gene synthesis • Oligonucleotide synthesis • DNA sequencing • Protein production • Peptide synthesis • Antibody development	Widely used in life sciences research and application, such as basic biology studies, disease and pharmaceutical research, drug discovery, agriculture, environmental studies, and food industry.	
Life sciences research catalog products	• Precast gels • Antibodies • Recombinant proteins • Affinity resins	Widely used in life sciences research and application, such as basic biology studies, disease and pharmaceutical research, drug discovery, agriculture, environmental studies, and food industry.	
Preclinical drug development services	• Antibody and protein engineering • *In vitro* pharmacology service • *In vivo* pharmacology service	Applied in disease studies and drug discovery processes.	
Industrial synthetic biology products	• Industrial enzymes	Useful for speeding up biochemical reactions in many industries such as the food industry.	

Our world leadership in gene synthesis and our technological advantages in the discipline of synthetic biology have become a driving force that benefit the development of each of our business segments. For example, our capability of *de novo* synthesis of DNA molecules encoding novel or optimized proteins has enriched our protein and antibody-related services and products. The contract research services provided by our preclinical drug development service segment also grew from the leverage over our technical expertise and experience in gene synthesis and protein production.

BUSINESS MODEL

Direct Sales and Distribution

We primarily sell our life sciences research and application services and products through our own direct sales force to our customers worldwide, while we also sell our services and products through independent third-party distributors to expand our market presence and facilitate communication with end users. We attribute our success to our teams of well-trained sales and marketing specialists, as well as around-the-clock customer and consultation services. As of June 30, 2015, nearly 90% of the members of our U.S. sales and marketing team have attained doctoral or master's degrees in life sciences-related disciplines. They are dedicated to understanding customers' needs and helping to solve their research problems. To support the expansion of our PRC customer base of the industrial synthetic biology products, we intend to build a separate sales and marketing team due to the different profile of our customers of this segment compared to that of other business segments. We plan to build up our team of talents for providing interactive technical support to our PRC customers of industrial enzymes in order to capture market share. Please see the section headed "Business — Our Strategies — Increase penetration into the overseas and PRC markets by expanding and strengthening our sales and marketing team" for

details on page 178 of this prospectus. We have also established an active online presence through our interactive online quotation and ordering system. A significant number of our worldwide customers navigate directly to our websites at www.genscript.com and www.bestzyme.com and can place orders for most of our life sciences research and application services and products 24 hours a day. Moreover, we plan to streamline our online quotation and ordering platform to boost our transaction efficiency and lower transaction costs, and strengthen our PRC online presence. We also intend to enhance our active presence in trade shows, symposia, conventions, seminars and other notable events in the PRC to promote our brand. In addition, we leverage the established network of independent third-party distributors to expand the breadth and depth of our market presence and facilitate communication with end users. We believe that the use of distributors is generally in line with industry practice, according to the Frost & Sullivan Report. As of June 30, 2015, we had sold our services and products to over 30 international distributors located across North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan), and Japan.

For the years ended December 31, 2012, 2013, 2014, and the six months ended June 30, 2015, our direct sales generated US$52.2 million, US$59.0 million, US$69.0 million, and US$40.4 million, representing approximately 98.6%, 98.1%, 98.6% and 98.3% of our total revenue, respectively. For the same periods, our sales to distributors generated US$0.7 million, US$1.1 million, US$1.0 million, and US$0.7 million, representing approximately 1.4%, 1.9%, 1.4% and 1.7% of our total revenue, respectively.

The following table sets forth a breakdown of our revenue by sales region for the periods indicated.

	For the years ended December 31,						For the six months ended June 30,			
	2012		2013		2014		2014		2015	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(Unaudited)			
	(US$ in thousands, except percentages)									
North America	27,120	51.2	31,367	52.2	36,473	52.1	17,067	50.9	21,565	52.5
Europe	11,994	22.6	12,396	20.6	14,714	21.0	7,464	22.3	8,426	20.5
The PRC	5,390	10.2	7,145	11.9	8,676	12.4	3,645	10.9	5,993	14.6
Asia Pacific (excluding the PRC and Japan)	4,198	7.9	4,857	8.1	5,602	8.0	2,761	8.2	2,746	6.7
Japan	3,684	7.0	3,523	5.9	3,582	5.1	2,103	6.3	1,842	4.5
Others (including South America and Africa)	604	1.1	816	1.3	947	1.4	481	1.4	478	1.2
TOTAL	**52,990**	**100.0**	**60,104**	**100.0**	**69,994**	**100.0**	**33,521**	**100.0**	**41,050**	**100.0**

During the Track Record Period, we generated over half of our revenue from sales in North America, reaching approximately 52.5% of our total revenue for the six months ended June 30, 2015. According to the Frost & Sullivan Report, the life sciences research service and product market in North America grew at a CAGR of 4.4% from 2010 to 2014, and it is projected to continue to grow at a CAGR of 5.3% from 2015 to 2019. Whereas in the PRC, our revenue from sales in the PRC out of our total revenue grew from 10.2% for the year ended December 31, 2012 to 14.6% for the six months ended June 30, 2015. According to the Frost & Sullivan Report, the life sciences research service and product market in the PRC grew at a CAGR of 23.6% from 2010 to 2014, and it is projected to continue to grow at a CAGR of 17.8% from 2015 to 2019.

In pricing our life sciences research and application services and products, we take into consideration the market positioning of our services and products, prices of comparable products offered by our competitors, degree of saturation of the current market, market trends, and production costs. In general, we adopt a uniform pricing policy for each of our business segments. Please see the section headed "Business — Customers — Pricing Strategy" for details of our pricing strategy on page 192 of this prospectus. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, the selling prices of our gene synthesis services category (including gene synthesis, custom cloning, DNA library construction and a few other services) ranged from US$500 to US$23,000, US$480 to US$23,500, US$410 to US$25,500 and US$350 to US$25,500 per order, respectively, and the average selling price of our gene synthesis service decreased from US$0.38 to US$0.34 per base pair. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, the sales volume

of our gene syntheses services category for the same periods were approximately 12,900, 14,600, 15,700 and 7,900 orders, respectively. During the Track Record Period, the average selling price of our gene synthesis service decreased, which we believe was in line with market trend. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, the average selling price of our protein production services was US$4,575, US$4,300, US$4,415 and US$4,500 per order, respectively, and the sales volume of our protein production services for the same periods were approximately 1,300, 1,600, 1,900 and 1,400 orders, respectively.

SUPPLIERS, RAW MATERIALS, AND INVENTORY

Owing to our vast array of services and products, we procure a wide variety of raw materials from a large number of suppliers for our business segments. As of December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, we had a total of over 250, 280, 270 and 210 suppliers of different raw materials for our production, respectively, that are mostly located in China. Our life sciences research service segment comprises six key categories, each of which uses different raw materials. For example, gene synthesis service uses various types of restriction endonuclease, oligonucleotide synthesis service uses nucleotide monomers, DNA sequencing service uses BigDye Terminator kit, protein production service uses culture media, peptide synthesis service uses amino acids, and antibody development service uses experimental animals such as rats and rabbits. Please see the section headed "Business — Suppliers, Raw Materials, and Inventory" on page 203 of this prospectus for further details.

During the Track Record Period, the purchase prices of our raw materials were relatively stable. For the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, purchases from our five largest suppliers were approximately US$3.0 million, US$2.3 million, US$3.4 million, and US$2.0 million, accounting for approximately 23.7%, 16.1%, 19.8%, and 23.7% of our total purchases, respectively. During the same periods, our purchases from our largest supplier were US$1.0 million, US$0.7 million, US$1.1 million, and US$0.8 million, accounting for approximately 7.6%, 4.9%, 6.4%, and 9.2% of our total purchases, respectively.

PRODUCTION

As of the Latest Practicable Date, we had three production facilities in operation in China and the United States. Our principal research and development base and production facility covers a site area of approximately 71,838.18 sq.m. in Jiangning Science Park located in Nanjing, China* (南京江寧科學園). As of the Latest Practicable Date, we had three five-story research and development and production buildings and two two-story animal housing buildings in Jiangning Science Park in Nanjing, which are AAALAC- and OLAW-accredited facilities. We leased our second production facility located in Pukou, Nanjing, which is used primarily for the production of peptides. We also leased and operated a facility for express gene synthesis and DNA sequencing service at GS US. As of June 30, 2015, we operated a total of 12 key production lines and employed more than 600 production personnel. For the six months ended June 30, 2015, the utilization rate of our production facilities for the production and provision of life sciences research services, life sciences research catalog products, and preclinical drug development services were 85.0%, 85.1%, and 91.2%. While we substantially produce almost all services and products at our production facility, we outsource certain steps of production. We also engage independent third-party OEM contractors in the PRC to expand and diversify our product offerings under the life sciences research catalog product segment. Please see the section headed "Business — Production Equipment and Maintenance" for a discussion on the designed annual production capacity, production volume, and the utilization rates in respect of each of our three business segments during the Track Record Period on page 218 of this prospectus.

Under the industrial synthetic biology product segment, we have invested significantly in the research and development of industrial enzymes, and have developed product lines for a number of enzymes in the past two years under our Bestzyme brand. Currently, we maintain the design and laboratory-scale production of our industrial synthetic biology products in-house, and outsource the large-scale industrial production and formulation processes to third-party outsourced suppliers under our on-site technical supervision and according to our specifications.

OUR COMPETITIVE STRENGTHS

Our core strengths are set out below:

- We have achieved world market leadership in the global gene synthesis service market with recognized stature in synthetic biology, and we offer a broad and integrated life sciences research and application service and product portfolio.

- We are a well-known and trusted brand underpinned by our high quality life sciences research and application services and products.
- We maintain a strong sales and marketing team and operate an interactive online quotation and ordering platform to support our global sales.
- We possess strong research and development capabilities, with a proven track record and a robust service and product pipeline.
- We have an experienced and professional management team supported by a strong talent base.

OUR STRATEGIES

Our business strategies and development direction are set out below:

- Increase investment in research and development projects to expand our research and application service and product portfolio.
- Enhance production capacity to capitalize on the strong demand for our life sciences research and application services and products.
- Increase penetration into the overseas and PRC markets by expanding and strengthening our sales and marketing team.
- Pursue strategic acquisitions to complement organic growth.

COMPETITIVE LANDSCAPE

The global life sciences research service and product market

(A) The global DNA synthesis service market

According to the Frost & Sullivan Report, the global DNA synthesis service market is moderately concentrated in terms of revenue in 2014. According to the Frost & Sullivan Report, we ranked third in the global DNA synthesis service market, with a market share of approximately 10.6% in terms of revenue in 2014. The top five players in the global oligonucleotide synthesis service market segment accounted for 58.4% of the market share in terms of revenue in 2014. Similarly, the top five players in the global gene synthesis service market segment dominate the market segment with a 74.2% market share in terms of revenue in 2014. We are the largest provider of gene synthesis service in the world, and had a market share of 25.6% in the global gene synthesis service market in terms of revenue in 2014.

(B) The global genetic analysis and engineering service market

According to the Frost & Sullivan Report, the global genetic analysis and engineering service market is a relatively less concentrated market, with the top five players accounting for 22.0% of market share in terms of revenue in 2014. According to the Frost & Sullivan Report, we had a market share of less than 1% in the global genetic analysis and engineering service market in terms of revenue in 2014.

(C) The global research-based protein and antibody-related service and product market

According to the Frost & Sullivan Report, the global research-based protein and antibody-related service and product market is highly fragmented. We had a market share of less than 1% in the global research-based protein and antibody-related service and product market in terms of revenue in 2014.

(D) The global life sciences research reagent market

According to the Frost & Sullivan Report, the global life sciences research reagent market is highly fragmented, with a significant number of suppliers available both locally and internationally. We had a market share of less than 1% in the global life sciences research reagent market in terms of revenue in 2014.

Entry barriers of the global life sciences research service and product market include accumulated technical know-how and operational expertise, research and development talents, substantial capital investment, and strong market recognition.

The global drug development service market

According to the Frost & Sullivan Report, the global drug development service market is a moderately concentrated market, with the top five players accounting for 38.3% of market share in terms of revenue in 2014. Entry barriers of the global drug development service market include access to research and development talents, substantial capital investment, and the establishment of strategic partnership with drug developers.

The global industrial enzyme market

According to the Frost & Sullivan Report, the global industrial enzyme market is highly concentrated, with two market players accounting for 62.7% of the market share in terms of revenue in 2014. Entry barriers of the global industrial enzyme market include establishment of economies of scale, existing major players, and biotechnology expertise. There is great growth potential for the global industrial enzyme market due to the demand for more environmentally friendly industries with higher productivity at lower cost.

Please see the section headed "Industry Overview" beginning on page 95 of this prospectus for details of the market share and ranking of the key market players.

OUR SHAREHOLDERS

As of the Latest Practicable Date, Dr. Zhang, our co-founder, together with our two other co-founders, Dr. Wang and Ms. Wang are parties acting in concert, and hence are our Controlling Shareholders. Dr. Zhang, together with Dr. Wang and Ms. Wang (together known as the "Concerted Parties"), hold approximately 75.585% of the shares of GS Corp and GS Corp owns approximately 75.71% of the shares of GS Cayman, which in turn owns the entire issued share capital of our Company. Immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and that no Shares have been issued pursuant to the exercise of any option that has been or may be granted under the Share Option Schemes), Dr. Zhang, together with the Concerted Parties, will hold approximately 75.585% of shares of GS Corp, and GS Corp will hold approximately 56.78% of the Shares. As part of the Pre-IPO Reorganization, GS Cayman will not remain as our Controlling Shareholder, but Dr. Zhang, each of the Concerted Parties and GS Corp will remain as our Controlling Shareholders.

There is no competition between the business of our Controlling Shareholders and our businesses. The Directors believe that our Group is capable of carrying out its businesses independently of our Controlling Shareholders and their associates.

For more details, please see the sections headed "Relationship with Controlling Shareholders" and "Directors and Senior Management" in this prospectus.

PRE-IPO SHARE OPTION

The purpose of the Pre-IPO Share Option Scheme is to attract skilled and experienced personnel, to incentivize them to remain with our Group and to motivate them to strive for the future development and expansion of our Group by providing them with the opportunity to acquire equity interests in our Company. The principal terms of the Pre-IPO Share Option Scheme were approved by our Board on July 15, 2015.

We have granted options to 170 persons (the "Grantees" and each a "Grantee") to subscribe for 155,538,420 Shares (immediately before the Pre-IPO Reorganization) or 147,761,499 Shares (immediately before completion of the Global Offering and the Capitalization Issue), both representing approximately 25.19% of the then respective issued share capital of our Company. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, representing approximately 15.89% of the issued share capital of our Company immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share

Option Scheme). The exercise prices of the Pre-IPO Share Options immediately before completion of the Global Offering and the Capitalization Issue range from US$0.005 to US$0.20 and the adjusted exercise prices of the Pre-IPO Share Options immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme) range from US$0.003 to US$0.103. The vesting dates of the Pre-IPO Share Options range from December 31, 2007 to March 30, 2022. Among the 170 Grantees, two of them are executive Directors, one of them is a non-executive Director, and four of them are members of the senior management of our Group, five of them are other grantees who have been granted Pre-IPO Share Options to subscribe for more than 2,400,000 Adjusted Shares (the "Grantees With More Than 2,400,000 Adjusted Shares"), and 158 of them are employees of our Group (the "Employee Grantees").

Assuming all outstanding options as of the Latest Practicable Date were exercised as of January 1, 2015 prior to the Capitalization Issue and the Global Offering, this would have a dilutive effect on the shareholdings of our Shareholders of approximately 20.12% and, as a result of the adjustment in share-based compensation expenses for the six months ended June 30, 2015, an anti-dilutive effect of approximately 11.34% on our earnings per Share for the six months ended June 30, 2015.

For more details, please refer to the Note 27 of Accountants' Report as set out in Appendix I and the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V of this prospectus.

PRE-IPO INVESTMENT

On April 3, 2009, GS Cayman entered into a Pre-IPO Investment Agreement with KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, pursuant to which GS Cayman agreed to issue and sell to the Pre-IPO Investors, at the price of US$0.10 per share, an aggregate of 150,000,000 Series A-1 Preference Shares and issue Series A-2 Warrants to the Pre-IPO Investors to purchase up to an aggregate of 25,641,029 Series A-2 Preference Shares.

On April 15, 2009, KPCB China Fund paid an aggregate purchase price of US$11,162,400 for 111,624,000 Series A-1 Preference Shares and 19,081,028 Series A-2 Warrants; KPCB China Founders Fund paid an aggregate purchase price of US$837,600 for 8,376,000 Series A-1 Preference Shares and 1,431,795 Series A-2 Warrants; and TBIG Healthcare paid an aggregate purchase price of US$3,000,000 for 30,000,000 Series A-1 Preference Shares and 5,128,206 Series A-2 Warrants. On the same day, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare hold 18.08%, 1.35% and 4.86% of the then total issued share capital of GS Cayman, respectively. Immediately before the Listing, all the Series A-1 Preference Shares held by KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will be converted into ordinary shares of GS Cayman. GS Cayman will repurchase all the ordinary shares of GS Cayman held by GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, in consideration of which, GS Cayman will transfer 444,125,000 Shares, 106,042,800 Shares, 7,957,200 Shares and 28,500,000 Shares to GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, respectively.

Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options that have been and may be granted under the Share Option Schemes), KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will hold 216,921,134, 16,277,247 and 58,299,595 Shares, respectively, representing approximately 13.56%, 1.02% and 3.64%, respectively, of the issued share capital of the Company.

Our Directors and the Sole Sponsor confirm that they consider the pre-IPO investments, after the lapse of all special rights relating to pre-IPO investment upon the Listing, are under normal commercial terms and in compliance with the Guidance Letters HKEx-GL29-12, HKEx-GL44-12 and HKEx-GL43-12 issued by the Stock Exchange, based on the relevant documentation. For more details, please see the section headed "History and Reorganization — Pre-IPO Investment" in this prospectus.

SUMMARY OF OUR FINANCIAL INFORMATION

Our combined financial information has been prepared in accordance with HKFRS. Selected items of our combined financial statements are set out below.

Information on our combined statements of profit or loss

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	Revenue US$'000	*% of total revenue*	*Revenue US$'000*	*% of total revenue*	*Revenue US$'000*	*% of total revenue*	*Revenue US$'000 (unaudited)*	*% of total revenue*	*Revenue US$'000*	*% of total revenue*
Life sciences research services	48,571	91.6	55,354	92.1	63,220	90.3	30,320	90.4	36,775	89.6
Life sciences research catalog products	1,793	3.4	1,527	2.5	2,044	2.9	943	2.8	1,181	2.9
Preclinical drug development services	2,626	5.0	3,223	5.4	4,382	6.3	2,163	6.5	2,641	6.4
Industrial synthetic biology products	–	–	–	–	348	0.5	95	0.3	453	1.1
TOTAL	**52,990**	**100.0**	**60,104**	**100.0**	**69,994**	**100.0**	**33,521**	**100.0**	**41,050**	**100.0**

	Year ended December 31,			Six months ended June 30,	
	2012	2013	2014	2014	2015
	Gross profit margin (%)	*Gross profit margin (%)*	*Gross profit margin (%)*	*Gross profit margin (%) (unaudited)*	*Gross profit margin (%)*
Life sciences research services	67.3	64.0	63.2	64.5	66.3
Life sciences research catalog products	59.8	58.3	66.5	58.4	62.6
Preclinical drug development services	64.4	60.2	63.8	64.3	64.3
Industrial synthetic biology products	–	–	–	(60.0)	5.7
OVERALL GROSS PROFIT MARGIN	**66.9**	**63.7**	**63.0**	**63.9**	**65.4**

Our revenue increased from 2012 to 2014 at a CAGR of 14.9%, primarily attributable to increases in revenues from our life sciences research service, life sciences research catalog product and preclinical drug development service businesses. Our revenue increased by US$7.6 million, or 22.7%, from US$33.5 million for the six months ended June 30, 2014 to US$41.1 million for the six months ended June 30, 2015, primarily attributable to increases in revenues from all our business segments. During the Track Record Period, revenues from our four business segments increased, respectively, due to the following factors:

- *Life sciences research services:* (i) an increase in revenue generated from the sale of our gene synthesis services, which in turn was mainly a result of (a) our strengthened sales and marketing efforts on key customers and (b) our provision of GenPlus™ next-generation gene synthesis technology and GenPlus™ high-throughput gene synthesis service; (ii) an increase in revenue generated from the sale of our protein production service, which in turn, was mainly a result of (a) our improved services, including more efficient delivery, and (b) our provision of a variety of protein and antibody-related complex projects; (iii) an increase in sales generated through our interactive online quotation and ordering system; and (iv) an increase in demand from our existing customers as a result of our one-stop integrated service platform.

- *Life sciences research catalog products:* the revenue generated from our newly launched recombinant protein products, precast gel products, and eStain® and eBlot® products.

- *Preclinical drug development services:* (i) an increase in revenue generated from our antibody and protein engineering service, which in turn, was mainly a result of our commercial introduction of our half-life extension technology for single domain antibody drugs; and (ii) an increase in revenue generated from our *in vivo* pharmacology service as a result of the operational expansion.

- *Industrial synthetic biology products:* we launched the industrial synthetic biology product segment in 2013, and continued to grow our production and sales of our industrial synthetic biology products in 2014 and first half of 2015.

The following table sets forth a breakdown of (i) our cost of sales, which consists of labor costs, cost of raw materials, depreciation and amortization charges, and others, (ii) our gross profit, (iii) research and development expenses, which are recognized as administrative expenses and (iv) net profit for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Cost of sales	17,547	21,846	25,896	12,089	14,192
Gross profit	35,443	38,258	44,098	21,432	26,858
Research and development expenses (recognized as administrative expenses)	5,508	6,064	5,589	2,516	2,439
Net profit	9,182	6,000	6,175	4,046	5,746

Our overall gross profit margin decreased from 2012 to 2014, primarily as a result of a decrease in the gross profit margin for our life sciences research service segment. In turn, such decrease was mainly a result of (i) an increase in labor costs, which was attributable to the employment of more skilled labors; (ii) the launch of a few new services, which have had relatively lower gross profit margin as they were still in early stages of development; (iii) an increase in our operation costs, which was attributable to the expanded operation at our new facilities in Jiangning Science Park in Nanjing in 2013; and (iv) the lowering of the sales price of certain gene synthesis service. Our gross profit margin increased from 63.9% for the six months ended June 30, 2014 to 65.4% for the six months ended June 30, 2015, which, in turn, was primarily attributable to an increase in the gross profit margin of our life sciences research service segment. The increase was a result of a decrease in cost of raw materials and our enhanced production efficiency as we improved our gene synthesis technology. Our net profit decreased by US$3.2 million, or 34.8% from 2012 to 2013, primarily because of: (i) an increase in our selling and distribution expenses, which, in turn, was attributable to an increase in salary and benefit expenses for employees involved in selling and distribution activities; (ii) an increase in our administrative expenses, which, in turn, was attributable to the increase in our equity-settled share option expenses, the audit and consultancy fees and the average salary level of our administrative employees; and (iii) an increase in our foreign exchange losses, which, in turn, was attributable to the effect of the appreciation of Renminbi against U.S. Dollars on our monetary assets as of December 31, 2013. Our net profit margin decreased from 17.3% for the year ended December 31, 2012 to 10.0% for the year ended December 31, 2013, primarily attributable to a decrease in our overall gross profit margin from 2012 to 2013. Our net profit margin for the year ended December 31, 2014 further decreased to 8.8%, primarily attributable to an increase in our administrative expenses in 2014 as a result of an increase in our equity-settled share option expenses. Our net profit margin increased from 12.1% for the six months ended June 30, 2014 to 14.0% for the six months ended June 30, 2015, primarily attributable to an increase in our overall gross profit margin. Please see the section headed "Financial Information — Description of Certain Combined Income Statement Items" starting on page 295 of this prospectus for further discussion.

Information on our combined balance sheets

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets	45,490	45,274	48,588	50,402
Current assets	30,099	38,561	43,792	43,768
Net current (liabilities)/assets	(153)	8,676	14,604	20,029
Non-current liabilities	1,181	1,387	1,445	1,436
Current liabilities	30,252	29,885	29,188	23,739
Total equity	44,156	52,563	61,747	68,995

Please see the section headed "Financial Information — Discussion of Selected Item from the Combined Statement of Financial Position" starting on page 320 of this prospectus for further discussion.

Extract of combined statements of cash flows

The following table sets forth selected cash flow data from our combined statements of cash flows for the periods indicated. For more information, please see the section headed "Accountants' Report" in Appendix I to this prospectus.

	Year ended December 31,			Six months ended June 30,	
	2012	2013	2014	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000 (unaudited)*	*US$'000*
Cash and cash equivalents at beginning of year/period	16,778	18,660	22,457	22,457	25,637
Net cash flows from operating activities	9,190	12,024	12,206	5,822	9,274
Net cash flows used in investing activities	(7,317)	(10,914)	(9,114)	(3,156)	(1,121)
Net cash flows from financing activities	(99)	1,988	395	(215)	(8,178)
Net foreign exchange difference	108	699	(307)	(445)	72
Cash and cash equivalents at end of the year/period	18,660	22,457	25,637	24,463	25,684

Key financial ratios

The following table sets forth certain key financial ratios as of the dates or for the periods indicated. Please see the section headed "Financial Information — Key Financial Ratios" starting on page 339 of this prospectus for descriptions of the calculations and the relevant analysis of the ratios below.

	As of December 31,			As of June 30,
	2012	2013	2014	2015
Current ratio	1.0	1.3	1.5	1.8
Gearing Ratio (%)	17.0	18.9	17.4	3.7

	For the year ended December 31,			For the six months ended June 30,
	2012	2013	2014	2015
Gross profit margin (%)	66.9	63.7	63.0	65.4
Net profit margin (%)	17.3	10.0	8.8	14.0
Effective tax rate (%)	17.3	20.3	21.2	27.2
Return on equity (%)	23.5	12.4	10.8	17.6
Return on total assets (%)	14.4	7.5	7.0	12.4
EBITDA margin (%)	28.2	20.6	18.6	25.2
Interest coverage	66.3	23.3	20.1	N/A

DIVIDEND POLICY

During the Track Record Period, we have not declared and/or paid any dividends to our Shareholders. Currently, we do not have any dividend policy or specific dividend plan. Subject to the Companies Law and our Memorandum and Articles, through a general meeting, we will declare dividends from the profit of the forthcoming periods, but no dividends shall exceed the amount recommended by our Directors. Our Directors will consider, from time to time, to pay to our shareholders such interim dividends as our Directors deem to be justified by our financial conditions and profits. The amount of any dividends to be declared or paid in the future will depend on, among other things, our results of operations, cash flows, financial condition, operating and capital requirements, future prospects and other factors that our Directors may deem relevant.

SUMMARY OF MATERIAL RISK FACTORS

There are a number of risk factors involved in our business operations, including:

- Our future growth is dependent upon our ability to develop new services and products, which requires significant research and development efforts, and our investment in new services and products may not result in any commercially viable services and products

- If our customers are not receptive to our services and products, our sales will decline, and we will be unable to increase our sales and profit

- Unauthorized use of our brand names by third parties and our failure to develop, maintain and enhance our brands may adversely affect the level of market recognition of, and trust in, our services and products

- Our business, financial condition and results of operations may be harmed if our customers discontinue or spend less on research and development or are unable to obtain funding for their research and development, or our customers fail to obtain, maintain or renew relevant licenses or permits required for their businesses

- If we experience a significant disruption in our information technology systems or if we fail to implement new systems and software successfully, our business could be adversely affected

- Our failure to obtain or renew certain approvals, licenses, permits, and certificates required for our business may materially and adversely affect our business, financial condition and results of operations

A detailed discussion of the risk factors is set forth in "Risk Factors" section beginning on page 42 of this prospectus.

NON-COMPLIANCE INCIDENTS

During the Track Record Period, we had certain non-compliance incidents in relation to (i) the discharge of pollutants prior to obtaining pollutants discharge permits and the discharge of waste gas beyond the permitted level, (ii) failure to attend to "Occupational Health Three Simultaneities" procedures* ("職業衛生三同時"手續) and "Safety Facilities Three Simultaneities" procedures* ("安全設施三同時"手續) in relation to certain construction projects, (iii) failure to obtain construction work

commencement permit, inspection and acceptance on completion of construction, and building ownership certificate in relation to certain construction projects and buildings, (iv) failure to file information of projects posing occupational disease and to conduct a testing of factors in connection with occupational disease and assessment on the current status of occupational disease, (v) failure to undertake the design examination and acceptance procedures of the fire prevention inspection in relation to a leased property, (vi) failure to comply with the ITSR in respect of one sales transaction with a customer in Iran, (vii) failure to convene annual general meetings and lay audited financial statements at annual general meetings, (viii) failure to inform the IRD of the chargeability to tax within the prescribed time limit, and (ix) failure to submit the profits tax returns to the IRD within the prescribed time limit. Please see the section headed "Business — Historical Non-compliance Incidents" for further details, beginning on page 238 of this prospectus. All such non-compliance incidents had not resulted, and are not expected to result, in any material impact on our business operation financial condition. Please see the section headed "Business — Sales to Sanctioned Countries" beginning on page 196 of this prospectus for further details on our non-compliance with ITSR during the Track Record Period.

BUSINESS ACTIVITIES IN SANCTIONED COUNTRIES

The United States, the European Union, Australia, the United Nations Security Council and Hong Kong, collectively, have broad economic sanctions targeting the Sanctioned Countries. In addition, the United States and other jurisdictions have certain sanctions that target Sanctioned Persons regardless of whether they are located in the Sanctioned Countries. For details on relevant sanctions laws, see "Regulations — Descriptions of Sanctions Laws" beginning on page 136 of this prospectus. During the Track Record Period, we made certain sales of our products and services to customers in the following Sanctioned Countries: Belarus, Egypt, Iran, Iraq, Lebanon, Libya, Russia, Serbia and Ukraine. Our revenue derived from sales made to these Sanctioned Countries, in aggregate, accounted for approximately 0.20%, 0.10%, 0.12% and 0.10% of our revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively. On advice of our International Sanctions Legal Advisors, on August 25, 2015 (as supplemented by further information on October 30, 2015), we made a voluntary self-disclosure ("VSD") to OFAC because three U.S. dollar payments that we received from Iran after March 8, 2013 and one replacement shipment to a customer in Iran in November 2013 appeared to be violations of the U.S. sanctions. In the VSD, we provided OFAC with full details and relevant documents regarding those three payments and that shipment. In addition, we filed an interpretive guidance request with OFAC requesting OFAC's guidance as to whether U.S. dollar payments that we received in connection with our sales in Iran during the Track Record Period and before March 8, 2013 were lawful under the U.S. sanctions. We also included details about those payments in the VSD. On November 24, 2015, OFAC responded to the VSD with a Cautionary Letter representing a final enforcement response. In the Cautionary Letter, OFAC informed us that the three U.S. dollar payments that we received from Iran after March 8, 2013 and the single replacement shipment were apparent violations of the U.S. sanctions. However, OFAC indicated that it was not pursuing any civil monetary penalty against us. On November 30, 2015, OFAC also advised our International Sanctions Legal Advisors that, due to the resolution of the VSD through the Cautionary Letter, OFAC considered the underlying question in the interpretive guidance request to have been resolved through the Cautionary Letter and asked us to withdraw the interpretive guidance request from further OFAC consideration. On December 5, 2015, through our International Sanctions Legal Advisors, we withdrew the interpretive guidance request from further OFAC consideration. Accordingly, both we (as advised by our International Sanctions Legal Advisors) and OFAC now consider the possible legal issues raised through the VSD and the interpretive guidance request to be fully closed with the issuance of the Cautionary Letter and without the imposition of any civil monetary penalty.

As of the Latest Practicable Date/ prior to the Listing, all of our sales transactions with customers in the Sanctioned Countries have been completed. We have no present intention to undertake any future business or make any future sales to the Sanctioned Countries. We undertake to the Hong Kong Stock Exchange that (i) we will not use the proceeds from the Global Offering, as well as any other funds raised through the Hong Kong Stock Exchange, whether directly or indirectly, to finance or facilitate any projects or businesses in the Sanctioned Countries, (ii) we will not undertake any sanctionable transactions that would expose the Hong Kong Stock Exchange, the Listing Committee of the Stock Exchange, HKSCC, HKSCC Nominees, our Shareholders and/or investors (collectively, the "Relevant Persons") or us to risk of being sanctioned, and (iii) we will make timely disclosure on the Hong Kong Stock Exchange's website and our own website if we believe our business would put Relevant Persons or ourselves at risk of being sanctioned and in our annual reports or interim reports our efforts on monitoring our business exposure to sanctions risks and our business intention relating to the Sanctioned Countries. If we breach any of these undertakings to the Hong Kong Stock Exchange after the Listing, it is possible that the Hong Kong Stock Exchange may delist our Shares. Our Directors believe that the

Relevant Persons are unlikely to face sanctions risk due to our transactions with the Sanctioned Countries. In order to ensure our compliance with these undertakings to the Hong Kong Stock Exchange, we will continuously monitor and evaluate our business and take measures to protect the interests of our Group and our Shareholders. For details of our internal control procedures, please see the section headed "Business — Sales to Sanctioned Countries — Our Undertakings and Internal Control Procedures" beginning on page 201 of this prospectus. In addition, for related risks, please see the section headed "Risk Factors — Risks Relating to Our Business — We could be adversely affected as a result of our operations in certain countries that are subject to evolving economic sanctions of the United States, the European Union, Australia and the United Nations Security Council and other relevant sanctions authorities" beginning on page 50 of this prospectus.

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

Our business model, revenue structure and cost structure have remained unchanged since June 30, 2015. Our business achieves a strong growth rate and the contribution by each business segment is in line with the historical record.

We believe that demand for our life sciences research and application services and products will continue to increase. Such improvements are primarily contributed by the considerable growth in developing countries such as China. Recovering research and development funding and declining cost of major raw materials and technology further facilitate the development of such industries, resulting in the wide applications of some breakthrough technologies to various bio-related industries. There has also been increasing demand for innovative therapeutic options in recent years, owing to the rise in cases of disease incidence across predominant therapeutic categories. Such demand, coupled with constraints faced by drug manufacturers and drug development service providers' access to advanced research tools and technologies, contributes to the increasing popularity of drug development services. Due to their environmental friendliness and the ability to achieve higher productivity with lower manufacturing cost, industrial enzymes are becoming more and more popular in a variety of industries such as the food and textile industries.

For the ten months ended October 31, 2015, we had incurred expenses in connection with the Global Offering (the "Listing Expenses") in the amount of US$2.8 million and expenses of equity-settled share option expenses in the amount of US$2.7 million in relation to the Pre-IPO Share Option Scheme. We expect to incur expenses of share-based payment to approximately US$3.3 million in relation to the Pre-IPO Share Option Schemes for the year ending December 31, 2015.

The depreciation of the Renminbi against the U.S. dollar in August 2015 may have a positive effect on our financial results as our cost of sales is mainly denominated in Renminbi. At the same time, as far as we are aware, there was no material change in the general economic, market and regulatory conditions in our industry that had materially and adversely affected our business operations or financial conditions since June 30, 2015 and up to the Latest Practicable Date. Our Directors confirm that, save as the Listing Expenses and equity-settled share option expenses, up to the date of this prospectus, there has been no other material adverse change in our financial or trading position or prospects since June 30, 2015, being the date to which our latest audited financial statements were prepared.

In connection with the US Lawsuit as disclosed in "Business — Legal Proceedings and Compliance", we and the relevant defendants entered into a settlement agreement on November 11, 2015. Under the settlement agreement, instead of the full amount of damages awarded to us by the court, we agreed to accept a sum that we considered and negotiated primarily based on the amount of damages payable by the relevant defendants under the court order and that will represent a substantial gain of the Group for the year ending December 31, 2015. We expect that there will be a significant increase in our net profit for the year ending December 31, 2015, mainly due to the increase in other gain. In connection with the Suzhou Lawsuit as disclosed in "Business — Legal proceedings and Compliance", we and the plaintiff agreed to settle the dispute under the same settlement agreement as abovementioned with respect to the US Lawsuit.

LISTING EXPENSES

The listing of our Shares generates listing expenses including professional fees, underwriting commissions and other expenses. The estimated listing expenses (including underwriting commissions) are approximately US$6.6 million, among which, approximately US$2.7 million is directly attributable to the listing of our Shares generates and will be capitalized, and approximately US$3.9 million has been or is expected to be reflected in our income statement. For the six months ended June 30, 2015, we have incurred listing expenses of approximately US$1.7 million, which have already been reflected in our income statement, and approximately US$2.2 million is expected to incur after June 30, 2015.

GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that: (i) completion of the Capitalization Issue; (ii) the Global Offering has been completed and 400,000,000 Shares are newly issued in the Global Offering; (iii) 1,600,000,000 Shares are issued and outstanding following completion of the Global Offering; and (iv) the Over-allotment Option is not exercised.

	Based on an Offer Price of HK$1.31 per Share		Based on an Offer Price of HK$1.68 per Share	
	US$	*HK$*	*US$*	*HK$*
Market capitalization of our Shares upon completion of the Global Offering[(1)]	270 million	2,096 million	347 million	2,688 million
Unaudited pro forma adjusted combined net tangible assets per Share[(2)]	0.08	0.63	0.09	0.72

Notes:

(1) Taking no account of any shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option, the options granted or to be granted under the Pre-IPO Share Option Schemes or the Post-IPO Share Option Scheme and any shares which may be issued or repurchased by our Company pursuant to the General Mandate to Issue Shares and General Mandate to Purchase Shares.

(2) The unaudited pro forma adjusted net tangible assets per Share is calculated after making the adjustments referred to in Appendix II to this prospectus and based on 1,600,000,000 Shares which are expected to be in issue immediately after completion of the Global Offering and the Capitalization Issue and taking into no account of any Shares which may be issued pursuant to the Over-allotment Option, the options which have been or may be granted under the Share Option Schemes and any Shares which may be issued or repurchased by our Company pursuant to the General Mandate to Issue Shares and General Mandate to Purchase Shares. Please refer to Appendix II to this prospectus for further details regarding the assumptions and calculation method.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering payable by us and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$1.50 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK$549.2 million. We currently intend to apply such net proceeds for the following purposes. Please see the section headed "Future Plans and Use of Proceeds" on pages 347 of this prospectus for details.

Amount of net proceeds	Intended application	Intended year of application
• approximately 30.0%, or HK$164.7 million	• expanding our current life sciences research and application service and product portfolio	• 2016–2017
• approximately 30.0%, or HK$164.7 million	• expanding production capacity	• 2016–2017
• approximately 3.0%, or HK$16.5 million	• enhancing our information technology capability	• 2016
• approximately 12.0%, or HK$65.9 million	• reinforcing the sales and marketing team	• 2016–2018
• approximately 15.0%, or HK$82.5 million	• potential acquisition in attractive segments of the industry	• no specific acquisition target identified as of the Latest Practicable Date
• approximately 10.0%, or HK$54.9 million	• supplement our working capital and for general corporate purposes	• 2016–2018

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms."

"AAALAC"	Association for Assessment and Accreditation of Laboratory Animal Care International
"Adjusted Shares"	the adjusted total number of Shares to be subjected to the Pre-IPO Share Option Scheme immediately after the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme)
"Application Form(s)"	**WHITE** Application form(s) and **YELLOW** Application form(s) and **GREEN** Application form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the second amended and restated articles of association of our Company, adopted by our Company on December 7, 2015, a summary of which is set out in Appendix IV of this prospectus, and as amended or supplemented or otherwise modified from time to time
"associate(s)"	has the same meaning ascribed thereto under the Hong Kong Listing Rules
"Board of Directors" or "Board"	the board of directors of our Company
"BSJ BVI"	Bestzyme Biotech Limited, a company limited by shares incorporated under the laws of the BVI on June 1, 2015, and is wholly owned by BSJ Cayman, and thus an indirect wholly owned subsidiary of our Company
"BSJ Cayman"	Bestzyme Biotech Corporation, an exempted company incorporated under the law of the Cayman Islands with limited liability on May 27, 2015, and is a direct wholly owned subsidiary of our Company

"BSJ HK"	Bestzyme Biotech HK Limited (香港百斯杰生物科技有限公司), a company incorporated under the laws of Hong Kong with limited liability on June 3, 2015 and wholly owned by BSJ BVI, and thus an indirect wholly owned subsidiary of our Company
"BSJ Hubei"	Hubei Bestzyme Biotechnology Co., Ltd.* (湖北百斯杰生物科技有限公司), a limited liability company established in the PRC on January 29, 2015, which is 100% owned by BSJ Nanjing, and thus an indirect wholly owned subsidiary of our Company
"BSJ Nanjing"	Nanjing Bestzyme Bioengineering Co., Ltd.* (南京百斯杰生物工程有限公司), a limited liability company incorporated on June 6, 2013, under the laws of the PRC, which was a wholly owned subsidiary of GS HK before the 2015 Reorganization and is 100% owned by BSJ HK subsequent to the 2015 Reorganization, and thus an indirect wholly owned subsidiary of our Company
"BSJ US"	Bestzyme Biotech USA Incorporated, a corporation incorporated on June 2, 2015 under the laws of the State of New Jersey of the United States, which is wholly owned by BSJ Cayman, and thus an indirect wholly owned subsidiary of our Company
"Business Day(s)"	any day (excluding a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate, a measurement to assess the growth rate of value over time
"Capitalization Issue"	the allotment and issuance of 613,375,000 Shares to be made upon the capitalization of sums standing to the credit of the share premium account of our Company referred to in Appendix V, "Statutory and General Information — Further Information about our Company" of this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant, who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this prospectus, Hong Kong, the Macau Special Administrative Region of China and Taiwan
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Co-lead Manager"	RHB Securities Hong Kong Limited
"Companies Law" or "Cayman Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on March 3, 2014, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company," "our Company," "our," "we" or "us"	Genscript Biotech Corporation (金斯瑞生物科技股份有限公司), an exempted company, incorporated under the laws of the Cayman Islands with limited liability on May 21, 2015 and wholly owned by GS Cayman as at Latest Practicable Date. Upon completion of the Pre-IPO Reorganization, our Company will be owned by GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare as to approximately 75.71%, 18.08%, 1.35% and 4.86%, respectively
"Concerted Parties"	Dr. Wang and Ms. Wang, who are parties acting in concert with Dr. Zhang
"connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules

"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, refers to the controlling shareholders of our Company (i) before completion of the Pre-IPO Reorganization being, Dr. Zhang, Dr. Wang, Ms. Wang, GS Corp and GS Cayman, and (ii) immediately after completion of the Pre-IPO Reorganization, being, Dr. Zhang, Dr. Wang, Ms. Wang and GS Corp, or any of them. Please see the section headed "Relationship with Controlling Shareholders" in this prospectus for further details
"Corporate Governance Code"	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Hong Kong Listing Rules
"CRO"	contract research organization
"Deed of Indemnity"	the deed of indemnity dated December 7, 2015 executed by our Controlling Shareholders in favor of our Group in respect of taxation and other indemnities referred to in the section headed "Statutory and General Information — D. Tax and other indemnities — (v) Deed of indemnity" in Appendix V of this prospectus
"Deed of Non-competition"	the deed of non-competition dated December 7, 2015 executed by our Company and the Controlling Shareholders in favor of our Group containing certain non-competition undertakings to our Group referred to in the section headed "Relationship with Controlling Shareholders — Deed of Non-competition" in this prospectus
"Director(s)"	the director(s) of our Company
"Dr. Wang"	Dr. Luquan Wang (王魯泉), our co-founder, non-executive Director and one of our Controlling Shareholders acting in concert with Dr. Zhang and Ms. Wang
"Dr. Zhang"	Dr. Fangliang Zhang (章方良), our co-founder, chairman, executive Director, chief executive officer and one of our Controlling Shareholders acting in concert with Dr. Wang and Ms. Wang

"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法) passed by the National People's Congress of the PRC on March 16, 2007, and taking effect on January 1, 2008, as amended, supplemented and otherwise modified from time to time
"Enterprise Income Tax" or "EIT"	enterprise income tax of the PRC
"ESOP"	employee share option plan, reference to either the 2009 Global Share Plan and 2012 Global Share Plan of GS Cayman or the Pre-IPO Share Option Scheme
"E.U." or "EU"	the European Union
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent industry consultant
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** application form(s)"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"Group"	our Company and its subsidiaries (or our Company or any one or more of its subsidiaries, as the context may require) or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"GS BVI"	Genscript Biotech Limited, a company limited by shares incorporated under the laws of the BVI on May 27, 2015, which is a direct wholly owned subsidiary of our Company
"GS Cayman"	Genscript Holdings (Cayman) Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability on June 15, 2007, which was owned by GS Corp as to approximately 75.71% of its issued share capital before the completion of the Pre-IPO Reorganization. The name was changed from "KPCB Holdings Ltd" to "0101 Holding Ltd" on November 8, 2007, and then to "Genscript Holdings (Cayman) Limited" on January 20, 2009. Upon completion of the Pre-IPO Reorganization, GS Cayman will be wholly owned by Mr. Tsui Po (徐波), an Independent Third Party, and will cease to be our Controlling Shareholder

"GS China"	Nanjing Jinsirui Biotechnology Co., Ltd.* (南京金斯瑞生物科技有限公司), a limited liability company incorporated on March 12, 2009, which is a wholly owned subsidiary of GS HK, and thus an indirect wholly owned subsidiary of our Company
"GS Corp"	Genscript Corporation, a company incorporated on July 3, 2002, under the laws of the State of Delaware of the United States, which is one of our Controlling Shareholders. Before the completion of the Pre-IPO Reorganization, GS Corp owns approximately 75.71% of the issued share capital of GS Cayman which in turn owns the entire issued share capital of our Company. Upon completion of the Pre-IPO Reorganization, GS Corp will own approximately 75.71% of the issued share capital of our Company.
"GS Corp Shareholder Voting Agreement"	the shareholder voting agreement dated August 14, 2008 relating to the voting arrangement in shareholder meetings of GS Corp between Dr. Zhang, Dr. Wang and Ms. Wang
"GS HK"	GenScript (Hong Kong) Limited, a company incorporated under the laws of Hong Kong with limited liability on January 8, 2009, which is wholly owned by GS BVI, and thus an indirect wholly owned subsidiary of our Company. The name was changed from Sunny Profit (Hong Kong) Limited on February 6, 2009.
"GS International"	Genscript International Limited, a company incorporated under the laws of Hong Kong with limited liability on June 6, 2012, which is wholly owned by GS China, and thus an indirect wholly owned subsidiary of our Company
"GS Japan"	GenScript Japan Inc., a company incorporated under the laws of Japan with limited liability on July 7, 2011, which is wholly owned by GS HK, and thus an indirect wholly owned subsidiary of our Company
"GS USA"	GenScript USA Incorporated, a company incorporated under the laws of the State of Delaware of the United States on March 26, 2009, which is a direct wholly owned subsidiary of our Company
"HKD" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants

"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
"Hong Kong Public Offer Shares"	the 40,000,000 Shares being initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering") in this prospectus
"Hong Kong Public Offering"	the issue and offer for subscription of the Hong Kong Public Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in the section headed "Structure of the Global Offering") at the Offer Price (plus brokerage, SFC transaction levies and Hong Kong Stock Exchange trading fees), subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms, as further described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering as listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated December 16, 2015 relating to the Hong Kong Public Offering entered into by, among others, our Company and the Hong Kong Underwriters, as further described in the section headed "Underwriting" in this prospectus
"Independent Non-executive Director(s)"	the independent non-executive Director(s) of our Company

"Independent Third Party(ies)"	a person(s) or company(ies) who/which is or are independent of and not connected with our Company and our connected persons or is or are respective associate(s) of our connected persons (as defined in the Listing Rules)
"International Offer Shares"	the 360,000,000 Shares initially being offered by us for subscription under the International Offering together, where relevant, with any Shares that may be issued by us pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in "Structure of the Global Offering" in this prospectus
"International Offering"	the conditional placing of the International Offer Shares (a) in the United States to Qualified Institutional Buyers in reliance on Rule 144A under the U.S. Securities Act or another exemption from the registration requirement under the U.S. Securities Act and (b) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Sanctions Legal Advisors"	Dorsey & Whitney, Dorsey & Whitney LLP, and Dorsey & Whitney (Europe) LLP, legal advisors for sanction-related laws and regulations in the United States, the European Union, the UNSC and Hong Kong, excluding Australia
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement expected to be dated on or about the Price Determination Date relating to the International Offering expected to be entered into by, among others, the International Underwriters and our Company, as further described in the section headed "Underwriting" in this prospectus
"IRD"	the Inland Revenue Department of Hong Kong
"IRO"	the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)
"ITSR"	the Iranian Transactions and Sanctions Regulations codified at 31 C.F.R. Part 560 et seq.
"JPY"	Japanese yen, official currency of Japan

"KPCB"	Kleiner Perkins Caufield & Byers, LLC, a limited liability company, formed under the laws of the State of Delaware of the United States
"KPCB China Founders Fund"	KPCB China Founders Fund, L.P., an exempted limited partnership incorporated under the laws of the Cayman Islands and one of our Shareholders
"KPCB China Fund"	KPCB China Fund, L.P., an exempted limited partnership incorporated under the laws of the Cayman Islands and one of our Shareholders
"Latest Practicable Date"	December 8, 2015, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"Legend BVI"	Legend Biotech Limited, a company limited by shares incorporated under the laws of the BVI on June 2, 2015, which is wholly owned by Legend Cayman and an indirect wholly owned subsidiary of our Company
"Legend Cayman"	Legend Biotech Corporation, an exempted company incorporated under the laws of the Cayman Islands with limited liability on May 27, 2015, which is a direct wholly owned subsidiary of our Company
"Legend HK"	Legend Biotech HK Limited (香港傳奇生物科技有限公司), a company incorporated under the laws of Hong Kong with limited liability on June 3, 2015, which is a wholly owned subsidiary of Legend BVI, and thus an indirect wholly owned subsidiary of our Company
"Legend Nanjing"	Nanjing Legend Biotechnology Co., Ltd. (南京傳奇生物科技有限公司), a limited liability company incorporated on November 17, 2014, under the laws of the PRC, which is wholly owned by GS HK prior to the 2015 Reorganization and becomes a wholly owned subsidiary of Legend HK after the 2015 Reorganization, and thus an indirect wholly owned subsidiary of our Company
"Listing"	the listing of the Shares on the main board of the Hong Kong Stock Exchange
"Listing Committee"	the listing sub-committee of the board of directors of the Hong Kong Stock Exchange

"Listing Date"	the date, expected to be on or about December 30, 2015, on which the Shares are listed on the Hong Kong Stock Exchange and from which dealing in the Shares is permitted to take place on the first commences on the Main Board
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange, which is independent from and operated in parallel to the Growth Enterprise Market of the Hong Kong Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on May 21, 2015, a summary of which is set out in Appendix IV to this prospectus and as amended from time to time
"MNC"	multinational corporation
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Meng"	Mr. Meng Jiange (孟建革), our executive Director
"Mr. Mu"	Mr. Mu Yingjun (牟英軍), a shareholder of GS Corp; save as Mr. Mu being a shareholder of GS Corp, Mr. Mu is an Independent Third Party
"Ms. Wang"	Ms. Ye Wang (王燁), our co-founder, executive Director, chief operating officer and one of our Controlling Shareholders, acting in concert with Dr. Zhang and Dr. Wang
"Ms. Wu"	Ms. Wu Yongmei (吳詠梅), a shareholder of GS Corp and the ex-wife of Dr. Wang
"Nanjing Jinsida"	Nanjing Jinsida Biotechnology Co., Ltd. (南京金思達生物科技有限公司), a limited liability company established under the laws of the PRC on December 12, 2013, which was owned as to 85% by Nanjing Jinsikang directly and as to 85% by our Company indirectly, and as to 15% by two Independent Third Parties, Nanjing Jinsida was deregistered on June 8, 2015

"Nanjing Jinsikang"	Jinsikang Technology (Nanjing) Co., Ltd.* (金斯康科技(南京)有限公司), a limited liability company established in the PRC on April 30, 2009, which is wholly owned by GS China, and thus an indirectly wholly owned by our Company
"Nanjing Jinsite"	Jinsite Biotechnology (Nanjing) Limited Liability Company* (金思特科技(南京)有限責任公司), a limited liability company established under the laws of the PRC on November 19, 2004, which was owned as to 100% by GS Cayman. Nanjing Jinsite was deregistered on January 8, 2015
"OEM"	acronym for original equipment manufacturer, a business that manufactures goods or equipment for branding and release by others
"OFAC"	the United States Department of Treasury's Office of Foreign Assets Control
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of a brokerage fee of 1.0%, an SFC transaction levy of 0.0027% and a Hong Kong Stock Exchange trading fee of 0.005%) of not more than HK$1.68 and expected to be not less than HK$1.31, such price to be agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before the Price Determination Date
"Offer Shares"	the Hong Kong Public Offer Shares and the International Offer Shares
"OLAW"	Office of Laboratory Animal Welfare
"Over-allotment Option"	the option to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, pursuant to which our Company is required to allot and issue up to an aggregate of 60,000,000 Shares (representing in aggregate 15% of the Shares initially being offered under the Global Offering) at the Offer Price to cover over-allotment in the International Offering, details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"Post-IPO Share Option Scheme"	the share option scheme conditionally adopted by our Company pursuant to a resolution passed by our sole Shareholder on December 7, 2015, as described in the section headed "Statutory and General Information — 9. Post-IPO Share Option Scheme" in Appendix V to this prospectus
"PRC government"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or, where the context requires, any of them
"PRC subsidiaries"	GS China, BSJ Nanjing, BSJ Hubei, Legend Nanjing, Nanjing Jinsikang and/or Shanghai Jingrui
"Pre-IPO Investment"	the pre-IPO investments in our Group as set out in the section headed "History and Reorganization — Pre-IPO Investment" in this prospectus
"Pre-IPO Reorganization"	the reorganization of entities comprising our Group subsequent to the application for Listing of the Company and prior to the Listing. Details of which are set out in the section headed "History and Reorganization — Pre-IPO Reorganization"
"Pre-IPO Reorganization Agreement"	the pre-IPO reorganization agreement entered into by, among others, our Company, GS Corp, GS Cayman and the Series A Investors on August 28, 2015, which sets out the terms of the Pre-IPO Reorganization
"Pre-IPO Share Option"	the pre-IPO share option granted under the Pre-IPO Share Option Scheme
"Pre-IPO Share Option Scheme"	the share option scheme adopted by our Company pursuant to a resolution of the Board on July 15, 2015 as described in the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V of this prospectus
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) in force from time to time before March 3, 2014
"Price Determination Date"	the date, expected to be on or about December 22, 2015, on which the Offer Price is determined for the purposes of the Global Offering, and in any event no later than December 24, 2015, or such other date as agreed between the relevant parties

"prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"province"	a province or, where the context requires, a provincial level autonomous region or municipality under the direct administration of the central government of the PRC
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"RMB" or "Renminbi"	Renminbi, the lawful currency of China
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Sanctioned Countries"	countries that are the targets of economic sanctions as administered by the OFAC, the laws of other countries and under international law, such as Belarus, Egypt, Iran, Iraq, Lebanon, Libya, Russia, Serbia and Ukraine
"Sanctioned Person(s)"	certain person(s) and entity(ies) listed on OFAC's Specially Designated Nationals and Blocked Persons List or other restricted parties lists maintained by the European Union, the United Nations or Australia
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Series A Investors"	KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare
"Series A Preference Shares"	shall mean, collectively, GS Cayman's Series A-1 Preference Shares and Series A-2 Preference Shares

"Series A-1 Preference Shares"	shall mean GS Cayman's Series A-1 Preference Shares, par value US$0.0001 per share, 150,000,000 of which were subscribed by Series A Investors upon the terms and conditions set forth in Series A Preference Shares and warrant purchase agreement, dated as of April 3, 2009
"Series A-2 Preference Shares"	shall mean GS Cayman's Series A-2 Preference Shares, par value US$0.0001 per share
"Series A-2 Warrants"	series A-2 warrants of GS Cayman which could be exercised to purchase up to an aggregate of 25,641,029 Series A-2 Preference Shares, and was expired on April 15, 2011
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Jingrui"	Shanghai Jingrui Biotechnology Co., Ltd.* (上海璟睿生物技術有限公司), a limited liability company incorporated under the laws of the PRC on March 6, 2015, which is wholly owned by GS China, and thus an indirect wholly owned subsidiary of our Company
"Share(s)"	ordinary shares of par value US$0.001 each in the share capital of our Company
"Share Option Schemes"	the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme
"Shareholder(s)"	holder(s) of our Share(s)
"Joint Bookrunners"	Haitong International Securities Company Limited, J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering), and J.P. Morgan Securities plc (in relation to the International Offering)
"Joint Global Coordinators"	Haitong International Securities Company Limited and J.P. Morgan Securities (Asia Pacific) Limited
"Joint Lead Managers"	Haitong International Securities Company Limited, J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering), J.P. Morgan Securities plc (in relation to the International Offering), and KGI Capital Asia Limited
"Sole Sponsor"	Haitong International Capital Limited

"sq.m."	square meter
"Stabilizing Manager"	Haitong International Securities Company Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement, which may be entered into between GS Corp as the lender and Haitong International Securities Company Limited as the borrower
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Substantial Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by SFC, as amended, supplemental or otherwise modified from time to time
"TBIG Healthcare"	TBIG Healthcare Investments Limited, a company limited by shares incorporated in the BVI and one of our Shareholders
"Track Record Period"	the years ended December 31, 2012, 2013, and 2014, and the six months ended June 30, 2015
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States," "USA," "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"UNSC" or "UN" or "U.N."	the United Nations Security Council
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"USD" or "US$"	U.S. dollars, the lawful currency of the United States of America
"VAT"	value-added tax

"White Form eIPO"	the application for Hong Kong Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"2009 Reorganization"	the reorganization of entities comprising our Group in 2009, details of which are set out in the section headed "History and Reorganization — 2009 Reorganization" in this prospectus
"2015 Reorganization"	the reorganization of entities comprising our Group prior to the application for Listing of the Company. Details of which are set out in the section headed "History and Reorganization — 2015 Reorganization" in this prospectus

In this prospectus, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this prospectus, if there is any inconsistency between the Chinese names of the entities or enterprises established in China and their English translations, the Chinese names shall prevail. English translation of company names in Chinese or another language that are marked with "" are for identification purposes only.*

* *For identification purposes only*

This glossary contains definitions of technical terms used in this prospectus as they relate to us and as they are used in this prospectus in connection with our business or us. Such terminology and meanings may not correspond to standard industry meanings or usages of these terms.

"acetonitrile"	the chemical compound with the formula CH_3CN
"adjuvant"	something (a drug or method) that enhances the effectiveness of medical treatment
"affinity"	an attractive force between substances or particles that causes them to enter into and remain in binding or association
"algorithm"	a set of steps that are followed in order to solve a mathematical problem or to complete a computer process
"amino acid"	organic molecule containing both amino group and carboxyl group, usually as the building blocks of proteins
"amplification"	a usually massive replication of genetic material and especially of a gene or DNA sequence (as in a polymerase chain reaction)
"antibody"	protein produced by B cells in response to a foreign molecule or invading microorganism. Also called immunoglobulin
"antibody engineering"	genetic engineering for the purpose of designing antibodies with increased antigen affinity and/or therapeutic efficiency
"antibody humanization"	the modification of the sequences of antibodies from non-human species to increase their similarity to antibody variants produced naturally in humans
"antigen"	molecule that is able to provoke an immune response
"assay"	examination and determination as to characteristics
"base"	the purines and pyrimidines in DNA and RNA
"bioinformatics analysis"	analysis of biochemical and biological information using computers especially as applied to molecular genetics and genomics

"biological assay"	determination of the relative strength of a substance (as a drug) by comparing its effect on a test organism with that of a standard preparation
"biological pathway"	a series of actions among molecules in a cell that leads to a certain product or a change in a cell
"bp"	abbreviation for Base-Pair; two nucleotides in an RNA or DNA molecule that are naturally held together by hydrogen bonds — for example, G (guanine) pairs with C (cytosine) and A (adenine) with T (thymine) or U (uracil)
"buffer solution"	solution which can resist changes in pH when small quantities of acid or alkali are added
"cell biology"	the study of cell structure and function
"cell culturing" or "cell culture"	the process by which cells are grown under controlled conditions, generally outside of their natural environment
"cell line engineering"	modification or development of cell lines to produce designed functions
"chromatography"	a biochemical technique in which a mixture of substances is separated by charge, size or some other property by allowing it to partition between a moving phase and a stationary phase
"cloning vector"	a small piece of DNA, taken from a virus, a plasmid, or the cell of a higher organism, that can be stably maintained in an organism, and into which a foreign DNA fragment can be inserted for cloning purposes
"co-expression"	the simultaneous expression of two or more proteins transcribed from two or more genes
"codon optimization"	a technique to improve the protein expression in living organism by increasing the translational efficiency of gene of interest via substitution of codons without changing the encoded amino acids
"colitis"	inflammation of the colon, characterized by lower-bowel spasms and upper abdominal cramps
"combinatorial pathway assembly"	process of assembly of a combination of DNA constructs encoding re-engineered metabolic pathways

"CRISPR-Cas9"	a genome-editing technique that involves expressing the RNA-guided Cas9 endonuclease along with guide RNAs directing it to a particular sequence to be edited
"culture media"	nutrients used for growing bacteria or other cells in a laboratory
"cytokine"	extracellular signal protein or peptide that acts as a local mediator in cell–cell communication
"*de novo*"	anew or from scratch
"Deoxynucleoside" or "Deoxyribonucleoside"	a nucleoside component of DNA containing 2-deoxy-d-ribose
"deoxy-ribonucleoside triphosphate"	a generic term referring to the four deoxyribonucleotides: dATP, dCTP, dGTP and dTTP
"DNA"	polynucleotide formed from covalently linked deoxyribonucleotide units. It serves as the store of hereditary information within a cell and the carrier of this information from generation to generation
"DNA amplification"	the amplification of a sequence of DNA; repeated copying of DNA
"DNA sequencing"	determination of the order of nucleotides in a DNA molecule
"DNA synthesizer"	a machine which can automatically synthesize a specific sequence of nucleotide bases with desired length.
"*E. coli*"	*Escherichia coli*, a kind of gram-negative bacterium that is widely used in genetic engineering research and application
"electrophoresis"	the movement of suspended particles through a fluid or gel under the action of an electromotive force
"electrophysiology"	the branch of medicine or biology dealing with the study of electrical activity in human or animal bodies
"endocrinology"	a branch of medicine concerned with the structure, function, and disorders of the endocrine glands

"endotoxin"	a toxic heat-stable lipopolysaccharide substance present in the outer membrane of gram-negative bacteria that is released from the cell upon lysis
"envelope proteins"	some complex proteins from viral envelopes, which are typically derived from portions of the host cell membranes (phospholipids and proteins)
"enzymatic reaction"	a chemical reaction catalyzed at the reactive sites by enzyme
"enzyme"	a biological macromolecule that acts as a catalyst. Most enzymes are proteins, but certain RNAs, called ribozymes, also have catalytic activity
"expression vector"	a small piece of DNA taken from a virus, a plasmid, or the cell of a higher organism, which is used as a vector to produce large amount of a heterologous protein; the protein produced may be used for purification or research on mutation-function relationship
"fibrosis"	a condition marked by increase of interstitial fibrous tissue
"flow cytometry"	a technology that simultaneously measures and analyzes multiple physical characteristics of single particles, usually cells, as they flow in a fluid stream through a beam of light
"fluorescence-based DNA sequencing"	DNA sequencing using fluorescently-labeled terminators
"fluorescence-labeled deoxynucleoside"	deoxynucleoside carrying fluorescence-tag that can be identified by a fluorescence detection system specifically matched to the emission characteristics of this fluorescent set
"full-length gene assembly"	the assembly of full-length gene by bonding multiple shorter DNA sequences together
"fusion protein"	a hybrid protein made up of different proteins
"GC-rich sequence"	a DNA sequence with higher-than-average percentage of GC base pairs

"gene"	a molecular unit of heredity of a living organism; region of DNA that controls a hereditary characteristic, usually corresponding to a single protein or RNA. This definition includes the entire functional unit, encompassing coding DNA sequences, non-coding regulatory DNA sequences and introns
"gene fragment synthesis"	assembly of double-stranded synthetic DNA as larger fragments from oligonucleotides as starting materials
"gene synthesis"	assembly of synthetic genes from gene fragments, similar but not identical to gene cloning
"genome"	the totality of genetic information belonging to a cell or an organism
"glucoamylase"	a hydrolase that catalyzes the hydrolysis of terminal residues from non-reducing ends of polysaccharide chains with the release of glucose
"growth factor"	extracellular protein signal molecule that can stimulate a cell to grow or proliferate
"hematology"	a medical science that studies blood and blood tissues
"heterologous protein expression"	the expression of a heterologous gene or gene fragment in a host organism, which does not naturally have this gene or gene fragment
"homologous sequence-mediated cloning"	DNA cloning by homologous recombination
"human cDNA clone"	a cloned human cDNA sequence
"immunoassay"	technique used to detect the presence or quantity of a substance (such as a protein) based on its capacity to act as an antigen
"immunogenicity"	the capability of being immunogenic
"immunology"	a branch of science that studies the immune system and the cell-mediated or humoral immune responses
"inflammatory diseases"	disease accompanied by or tending to cause inflammation
"*in vitro*"	(Latin for "in glass") in an artificial environment rather than inside a living organism

"*in vivo*"	(Latin for "in life") in an intact cell or organism
"kb"	a unit of measure of the length of a nucleic-acid chain that equals one thousand base pairs
"knock-in"	a process by which a heterologous gene is inserted into a specific locus in the target genome via homologous recombination
"knock-out"	a genetic technique in which one of a target organism's genes are made deficient or inoperative
"library"	a collection of cloned DNA fragments that are maintained in a suitable cellular environment and that represent the genetic material of a particular organism or tissue
"microbiology"	a science that studies extremely small living things (such as bacteria and viruses)
"microorganism"	extremely small living thing that can only be seen with a microscope
"model animal"	an animal sufficiently like humans in its anatomy, physiology, or response to a pathogen to be used in medical research in order to obtain results that can be extrapolated to human medicine, such animal having a pathological or physiological condition that is similar to one occurring in humans
"molecular biology"	the branch of biology that studies the molecular basis of biological processes
"molecular cloning"	experimental methods in molecular biology that are used to assemble and replicate recombinant DNA molecules in host organisms
"monoclonal antibody"	an antibody produced by a single clone of immune cells or cell line and consisting of identical antibody molecules
"myeloma cells", or "multiple myeloma cells"	cells of multiple myeloma, which is a cancer that forms in a type of white blood cell called a plasma cell
"nanobiotechnological"	of or relating to nanobiotechnology, which is an application of nanotechnology. For example, DNA nanotechnology or cellular engineering would be classified as bionanotechnology because they involve working with biomolecules on the nanoscale

"next-generation sequencing"	non-Sanger-based high-throughput DNA sequencing technologies. Millions or billions of DNAs can be sequenced in parallel, yielding substantially more throughput for genome sequencing
"non-pathogenic"	not capable of inducing disease
"nuclear hormone receptors"	a class of ligand activated intercellular proteins that, when bound to specific sequences of DNA, serve as on-off switches for transcription within the cell nucleus
"nucleic acid"	a polymer of nucleotides linked by phosphodiester bonds. DNA and RNA are the primary nucleic acids in cells
"nucleoside"	a compound consisting of a purine or pyrimidine base linked to a sugar, especially ribose or deoxyribose
"nucleotide"	nucleoside with one or more phosphate groups joined in ester linkages to the sugar moiety. DNA and RNA are polymers of nucleotides
"nucleotides", or "nucleotide monomers"	organic molecules that serve as monomers, or subunits, of nucleic acids like DNA and RNA, composed of a nitrogenous base, a five-carbon sugar (ribose or deoxyribose), and at least one phosphate group
"oligonucleotide" or "oligodeoxynucleotide synthesis"	chemical oligodeoxynucleotide synthesis; a cyclical process that elongates a chain of nucleotides from the 3'-end to the 5'-end
"oncology"	the study and treatment of cancer and tumors
"PAGE"	polyacrylamide gel electrophoresis
"pathogenic sequence"	a (genetic) sequence causing or capable of causing disease
"PCR"	polymerase chain reaction; technique for amplifying specific regions of DNA by the use of sequence-specific primers and multiple cycles of DNA synthesis, each cycle being followed by a brief heat treatment to separate complementary strands
"peptide"	linear polymer of amino acids connected by peptide bonds
"peptide synthesis"	chemical synthesis of peptides involving the stepwise addition of protected amino acids to a growing peptide chain

"pH"	common measure of the acidity or alkalinity of a solution
"phage display"	a useful tool to use genetically modified bacteriophages to screen and express proteins and replicate selected proteins, enabling the engineering of antibodies and the development of new drugs
"pharmacological"	of the properties and reactions of drugs especially with relation to their therapeutic effect
"phosphoramidite method"	a method that couples an acid-activated deoxynucleotide phosphoramidite to a deoxynucleoside on a solid support for oligonucleotide chain synthesis
"plasmid miniprep"	method of preparing up to 20 μg molecular biology grade plasmid DNA
"polyclonal antibodies"	antibody mixture produced by or derived from two or more immune cells of different ancestry or genetic constitution
"precast gel"	a mass produced gel that is casted in its final shape
"precast protein separation gel"	a mass produced gel for protein separation that is casted in its final shape
"preclinical"	research concerning the stage before a pharmaceutical enters clinical trial
"protein"	the major macromolecular constituent of cells; a linear polymer of amino acids linked together by peptide bonds in a specific sequence
"protein complex"	an assembly of proteins, which form many interactions with each other and therefore are cohesive
"protein engineering"	the design and construction of proteins or enzymes with novel or desired functions, through the modification of amino acid sequences using recombinant DNA technology
"protein expression"	production of a protein
"protein-protein interaction", or "protein interaction"	physical contacts with molecular docking between proteins that occur in a cell or in a living organism *in vivo*
"protein staining"	detecting or assaying of protein by Coomassie blue, silver, or fluorescent dye

"protein transfer"	a process of electrophoretic transfer of proteins from polyacrylamide gels to nitrocellulose sheets
"proteomics"	the branch of genetics that studies the full set of proteins encoded by a genome
"qPCR"	quantitative PCR
"reagent"	simple chemical substance or mixture that is useful in chemical analysis or synthesis
"receptor binding"	binding of cell-surface receptor with its ligand
"recombinant antibody"	an antibody created by recombinant DNA technology using an antibody gene made in a laboratory or taken from human cells, eliminating hybridomas and animals immunization process
"recombinant protein"	a protein produced by a recombinant DNA
"restriction endonuclease"	an enzyme that cuts DNA at or near specific nucleotide sequences known as restriction sites
"restriction enzyme/endonuclease analysis"	analysis of characteristics of specific sequences that are recognized and cleaved by restriction enzyme
"ribonucleoside"	a nucleoside that contains ribose
"RNA"	polymer formed from covalently linked ribonucleotide monomers
"sdAb", or "single-domain antibody"	an antibody composed of and formed only by a single heavy chain domain
"side-chain protecting groups"	protective groups added to the side chains of amino acids to prevent the polymerization of the amino acids via the side chains during solid-phase peptide synthesis, such as Fmoc (9-fluorenylmethyl carbamate) and t-Boc (Di-tert-butyl dicarbonate)
"signal peptide"	a short peptide present at the N-terminus of the majority of newly synthesized proteins to guide the protein towards the secretory pathway
"structural biology"	a branch of biology concerned with the molecular structure of biological macromolecules, especially proteins and nucleic acids

"structural-function analysis"	study in which systematic variation in the structure of a compound, such as a protein, is correlated with its biological activity
"surface plasmon resonance"	a powerful method to monitor label-free biomolecular interactions in liquids
"surfactant"	a surface-active substance (as a detergent)
"synthetic biology"	the design and construction of novel biological parts, devices, and systems, and the re-design of existing, natural biological systems for purposes of improving usefulness
"target validation"	the process by which the interference with a predicted molecular target — for example protein or nucleic acid — of a drug candidate is verified
"therapeutic protein"	protein useful for the healing of disease
"thermo/acid-stable alpha-amylase"	a thermo-/acid-stable-amylase that hydrolyses alpha bonds of polysaccharides such as starch and glycogen, yielding glucose and maltose
"throughput"	the amount of material, data, etc., that enters and goes through a machine or system
"trans-membrane protein"	a protein that spans the plasma membrane of a cell
"truncation variant"	a frameshift variant that causes the translational reading frame to be shortened
"tumor"	a tissue that possesses no physiological function and arises from uncontrolled, rapid, proliferation
"ultrafiltration"	a filtration process that uses a porous membrane to isolate and remove unwanted small molecules or water
"yeast"	common term for several families of unicellular fungi, including species used for brewing beer and making bread, as well as certain pathogenic species

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and plans for the development of existing and new businesses, our ability to implement such strategies and plans and the expected timetable of such implementation;
- our financial condition and performance;
- our dividend policy;
- our ability to reduce costs;
- the regulatory environment, as well as the general industry outlook, for the industry and market in which we operate;
- our expectations with respect to our ability to acquire and maintain regulatory licenses or permits;
- capital market development;
- certain statement in the sections headed "Risk Factors", "Industry Overview," "Regulations", "Business", "Financial Information", "Relationship with Controlling Shareholders" and "Future Plans and Use of Proceeds" with respect to trends in interest rates, foreign exchange rates, prices, volumes, operations, margins, risk management and overall market trends;
- further developments in, and competitive environment for, the industry in which we operate; and
- the general economic trend and outlook in the markets in which we operate.

The words "aim," "anticipate," "believe," "contemplate," "continue," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "may," "might," "plan," "potential," "predict," "project," "schedule," "seek," "should," "target," "will," "would" and the negatives forms of these terms, as well as similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our business, financial condition and results of operation may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, such statements are not a guarantee of future performance, and you should not place undue reliance on such forward-looking information. We undertake no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise, except as required by applicable laws, rules and regulations. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

Any investment in our Shares involves various risks. You should carefully read and consider all of the information set out in this prospectus and, in particular, the risks and uncertainties described below before deciding to make any investment in our Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that a substantial part of our business operation is conducted in the PRC and the United States and is governed by legal and regulatory environment in some respects which differs from those that prevail in other countries. Our business, financial condition, and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose part or all of your investment as a result.

RISKS RELATING TO OUR BUSINESS

Our future growth is dependent upon our ability to develop new services and products, which requires significant research and development efforts, and our investment in new services and products may not result in any commercially viable services and products

The life sciences research and application service and product industries are highly competitive, and market participants frequently develop and market new and advanced services and products to adjust to changing market preferences and technologies. As a result, our future growth is dependent upon our ability to develop and launch new services and products that meet market demand, and any delays in our service and product launches may significantly impede our ability to compete.

We have devoted substantial resources to our research and development activities to improve our ability to cater to market demands. For the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, our expenditures on research and development activities amounted to US$5.5 million, US$6.1 million, US$5.6 million and US$2.4 million, respectively, or 10.4%, 10.1%, 8.0% and 5.9%, respectively, of our revenues for the same periods. However, we cannot guarantee that our existing services and products will be upgraded through our ongoing research and development activities or that our research and development activities will always keep pace with market demand and technological advances or yield the anticipated results.

Furthermore, development and production of new services and products may require substantial capital investment. The entire development process may take years before a new service or product is commercially launched. We cannot assure you that our service and product research and development projects can be completed within the anticipated time frame, and our research and development efforts may not lead to new services and products that are commercially successful. We may also experience delays or be unsuccessful in any stage of service or product research and development, production launch.

As many of our existing services and products and those under development are technologically innovative and require significant planning, design, development and testing at the technological and production levels, we must keep abreast of the changes in the industry and cater to customers' needs, and develop services and products for our customers to conduct their life sciences research and development activities. If we fail to respond timely to the changes in the industry and our customers' needs, we may invest heavily in research and development of services and products that do not lead to significant revenue.

In addition, the unavailability and insufficiency of capital for service and product research and development and any areas where our employees' experience may be lacking could all affect our development plans. If such events occur, our business, operating results and financial condition could be adversely affected.

If our customers are not receptive to our services and products, our sales will decline, and we will be unable to increase our sales and profit

Our business is highly dependent on the receptiveness of our services and products to our customers. Their degree of receptiveness to our services and products will depend on a number of factors, including the demonstrated accuracy and efficacy compared to other services and products, turnaround time, cost-effectiveness, convenience and marketing support. We cannot guarantee that our efforts to educate our customers on the benefits of our services and products over those of our competitors will be successful. If we fail to achieve an adequate level of acceptance by our customers of our services and products, our sales may be adversely affected. In addition, if our sales and marketing team fails to provide adequate after-sales technical support to the life sciences researchers and scientists for the use of our services and products, they may misuse or ineffectively use our services and products, which in turn may cause an unsatisfactory research outcome. As a result, our reputation, sales and results of operations will be adversely affected.

Unauthorized use of our brand names by third parties and our failure to develop, maintain and enhance our brands may adversely affect the level of market recognition of, and trust in, our services and products

We rely heavily on the market recognition of our brand names, namely, "GenScript" and "金斯瑞". We are a well-recognized and trusted brand in the world. We believe that business growth in our services and products depends heavily on the public perception of our brands, and we anticipate that we will continue to rely on our brands in our future business.

Unauthorized use of our brand names by third parties may adversely affect the value of our brand names, our business and our reputation, including the perceived quality and reliability of our services and products. We rely on trademark law and, in some cases, agreements with our customers to protect the value of our brand names. However, we cannot assure you that the trademark applications submitted by us and the registered trademarks held by us can adequately safeguard our brand names. We may be unable to prevent unauthorized uses of our brand names by third parties. In certain circumstances, litigation may be necessary to protect our brand names. However, because the validity, enforceability and scope of protection of trademarks in certain countries in which we operate are uncertain and still evolving, we may not be successful in litigating these cases. Furthermore, litigation could also result in substantial costs and diversion of our resources, and could disrupt our business, as well as materially and adversely affect our results of operations. For the impacts of any failure to protect our intellectual property rights, please see the subsection headed "— Risks Relating to Our Business — Any failure to protect our intellectual property rights could harm our business and competitive position" starting from page 46 of this prospectus.

We believe that our brands are well recognized among pharmaceutical and biotech companies, colleges and universities, research institutes, government bodies and our distributors on a global basis. Our ability to develop, maintain and enhance the image and recognition of our brand names depends largely on our ability to remain as a well-recognized service and product provider in the life sciences

research and application service and product industries. Our brand promotion efforts may be costly and may fail to effectively promote our brands or generate additional sales. Our brand names, reputation and service and product sales could be harmed if, for example:

(a) our services and products fail to gain acceptance by our customers;

(b) our services and products contain defects or malfunctions;

(c) we provide poor or ineffective after-sales services; or

(d) we are subject to service and product liability claims.

If any of the above occurs, our business, financial condition, results of operations and prospects could be adversely affected.

Our business, financial condition and results of operations may be harmed if our customers discontinue or spend less on research and development or are unable to obtain funding for their research and development, or our customers fail to obtain, maintain or renew relevant licenses or permits required for their businesses

We have an extensive and diverse customer base in multiple geographies. Our customers primarily include pharmaceutical and biotech companies, colleges and universities, research institutes and government bodies, as well as distributors located mainly in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan) and Japan. Their amount of spending on research and development has a large impact on our sales and profitability. Their research and development budgets may fluctuate due to changes in available resources, public policy, spending priorities, general economic conditions, governmental and institutional budgetary limitations and mergers of companies in the key industry sectors we serve. Our business could be seriously harmed by any significant decrease in life sciences research and development expenditures by our customers.

A considerable portion of our sales have been to colleges and universities and research institutes, whose funds, our Directors believe, are largely dependent on funds from government agencies. Pharmaceutical and biotech companies also receive governmental funding for some of their research and development activities. Government funding of research and development is subject to government budgetary processes, which are inherently unpredictable in the long run. Government spending reduction for life sciences research and development activities or any shift away from such spending to other industries would be likely to have a significant adverse effect on our customers' spending policies, which in turn can have a significant adverse effect on the demand for our services and products.

The timing of the receipt of approved funds by some of our customers may be subject to government budgetary cycles. Such funds could be frozen for a certain period of time or otherwise become unavailable to them without advance notice. The timing of the receipt of funds may affect the timing of purchase decisions by our customers and, as a result, cause fluctuations in our revenue and operating results. In addition, if our customers fail to obtain, maintain or renew relevant licenses or permits required for their business or fail to meet applicable regulatory requirements, their business operation may be suspended and hence our business, financial condition and results of operations may be adversely affected as well.

If we experience a significant disruption in our information technology systems or if we fail to implement new systems and software successfully, our business could be adversely affected

We depend on information systems throughout the operation of our Group to effectively manage order entry, order fulfillment, accounting and financial functions, payment and inventory replenishment processes and to maintain our research and development data. Any system damage or failure that interrupts data input, retrieval or transmission or increases service time could disrupt our normal operations. Although we strive to have appropriate security controls in place, there can be no assurances that we will be able to effectively handle a failure of our information systems or that we will be able to restore our operational capacity in a timely manner to avoid disruptions to our business. The occurrence of any of these events could adversely affect our ability to effectively manage our business operations. In addition, if the capacity of our information systems fails to meet the increasing needs of our expanding operations, our ability to expand may be constrained.

Our failure to obtain or renew certain approvals, licenses, permits and certificates required for our business may materially and adversely affect our business, financial condition and results of operations

Pursuant to the relevant laws and regulations, we are required to obtain and maintain certain approvals, licenses, permits and certificates from various authorities to operate our business. During the Track Record Period, we failed to obtain certain approvals, licenses, permits and certificates, such as pollutants discharge permit, construction work commencement permit, and inspection and acceptance on completion of construction for our operation. For details, please see the section headed "Business — Historical Non-compliance Incidents" on page 238 of this prospectus. There is no assurance that the relevant authorities would not take any enforcement action against us. In the event that such enforcement action is taken, our business operations could be materially and adversely disrupted. Any failure to obtain any approvals, licenses, permits and certificates necessary for our operations in the future could materially and adversely affect our financial condition and results of operations.

In addition, some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Although we intend to apply for the renewal and/or reassessment of these approvals, permits, licenses and certificates when required by applicable laws and regulations, there can be no assurance that we will successfully procure such renewals and/or reassessment. Any failure by us to obtain the necessary renewals and/or reassessment and otherwise maintain all approvals, licenses, permits and certificates necessary to carry out our business at any time could severely disrupt our business and prevent us from continuing to carry out our business, which could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, if the interpretation or implementation of existing laws and regulations changes or new regulations come into effect requiring us to obtain any additional approvals, permits, licenses or certificates that were previously not required to operate our existing businesses, we cannot assure you that we will successfully obtain such approvals, permits, licenses or certificates. Our failure to obtain the additional approvals, permits, licenses or certificates may restrict the conduct of our business, decrease our revenues and/or increase our costs, which could materially reduce our profitability and prospects.

We may not be able to identify or control the risks relating to our international business in a timely manner or at all

We operate our business and sell our services and products to customers globally. During the course of our international business operations, we are exposed to various risks, including:

(a) compliance with foreign laws and regulatory requirements of different jurisdictions and various industry standards, in particular, those related to life sciences research and application services and products;

(b) exposure to litigation risks;

(c) political and economic instabilities;

(d) foreign exchange rate exposure;

(e) unfamiliarity with local operating and market conditions;

(f) cultural and language difficulties;

(g) trade restrictions, technology barriers, protectionism and economic sanctions;

(h) import or export licensing requirements imposed by various countries;

(i) competition from local companies;

(j) local taxes;

(k) managing relationships with and collecting payments from local customers;

(l) stringent environment, safety and labor standards; and

(m) potential disputes with local collaborating partners and difficulty in managing relationships with local customers.

If we fail to identify or control any of the foregoing or other risks and uncertainties, the results of our international operations could be adversely affected, which in turn could adversely affect our financial condition and results of operations.

Any failure to protect our intellectual property rights could harm our business and competitive position

Our future success depends in part upon our proprietary technology. We consider that our trademarks, patents, trade secrets, know-how, domain names and similar intellectual property rights are critical to our success. As of the Latest Practicable Date, we had 17 registered trademarks, 3 pending trademarks applications in the PRC and the United States, 19 registered patents and 9 pending patents applications, and three registered domain names in the PRC and the United States, which are material to our business. We cannot assure you that any of the above trademark and patent applications will

ultimately proceed to registration or will result in registration with adequate scope for our business. Some of our pending applications or registrations may be successfully challenged or invalidated by others. It is also possible that any patents, trademarks or domain names registered by us may be invalidated, circumvented or challenged. There can be no assurance that such patents, trademarks, domain names or pending applications will provide us with competitive advantages or adequately safeguard our proprietary rights. In particular, in the event that our intellectual property rights applications were not approved by relevant authorities, although we can continue to apply these intellectual property in our production process, we would not be able to prevent others from developing, applying for intellectual property rights registrations for, providing services and products by using the same intellectual property. If our trademark applications are not successful, we may have to use different marks for affected products or services, or seek to enter into arrangements with any third parties who may have prior registrations, applications or rights, which might not be available on commercially reasonable terms, if at all. In the event of any successful registration by other parties of any identical invention intellectual property rights applications filed prior to our relevant applications, we may not be able to practice the relevant invention in our commercial production, which could have a negative impact on our business, results of operations and financial condition to some extent.

Our design and production processes involve usage of proprietary trade secrets, know-how and other similar intellectual property rights, which may be susceptible to infringement by third parties. To protect the proprietary know-how we use in our production, we rely primarily on contractual arrangements with our management and technical personnel who have access to the relevant data. For more details on our measures to protect our intellectual properties, please see the section headed "Business — Intellectual Property" starting on page 225 of this prospectus. We cannot assure you that our standard proprietary information and invention agreements or the non-disclosure clauses in our employment contracts are enforceable under PRC law or are adequate to protect our proprietary trade secrets and know-how. In addition, we cannot assure you that these proprietary information and invention agreements or non-disclosure clauses will not be breached. In the event that such breach occurs, we may suffer financial and reputational damage or penalties because of the unauthorized disclosure of confidential information belonging to us or to the parties we collaborated with, customers or suppliers. In addition, third parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

The PRC intellectual property-related laws have historically been implemented slowly, primarily because of ambiguities in PRC law and enforcement difficulties. Accordingly, intellectual property rights and confidentiality protections in the PRC may not be as effective as in western countries, such as the United States and certain European countries. Furthermore, policing unauthorized use of proprietary technology, trademarks and other intellectual property rights is difficult and expensive, and we may need to resort to litigation to enforce or defend our intellectual property rights or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation and an adverse verdict in such litigation, if any, could result in substantial costs and diversion of resources and management attention, which could harm our business and competitive position. On September 15, 2011, we initiated legal proceedings against one of our competitors and one of our former employees in the United States, primarily due to their infringement of our intellectual property rights (the "U.S. Lawsuit"). On July 30, 2015, a judgment has been entered in our favor in relation to our claims and the counter-claims initiated by the defendants. The court awarded us damages from the defendants in the amount of approximately US$10 million. On September 4, 2015, the defendants filed a notice of appeal to the court. On November 11, 2015, we and the relevant defendants entered into a settlement agreement to settle the dispute, among other things. Under the settlement agreement, instead of the full amount of

damages awarded to us by the court, we agreed to accept a sum that we considered and negotiated primarily based on the amount of damages payable by the relevant defendants under the court order and that will represent a substantial gain of the Group for the year ending December 31, 2015.

If we fail to attract and retain key personnel, our business could be adversely affected

Our Directors and our senior management have been instrumental in achieving our growth during the Track Record Period. In particular, the industry experience, management expertise and contributions of our Directors and our senior management, including Dr. Zhang (our co-founder, chairman, chief executive officer and executive Director), Ms. Wang (our co-founder, chief operating officer and executive Director) and Mr. Meng (our executive Director and vice president of finance), are crucial to our success. Their relevant details are set out in the section headed "Directors and Senior Management" on page 260 of this prospectus. If we lose the services of any member of our Directors or our senior management, we may be unable to recruit a suitable or qualified replacement and may incur additional expense to recruit and train new personnel, which could disrupt our business and growth.

Furthermore, as we expect to continue to expand our operations and develop new services and products, we will need to continue attracting and retaining experienced management and key personnel. Competition for skilled and experienced personnel in the life sciences research and application service and product industries is intense, and the availability of suitable and qualified candidates is limited. We compete for such personnel with our competitors, academic institutions, government bodies and other organizations, and we expect such competition to intensify as the life sciences research and application service and product industries grow. We may be unable to attract or retain the personnel required to achieve our business objectives and failure to do so could materially and adversely impact our competitiveness, business, financial condition and results of operation.

Increased labor costs could slow our growth and affect our revenue and profitability

Our operations require a sufficient amount of qualified employees. In recent years, the average labor cost has been steadily increasing as the competition for qualified employees among service and product providers in the life sciences research and application service and product industries has become more intense. During the Track Record Period, our labor costs were US$21.0 million, US$25.8 million, US$34.5 million, US$16.4 million and US$18.2 million for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively, representing a CAGR of 28.2% from 2012 to 2014. Furthermore, there can be no assurance that there will be no further increase in labor cost. In the event that we fail to retain our existing employees and/or recruit qualified employees in a timely manner to cope with the demand of our existing or future operations and/or there is a significant increase in the labor cost, our operations and profitability may be adversely affected.

Our services and products may be subject to decreasing pricing trends and reduced margins

As a result of the increased competition from substitute services and products, the selling prices of our services and products may decline over time, while production and materials costs may remain constant or increase. Growing pricing pressure may arise in the future due to competition. For example, during the Track Record Period, the average selling price of our gene synthesis services decreased from US$0.38 to US$0.34 per base pair, representing a decrease of approximately 10.5%. It was also typical in the life sciences research and application service and product industries for the selling prices of services and products to decline over their life cycles. As such, the gross profit margins of those services and

products may decrease. We experienced a decrease in the overall gross profit margin from 66.9% for the year ended December 31, 2012 to 63.7% for the year ended December 31, 2013, further to 63.0% for the year ended December 31, 2014. Our profitability depends on our ability to successfully control costs during the production process by increasing the efficiency of our production processes, reducing raw materials consumption and increasing production yields. In addition, changes in our services and products mix may negatively affect our overall gross margins. If we are unable to successfully design, produce and market new services and products, which typically generate higher gross margins, or if we fail to effectively increase the efficiency of our production processes or control production costs, our business, financial condition and operating results could be materially and adversely affected.

Our expansion of the production facilities may not be as successful as we have planned

To meet the increasing demand for our life sciences research and application services and products, we intend to continue to invest in our existing production facilities for life sciences research services, life sciences research catalog products, and preclinical drug development services. As part of our future continuous investment, we might build new production facilities to expand our production capacity. The construction and completion of these new production facilities involve regulatory approvals and reviews by various authorities in the PRC, including, but not limited to, urban planning, construction and environmental protection authorities. For these new production facilities, we cannot assure you that we will be able to obtain all of the required approvals, permits and licenses. Construction of the new production facilities also may not be completed on the anticipated timetable or within budget. We may also be unable to fully utilize the production capacity after our new production facilities commence operations. Any inability or material delay in commencing operations at these production facilities, or any substantial increase in costs to complete the production facilities or ramp up operations and utilization, could materially and adversely affect our results of operations and prospects and result in loss of business opportunities.

If our customers fail to comply with applicable laws and regulations governing the use of governmental research funding granted for research and development projects, our business may be adversely affected

Some of our customers are subject to various laws and regulations governing the use of governmental research funding in the PRC. For example, the Notice of the Ministry of Education on Further Implementing the State Administration Policies on Scientific Research Funds and Strengthening the Administration on Scientific Research Funds of Colleges and Universities (《教育部關於進一步貫徹執行國家科研經費管理政策加強高校科研經費管理的通知》), promulgated by the Ministry of Education effective in December 2011 (the "Notice"), imposes strict obligations and liabilities on colleges and universities that use governmental research funding. The Notice provides that the use of governmental research funding by colleges and universities and implementation of research and development projects shall follow the approved plan and scope, and that expenditures from governmental research funding shall be related to the scientific research tasks and incurred corresponding to the ongoing scientific research activities. The failure of our customers to comply with the applicable PRC law and regulations may result in certain liabilities being imposed on them. In such event, their use of governmental research funding may be suspended, which may in turn adversely affect our business, financial condition and results of operations. Please see the section headed "Regulations — Laws and Regulations of the PRC — State Scientific Research and Scientific Research Budget Management" on page 128 of this prospectus for more details on the relevant PRC laws and regulations.

The use of governmental research funding may lead to possible misappropriation of funds. In recent years, relevant PRC government authorities launched various investigations to investigate the

misappropriation of governmental research funding and other misconduct by the funds' recipients. There had also been a number of publicized cases involving misappropriation of governmental research funding or other misconduct.

If our customers were to be found misusing governmental research fundings, they may not be able to continue their research and development activities, and thus they would cease to enter into any sales contracts or purchase orders with us, which would materially and adversely affect our business, financial condition, results of operations and prospects. In addition, we would be asked to return the balance of the prepayment amount if those customers that enter into prepayment agreements with us, pursuant to which they make a lump sum prepayment in exchange for additional discounts, were found to be in violation of relevant PRC laws and regulations. The return of the whole balance of the prepayment amount could also materially and adversely affect our business, financial condition, results of operations and prospects. Although, during the Track Record Period and up to the Latest Practicable Date, we are not aware of any case in which any of our customers had been investigated or punished by relevant government authorities for misuse or misappropriation of governmental research fundings in connection with any prepayment agreements, sales contracts or purchase orders they entered into with us, we cannot guarantee that our customers always comply with PRC laws and regulations for the use of government funding for research and development projects.

We generally do not enter into long-term agreements with our customers

To remain flexible in our operations, we generally do not enter into long-term agreements with our customers. Generally, the master sales agreements that we enter into with our customers are valid for one year. Without entering into a long-term agreement, our customers may reduce or cease purchasing services and products from us at any time in the future. There is no guarantee that our existing or future agreements can be negotiated on terms and prices equivalent to or better than the current terms and prices. If any of our customers were to substantially reduce their transaction volume or terminate their business relationship with us, our financial condition and results of operations would be materially and adversely affected.

We could be adversely affected as a result of our operations in certain countries that are subject to evolving economic sanctions of the United States, the European Union, Australia and the United Nations Security Council and other relevant sanctions authorities

The United States and other jurisdictions or organizations, including the European Union, Australia and the United Nations Security Council, have comprehensive or broad economic sanctions targeting the Sanctioned Countries. For details on relevant sanction laws, please see the section headed "Regulations — Descriptions of Sanctions Laws" starting on page 136 of this prospectus. During the Track Record Period, we made certain sales of our services and products to customers in the following Sanctioned Countries: Belarus, Egypt, Iran, Iraq, Lebanon, Libya, Russia, Serbia and Ukraine. For details of the our sales to customers in the Sanctioned Countries, see the section headed "Business — Sales to Sanctioned Countries" in this prospectus. Our revenue derived from sales made to these Sanctioned Countries in aggregate accounted for approximately 0.20%, 0.10%, 0.12% and 0.10% of our revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively. On advice of our International Sanctions Legal Advisors, on August 25, 2015 (as supplemented by further information on October 30, 2015), we made a voluntary self-disclosure ("VSD") to OFAC because three U.S. dollar payments that we received from Iran after March 8, 2013 and one replacement shipment to a customer in Iran in November 2013 appeared to be violations of the U.S. sanctions. In the VSD, we

provided OFAC with full details and relevant documents regarding those three payments and that shipment. In addition, we filed an interpretive guidance request with OFAC requesting OFAC's guidance as to whether U.S. dollar payments that we received in connection with our sales in Iran during the Track Record Period and before March 8, 2013 were lawful under the U.S. sanctions. We also included details about those payments in the VSD. On November 24, 2015, OFAC responded to the VSD with a Cautionary Letter representing a final enforcement response. In the Cautionary Letter, OFAC informed us that the three U.S. dollar payments that we received from Iran after March 8, 2013 and the single replacement shipment were apparent violations of the U.S. sanctions. However, OFAC indicated that it was not pursuing any civil monetary penalty against us. On November 30, 2015, OFAC also advised our International Sanctions Legal Advisors that, due to the resolution of the VSD through the Cautionary Letter, OFAC considered the underlying question in the interpretive guidance request to have been resolved through the Cautionary Letter and asked us to withdraw the interpretive guidance request from further OFAC consideration. On December 5, 2015, through our International Sanctions Legal Advisors, we withdrew the interpretive guidance request from further OFAC consideration. Accordingly, both we (as advised by our International Sanctions Legal Advisors) and OFAC now consider the possible legal issues raised through the VSD and the interpretive guidance request to be fully closed with the issuance of the Cautionary Letter and without the imposition of any civil monetary penalty.

As of the Latest Practicable Date/prior to the Listing, all of our sales transactions with customers in the Sanctioned Countries have been completed. We have no present intention to undertake any future business or make any future sales to the Sanctioned Countries or that would otherwise cause us or Relevant Persons to violate or become a target of sanctions laws of the United States, the European Union, Australia or the United Nations Security Council. However, we can provide no assurances that our future business will be free of risk under sanctions implemented in these jurisdictions or that we will conform our business to the expectations and requirements of the U.S. authorities or the authorities of any other government that do not have jurisdiction over our business but nevertheless assert the right to impose sanctions on an extraterritorial basis. Our business and reputation could be adversely affected if the government of the United States, the European Union, Australia, the United Nations Security Council or Hong Kong or any other government bodies were to determine that any of our activities constitutes a violation of the sanctions they impose or provides a basis for a sanctions designation of our Company. In addition, because many sanctions programs are evolving, new requirements or restrictions could come into effect which could increase scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions or being sanctionable. Over the past few years, the United States and the European Union have significantly increased the scope of their Iran sanctions, many of which now have direct extraterritorial effect. Although we believe that our business operations currently do not involve industries or sectors that are subject to extraterritorial Iran sanctions, there is a possibility that the U.S. government, the European Union or other jurisdictions may introduce more severe sanctions in relation to Iran should the current ongoing negotiation efforts with the government of Iran on nuclear issues fail, in which case, the current sanctions laws and regulations may be expanded to cover industries or sectors in which we are involved. In such case, our business and Shareholders' interests could be impacted. Concern about potential legal or reputational risk associated with our historical sales to the Sanctioned Countries could also reduce the marketability of the Offer Shares to particular investors, which could affect the price of our Offer Shares and Shareholders' interests in us. Before investing in our Shares, you should consider if such investment would expose you to any of the U.S., the European Union, Australia, the United Nations Security Council or Hong Kong or other sanctions law risks arising from your nationality or residency. Any of these events could have an adverse effect on the value of your investment in us.

We undertake to the Hong Kong Stock Exchange that (i) we will not use the proceeds from the Global Offering, as well as any other funds raised through the Hong Kong Stock Exchange, whether

directly or indirectly, to finance or facilitate any projects or businesses in the Sanctioned Countries, (ii) we will not undertake any sanctionable transactions that would expose the Relevant Persons or us to risk of being sanctioned, and (iii) we will make timely disclosure on the Hong Kong Stock Exchange's website and our own website if we believe our business would put Relevant Persons or ourselves at risk of being sanctioned and in our annual reports or interim reports our efforts on monitoring our business exposure to sanctions risks and our business intention relating to the Sanctioned Countries. If we breach any of these undertakings to the Hong Kong Stock Exchange after the Listing, it is possible that the Hong Kong Stock Exchange may delist our Shares.

We may be subject to intellectual property infringement claims, and successful claims of infringement could materially and adversely harm our reputation and affect our business, financial condition and results of operations

We operate in the life sciences research and application service and product industries in which companies may use intellectual property litigation to gain a competitive advantage, and players in this industries may develop or utilize similar tools, technologies and services and products formulation. According to the Frost & Sullivan Report, lawsuits in connection with intellectual property rights are common in the biotechnology industry. Consequently, intellectual property infringement claims may be asserted against us. During the Track Record Period, we had been involved in certain intellectual property claims against us. In September 2015, a competitor filed a civil complaint before the Intermediate People's Court of Suzhou City* (蘇州市中級人民法院) alleging that our production of gene synthesis services had infringed its patent registered at the State Intellectual Property Office of the People's Republic of China* (中華人民共和國國家知識產權局) (the "Suzhou Lawsuit"). We believe that such claims are ungrounded and lack strength and credibility. In connection with the Suzhou Lawsuit, we and the plaintiff agreed to settle the dispute under the same settlement agreement that we and the other relevant parties entered into with respect to the US Lawsuit on November 11, 2015. Although such proceedings had not resulted in any material adverse effect on our financial condition, results of operation, or reputation, there is no assurance that we will not encounter similar claims in the future that may materially and adversely affect our business operation and financial condition. Irrespective of the validity or the successful assertion of such claims, we could incur costs in either defending or settling any intellectual property disputes. Unfavorable resolution of these claims could subject us to substantial monetary liability, require us to obtain licenses (which we may not be able to obtain on commercially reasonable terms or at all), pay ongoing royalties, modify aspects of the tools, technology and services and products formulation that are deemed infringing or subject us to injunctions prohibiting the production and delivery of such services and products or the use of such tools and technologies. In addition, some of our contracts contain indemnity clauses in favor of our clients, and, under certain of our contracts, we are required to provide specific indemnities relating to third-party intellectual property rights infringement. Any claims or litigations in this area could materially and adversely harm our business and reputation.

Certain of our employees were previously employed at other companies, including our current and potential competitors. To the extent these employees are involved in the development of products, services formulation or technology similar to ours at their former employers, we may become subject to claims that such employees or we may have appropriated proprietary information or intellectual properties of the former employers of our employees. Likewise, in the event that any of our suppliers appropriate third parties' proprietary information or intellectual properties, we may also become subject to such intellectual property or trade secret infringement claims. If we fail to successfully defend such claims against us, our results of operations may be materially and adversely affected.

Any future litigation, legal disputes, claims or administrative proceedings against us could be costly and time-consuming to defend

We may become subject, from time to time, to legal proceedings and claims that arise in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. While we do not believe that the resolution of any currently pending lawsuits against us will, individually or in the aggregate, have a material adverse effect on our business, financial condition, results of operations or cash flows, litigation to which we subsequently become a party might result in substantial costs and divert management's attention and resources, which might seriously harm our business, financial condition, results of operations and cash flows. Insurance might not cover such claims, might not provide sufficient payments to cover all of the costs to resolve one or more such claims and might not continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability for us if the claim is outside the scope of the indemnification arrangement we have with our customers, our customers do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. A claim brought against us that is uninsured or underinsured could result in unanticipated costs and could have a material adverse effect on our financial condition, results of operations, cash flows or reputation.

We may face potential product liability claims or suffer losses due to defective services and products

We are exposed to risks associated with product liability claims if the use of our services and products results in failure of the life sciences research projects, damage or injury. With respect to our services and products, as of the Latest Practicable Date, we maintained product liability insurance in the U.S. but not in the PRC. During the Track Record Period, we were not involved in any legal proceedings due to product liability claims. We cannot assure you that our insurance protection is adequate. We also cannot assure you that product liability claims against us will not arise in the future, whether due to product malfunctions, defects or other causes. If any such claims were ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition and results of operations.

Moreover, a material design, production or quality failure or defect in our services or products, other safety issues or heightened regulatory scrutiny, could each warrant a cancelation of our services or return of our products and result in increased product liability claims. During the Track Record Period, we were not involved in any material proceedings due to product liability claims. Any defect in our services or products may result in a decreased demand for our services or products, withdrawal of our services or products, initiation of investigations by regulators and impairment of our business reputation. Should any of these events occur, our business, financial condition and results of operations could be materially and adversely affected.

Our operations involve the use and disposal of hazardous substances which can give rise to liability that could adversely impact our financial condition

We conduct activities that have involved, and may continue to involve, the controlled use of hazardous materials and the creation of hazardous substances, including radioactive substances and other highly regulated substances. Although we believe that our safety procedures for handling the disposal of such materials generally comply with the standards prescribed by applicable PRC laws and regulations, our operations nevertheless pose the risk of accidental contamination or injury caused by the use of these hazardous materials and/or the creation of hazardous substances, including radioactive substances and

other highly regulated substances. In the event of such an accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification, could harm our business. In addition, other adverse effects could result from such liability, including reputational damage resulting in the loss of additional business from certain clients. In addition, if our suppliers of such hazardous materials and substances are found by government authorities to have operated their business without requisite approvals, licenses or permits or otherwise to be in violation of applicable laws and regulations, they may be ordered to take rectification actions or cease operations. Any of these actions may have a material and adverse effect on our business and impose additional costs on us.

If our employees, customers or other intermediaries engage in illegal practices, it could harm our reputation and expose us to regulatory investigations, costs and liabilities

Our employees, customers or other intermediaries may fail to comply with our guidelines and authorizations and engage in illegal practices. If our employees, customers or other intermediaries engage in behaviors that are contrary to our guidelines and authorizations, our reputation may be harmed, and our sales and business prospects may suffer, and our services and products may be seized or banned, any of which could adversely affect our reputation, sales and business prospects.

In the life sciences research and application service and product industries, corrupt practices include, among other things, acceptance of kickbacks, bribes or other illegal gains or benefits by employees or other related parties in connection with the procurement of certain services and products. We have implemented policies and procedures designed to ensure that we, our employees, customers and other intermediaries comply with applicable anti-corruption laws in the countries where we operate. These measures include organizing internal training programs, implementing internal policies governing our employees and including standard anti-bribery provisions in our employee handbook. To minimize our exposure to improper conduct by our distributors, we conduct background checks on prospective distributors before entering into business relationships with them. For details on our measures to ensure our compliance with the applicable anti-corruption laws, please see the section headed "Business — Corporate Governance, Internal Controls, and Risk Management" on page 234 of this prospectus. We cannot assure you, however, that our employees, customers and other intermediaries will observe our policies and procedures at all times. If we were not in compliance with the applicable anti-corruption laws in the countries where we operate, we may be subject to criminal and civil penalties and other remedial measures, which could cause reputation damage and have a material and adverse impact on our business, financial condition or results of operations.

The PRC laws and regulations relating to incentive payments are not always clear. Hence, the relevant governmental authorities may have considerable discretion in determining the misconduct with respect to corruption under certain circumstances. Moreover, the PRC government authorities have recently increased their efforts to combat corrupt, illegal or improper business practices generally in the PRC, which could subject our employees, customers or other intermediaries to increased scrutiny. If our employees, customers or other intermediaries either knowingly or unknowingly engage in corrupt or improper conduct in connection with the marketing, promotion or sales of our services and products, our brands and reputation and our sales activities could be materially and adversely affected.

Our insurance may not cover all of our indemnification obligations and other liabilities associated with our operations

We maintain insurance designed to provide coverage for ordinary risks associated with our major operations. The coverage provided by such insurance may not be adequate for all claims we may make or

may be contested by our insurance carriers, and there is no assurance that all of our claims will be satisfied by the insurance carriers. If our insurance is not adequate or available to pay liabilities or losses associated with our operations, or if we are unable to purchase adequate insurance at reasonable rates in the future, our profitability may be adversely impacted.

We do not currently maintain key personnel life insurance policies on any of our employees. If any of our key employees were to join a competitor or to form a competing company, some of our clients might choose to use the services or purchase products of that competitor or new company instead of our own. Furthermore, clients or other companies seeking to develop in-house capabilities may hire some of our senior management or key employees. We cannot assure you that a court would enforce the non-competition provisions in our employment agreements.

Our production and operations may be affected by factors beyond our control

Our business may be interrupted for reasons beyond our control, which reasons may include such natural disasters as bad weather conditions, flooding, cyclones, typhoons, blizzards, snowstorms, landslides, earthquakes and fires, as well as power shortages, labor strikes, union strikes or social turmoil. Our business, results of operations and financial position may be adversely affected in a material respect if any such event occurs. We cannot assure you that all claims under our insurance policies will be honored fully or on time. The business interruption insurance and third-party liability insurance for personal injury and property damage or environmental damage arising from accidents at our major production facilities may not be adequate to cover the above risks. Furthermore, there are certain types of losses, such as those resulting from war, acts of terrorism, earthquakes, typhoons, flooding or other natural disasters for which we may not obtain insurance at a reasonable cost or at all. Any material loss not covered by our insurance could materially and adversely affect our business and results of operations. In addition, an outbreak of severe communicable disease, if uncontrolled, may also adversely affect our operating results. Please refer to the risk factor "Risks Relating to Countries in Which We Operate — An outbreak of severe communicable disease, if uncontrolled, may, directly or indirectly, adversely affect our operating results" on page 74 of this prospectus.

If we do not manage our growth effectively, our business, financial condition and results of operations may be materially and adversely affected

Our objective is to strengthen and further consolidate our strong presence in the life sciences research and application service and product industries. Our growth strategy includes increasing our investment in research and development projects to expand our research and application service and product portfolio, enhancing our production capacity, increasing our penetration into the overseas and PRC markets and pursuing strategic acquisitions. The success of our growth strategy will depend on, among other things, our ability to continue to innovate and develop advanced technology in the highly competitive life sciences research and application service and product industries, maintain our efficient operating model, attract and retain skilled personnel who have the specialized skills needed to design, develop and produce new services and products, obtain and maintain regulatory approvals and effectively market our services and products using our own sales and marketing team and our network of distributors. If we are unable to effectively manage our growth and implement these components of our business strategies, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our failure to maintain or increase our marketing activities and capabilities could adversely affect our market share and our reputation, business, financial condition and results of operations

We intend to deepen the market penetration and expand our geographical coverage through efficient sales and marketing efforts and to conduct marketing and promotion activities. However, there is no assurance that our current and planned spending on marketing activities will be adequate to support our growth strategies. Any factors adversely affecting our ability to maintain or increase our marketing activities and capabilities will have an adverse effect on the market share of our services and products, brand names and reputation, which may result in decreased demand for our services and products and may adversely affect our business, financial condition and results of operations.

If we fail to successfully identify, acquire or complete acquisitions, or realize the anticipated benefits of our potential future acquisitions or investments or be able to integrate any acquired employees, businesses products or services, our growth and prospects may be adversely affected

One component of our business strategies is to pursue strategic acquisitions in the life sciences research and application service and product industries to complement our business, service and product lines, customer base and geographic coverage. Our ability to grow through acquisitions depends upon our ability to identify and complete suitable acquisitions as well as our ability to obtain necessary financing and any required governmental or third-party consents, approvals and permits in a timely manner. Even if we complete acquisitions, we may experience:

(a) difficulties in integrating any acquired companies, technologies, personnel or services and products into our existing business;

(b) challenges in procuring and allocating resources to fund our expansion;

(c) failure to achieve the intended objectives or benefits, or to generate sufficient revenue to recover the costs and expenses of an acquisition or expansion plan;

(d) difficulties in implementing management and internal control mechanisms that timely and adequately respond to our expanded scope of operations;

(e) diversion of resources and management attention from our existing business;

(f) increased cost resulting from acquisitions including assumption of legal liabilities, potential write-offs related to the impairment of goodwill and amortization expenses related to intangible assets;

(g) the cost of and difficulties in integrating acquired businesses and managing a larger business; and

(h) difficulties in retaining key employees of the acquired business who are essential to manage the acquired business.

If we offer services and products that are significantly different from our existing services and products or operate in a market new to us, the foregoing risks may increase because of our limited experience in operating such business or market. Our failure to address these risks successfully may have

a material and adverse effect on our financial condition, results of operations and prospects. As of the Latest Practicable Date, we did not have any specific acquisition plans or targets and had not entered into any definitive agreements with any potential targets.

If we fail to maintain an effective distribution network for our services and products or manage the activities of our distributors, our business could be adversely affected

As of June 30, 2015, we had a network of over 30 third-party distributors primarily selling our products in North America, Europe, Asia Pacific, the PRC. Our sales to them represented 1.4%, 1.9%, 1.4% and 1.7% of our total revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively. Our five largest distributors accounted for approximately 1.4%, 1.7%, 1.3% and 1.4% of our total revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively. We expect we will continue to sell our products through third-party distributors in the future. Our business growth could be affected by our ability to maintain and manage a distribution network that timely delivers our products. However, our distributors may not distribute our products in the manner we contemplate, and that could impair the effectiveness of our distribution network.

In addition, we generally do not enter into long-term distribution agreements, and we cannot assure you that we will be able to renew such agreements with our preferred distributors on terms favorable to us or at all when our existing distribution agreements expire. In the event that a significant number of our distributors terminate their relationships with us, or if we are otherwise unable to maintain and expand our distribution network effectively, our sales volumes and business prospects could be adversely affected.

We have limited ability to manage the activities of our distributors, who are independent from us. Our distributors could take actions, including one or more of the following, which could have an adverse effect on our business, prospects and brands:

(a) fail to meet the sales targets for our products in accordance with relevant agreements;

(b) sell products that compete with our products;

(c) sell our products outside their designated territories;

(d) fail to adequately promote our products;

(e) fail to maintain the requisite licenses or otherwise fail to comply with applicable regulatory requirements when selling our products;

(f) fail to provide proper training and services to our customers; or

(g) violate anti-corruption and other laws of the relevant countries.

We may not be able to secure additional funding in the future to fund our operations or expansion plans

We may need to raise additional funds in the future to finance further expansion of our capacity and business relating to our existing operations, unforeseen contingencies or new opportunities. If there is a

change in our expansion plans, we may need to obtain additional debt or equity financing. If we are unable to obtain such additional financing, or are unable to obtain additional financing on acceptable terms, we may not be able to expand our business, and our operations may be adversely affected. The availability of funding is subject to various factors, some of which are beyond our control, including governmental approvals, prevailing market conditions, credit availability, interest rates and the performance of our business. Our inability to procure additional financing in a timely manner on terms that are satisfactory to us could materially and adversely affect our business, results of operations and expansion plans.

We depend on a stable and adequate supply of quality raw materials, services and products from our suppliers

During our business operations, a substantial amount of raw materials and components are required. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, our cost of raw materials accounted for approximately 30.9%, 32.1%, 31.5% and 27.2%, respectively, of our total cost of sales. In the event of significant price increases for raw materials and components, we may have to pass the increased raw materials costs onto our customers. However, we cannot assure you that we will be able to raise the prices of our services and products sufficiently to cover increased costs resulting from increases in the cost of our raw materials or overcome the interruption of a sufficient supply of qualified raw materials for our services and products. As a result, any significant price increase for our raw materials may have an adverse effect on our profitability.

We also outsource certain steps of the production of our life science research service segment, life sciences research catalog product segment and preclinical drug development service segment and the large industrial-scale production and formulation processes of our industrial synthetic biology products to third-party suppliers. As of June 30, 2015, we had engaged 15 outsourced suppliers. For details of our outsourcing arrangement, please see the section headed "Business — Outsourcing Arrangement" on page 214 of this prospectus. In order to meet the increasing demand arising out of our growth in sales, we will be required to increase our purchase of raw materials and components and expand our outsourcing of the abovementioned services. However, as we grow, our existing collaborating partners may not be able to meet our increasing demand, and we may need to find additional suppliers. There is no assurance that we will always be able to secure suppliers who provide services or produce goods at the specification, quantity and quality levels that we demand or be able to negotiate acceptable fees and terms of services with suppliers.

We believe that we have long and stable relationships with our existing third-party suppliers. However, we cannot assure you that we will be able to secure a stable supply of our raw materials and the outsourced services and products. Generally, the master supply agreements which we enter into with our suppliers are valid for one year. Our suppliers may reduce or cease their supply of raw materials and outsourced services and products to us at any time in the future. In addition, we cannot assure you that our suppliers have obtained and will be able to renew all licenses, permits and approvals necessary for their operations or comply with all applicable laws and regulations, and failure to do so by them may lead to interruption in their business operation, which in turn may result in shortage of raw materials, services and products supplied to us. If the supply of raw materials and the outsourced services and products are interrupted, our production processes would be delayed. If any such event occurs, our operation and financial position may be adversely affected.

We depend on OEM contractors to manufacture a portion of our products. Our brand image and business may be negatively affected by the performance of or disruption in supply of our OEM contractors

We engage independent third-party manufacturers in the PRC to produce some of our life sciences research catalog products for us on an OEM basis. Such products are manufactured in the factories of our OEM contractors, and the final products are sold under our brand. During the Track Record Period, the cost of OEM only accounted for an insignificant amount of our total production cost. We select our OEM contractors based on stringent criteria, and all of our OEM contractors are subject to annual evaluation. Please see the section headed "Business — OEM Arrangement" for more details. However, we cannot assure you that the products manufactured by any of our OEM contractors will be delivered to us in a timely manner or are of satisfactory quality. If the performance of any of our OEM contractors is not satisfactory or an OEM contractor decides to substantially reduce its volume of supply to us, substantially increase the sales prices of its products or terminate its business relationship with us, we may need to replace that OEM contractor or take other remedial actions, which could increase the cost and lengthen the time required to deliver our products to our customers, if at all. As we do not enter into long-term contracts with our OEM contractors, they may decide not to accept our future orders on the same or similar terms, or at all. In addition, we cannot ensure that our OEM contractors will adhere to our quality control policies and guidelines (including guidelines regarding non-disclosure of customers' intellectual property or other requirements on confidentiality) all the time. Any defect in the products manufactured by our OEM contractor or any failure to adhere to such policies and guidelines, could subject us to product liability and/or contractual liability, or damage our reputation and reduce demand for our products. Furthermore, we cannot ensure that our OEM contractors will fully comply with the applicable laws and regulations, such as labor law and environmental law, in which case, our brand image may be damaged if there is any negative publicity regarding such non-compliance.

We also provide the designs of our products to some of our OEM contractors. As we do not have direct control over our OEM contractors, if any of them is involved in unauthorized production of products using our design or our brands, which may have lower quality and be sold at lower prices on the market, our reputation, financial condition and results of operations may be adversely affected. In addition, we cannot assure you that our OEM contractors have obtained and will be able to renew all license, permits and approvals necessary for their operations or comply with all applicable laws and regulations. If the business of our OEM contractors is disrupted, we may not be able to find suitable alternative OEM contractors on a timely basis, which in turn may adversely affect our business, financial condition and results of operations. Please also refer to the risk factor "We depend on a stable and adequate supply of quality raw materials, services and products from our suppliers" for the risks we may face arising from our businesses with other suppliers.

We had net current liabilities as of December 31, 2012, and we cannot assure you that we will not experience net current liabilities in the future

During the Track Record Period, our current liabilities mainly comprised trade and notes payables, other payables and accruals, tax payables due to related parties, due to the ultimate holding company and government grants, while our current assets mainly comprised inventories, trade and notes receivables, cash and cash equivalents, prepayments, deposits and other receivables, due from the ultimate holding company, due from the related party, pledged short-term deposit and available-for-sale financial asset. If we fail to generate current assets to the extent that the aggregate amount of our current assets on any given day exceeds the aggregate current liabilities on the same day, we will record net current liabilities.

We had net current liabilities of approximately US$153,000 as of December 31, 2012. Such position was primarily attributable to the payables for purchases of machinery and construction of buildings for our business expansion. We cannot assure you that we will not have net current liabilities in the future. If we have significant net current liabilities, our working capital may be subject to constraints, which might materially and adversely affect our business, financial condition and results of operations.

Failure to manage our inventory turnover may materially and adversely affect our business, results of operations and financial condition

Our average inventory turnover days were 20 days, 22 days, 22 days and 25 days as of December 31, 2012, 2013 and 2014, and the six months ended June 30, 2015, respectively. Due to the fact that we have a portfolio of services and products, we need to maintain a certain level of inventory to ensure a prompt delivery of services and products in sufficient quantities in response to customers' requests. The volatile economic environment and fast-evolving demands and preferences of our customers have made accurate projection of inventory levels increasingly challenging. We cannot assure you that we will be able to maintain proper inventory levels for our operations. If we fail to manage our inventory turnover effectively, our inventory may become obsolete, or we may experience a shortage in inventory, either of which may materially and adversely affect our business, results of operations and financial condition.

If our customers fail to make timely payments to us, our business, financial condition and results of operations may be adversely affected

We generally grant our customers credit terms of up to 90 days. As of December 31, 2012, 2013 and 2014, and the six months ended June 30, 2015, our trade and notes receivables were US$7.9 million, US$9.0 million, US$12.2 million and US$13.9 million, respectively. The average turnover days of our trade receivables for the same periods were 44 days, 56 days, 59 days and 61 days, respectively, which are in line with our general credit policy. If our customers' cash flow, working capital, financial condition or results of operations deteriorate, they may be unable, or they may otherwise be unwilling, to pay trade receivables owed to us promptly or at all. Any substantial defaults or delays may materially and adversely affect our cash flow, working capital, financial condition and results of operations.

Any operational failure or disruption at our production facilities could negatively affect our business

We are subject to potential operational failure at our production facilities caused by accidents occurring during the operating process, including, but not limited to, faulty construction and operator error. Any interruption in, or prolonged suspension of any part of production at, or any damage to or destruction of, any of our production facilities arising from unexpected or catastrophic events or otherwise may prevent us from supplying services and products to our customers, which in turn may result in a material adverse effect on our business and operations. There is also a risk of injury or damage to persons, the property of others or the environment, which in turn could lead to considerable financial costs and may also have legal consequences. In particular, if we were to incur a significant liability for which we have not maintained sufficient insurance coverage, we might not be able to finance the amount of the uninsured liability and may then be obligated to divert a significant portion of cash flow from normal business operations to resolve the issue. Consequently, our business, financial condition and results of operations may be materially and adversely affected by such an occurrence.

In addition, any breakdown or suspension of production or failure to supply our services and products to our customers in a timely manner may result in breach of contract and loss of sales, as well as

exposure to liability and the requirement to pay compensation under the relevant agreements, lawsuits and damages to our reputation, which could have a material and adverse effect on our business, financial condition and results of operations.

Our certain non-compliance of Hong Kong regulatory requirements may lead to enforcement actions being taken

During the Track Record Period, our subsidiaries, namely GS HK and GS International, were involved in a number of non-compliance matters in Hong Kong. GS HK and GS International failed to (1) convene any annual general meetings since their incorporation in contravention with the Predecessor Companies Ordinance and/or the Companies Ordinance, and (2) lay their respective audited financial statements at annual general meetings since their incorporation. In addition, GS HK was in breach of the IRO for failing to make timely submission to the Inland Revenue Department of its chargeability to tax and failing to make timely submission of its profits tax return. Further, GS International contravened the IRO for failing to make timely submission of its profits tax return. There is no assurance that the relevant authorities would not take any enforcement action against us and our Directors in relation to the non-compliance matters. In the event that such enforcement action is taken, our reputation, cash flow and results of operations may be adversely affected. For details of such non-compliance incidents, please see the section headed "Business — Historical Non-compliance Incidents" on page 238 of this prospectus.

We are required to comply with various environmental, health and safety laws and regulations in the PRC that may increase the cost of compliance

We are required to comply with the applicable environmental protection, health and safety laws and regulations in the PRC. Any failure to meet the relevant standards and requirements for production safety and labor safety could subject us to warnings from the relevant regulatory authorities and governmental orders to rectify such non-compliance within a specified period of time and fines by the relevant regulatory authorities. We may also be required to suspend our production temporarily or cease our operations permanently for significant non-compliance, which may have a material adverse effect on our reputation, business, financial condition and results of operations. During the Track Record Period, there were certain incidents of our non-compliance with applicable environmental protection, health and safety laws and regulations in the PRC. For details of such incidents, please see the section headed "Business — Historical Non-compliance Incidents" on page 238 of this prospectus.

Given the number and complexity of these laws and regulations, compliance with them may be difficult or involve significant financial and other resources to establish efficient compliance and monitoring systems. In addition, these laws and regulations are constantly evolving. There can be no assurance that the PRC government will not impose additional or more stringent laws or regulations, the compliance with which may cause us to incur significant costs that we may be unable to pass on to our customers and may take significant time, which may affect or interrupt our operations.

If our customers fail to comply with the applicable laws and regulations governing public tenders in the PRC, our business, financial conditions and results of operations may be adversely affected

The Bidding Law of the PRC* (《中華人民共和國招標投標法》) (the "Bidding Law") issued by the Standing Committee of the National People's Congress of the PRC on August 30, 1999 sets forth a set of mandatory public tender requirements. As of the Latest Practicable Date, we were not aware that any purchase orders made by our customers with us are subject to such mandatory public tender requirement

under the Bidding Law. Nonetheless, we cannot assure you that our customers are presently or will always be in compliance with the applicable PRC laws and regulations. If any of our customers fails to comply with the mandatory public tender requirement, we cannot assure you that we can always identify such non-compliance in time, and as a result, the relevant sales contract may be rendered invalid, which may lead to our failure to collect the payment under the relevant contract and would materially and adversely affect our business, financial condition, results of operations and prospects.

Any loss of or significant reduction in the preferential tax treatment and government grant we currently enjoy in the PRC or our non-compliance with the relevant PRC tax laws and regulations may negatively affect our financial condition

During the Track Record Period, our PRC subsidiaries, GS China and Nanjing Jinsikang, have been qualified to enjoy the 15% preferential tax rate of enterprise income tax as an "advanced technology service enterprise" in fiscal years from January 1, 2012, to December 31, 2014. During the Track Record Period, GS China and Nanjing Jinsikang enjoyed business tax exemption from January 2012 to September 2012, and VAT tax exemption for the rest of the Track Record Period, with respect to their offshore service outsourcing business. We cannot assure you that we will continue to enjoy such tax preferential treatment going forward.

In addition, for the years ended December 31, 2012, 2013 and 2014, and the six months ended June 30, 2015, we received government grants of US$678,000, US$1,160,000, US$808,000 and US$8,000, respectively, which included government support for the growth of our Company. The amounts of and conditions attached to such grants were determined at the sole discretion of the relevant governmental authorities. We cannot assure you that we will be eligible to continue to receive such government grants or that the amount of any such grants will not be reduced in the future, and, even if we continue to be eligible to receive such grants, we cannot guarantee that any conditions attached to the grants will be as favorable to us as they have historically been.

Expiration or elimination of, or other adverse changes to, any of these tax incentives, or reduction or discontinuation of these government grants, could adversely affect our financial condition and results of operations. In addition, the PRC government from time to time adjusts or changes its tax laws and regulations. Such adjustments or changes, together with any uncertainty resulting therefrom, could have an adverse effect on our business, financial condition and results of operations. Furthermore, we are subject to periodic examinations on our fulfillment of tax obligation under the PRC tax laws and regulations by PRC tax authorities. Although we believe that in the past we have acted in compliance with requirements under the relevant PRC tax laws and regulations in all material aspects and established effective internal control measures in relation to accounting regularities, we cannot assure you that future examinations by PRC tax authorities would not result in fines, other penalties or actions that could adversely affect our business, financial condition and results of operations, as well as our reputation.

RISKS RELATING TO OUR INDUSTRY

Rapid technological changes could adversely affect our business

The life sciences research and application service and product industries are characterized by rapid and significant changes in technology. We may face increasing competition from technologies currently under development or which may be developed in the future. Future development or application of new or alternative technologies, services or standards could require significant changes to our business model,

the provision of additional services, the development of new products and substantial new investments by us. New services and products may be expensive to develop and may result in the introduction of additional competitors into the marketplace. Some of the competitors may develop and use more advanced technologies and cutting-edge equipment. We cannot accurately predict how emerging and future technological changes will affect our operations or the competitiveness of our services and products. There is no assurance that our technologies will not become obsolete or be subject to competition from new technologies in the future or that we will be able to acquire new technologies on reasonable terms necessary to compete in evolving circumstances.

The life sciences research and application service and product industries in the United States and the PRC are currently not strictly regulated, and any changes in the regulatory framework, requirements and enforcement trends may adversely affect our operations and prospects

Currently, the life sciences research and application service and product industries in the United States and the PRC are not strictly regulated. The rules and regulations relating to the life sciences research and application product and service industries are evolving in the United States and other parts of the world. Inherently, there are uncertain and unknown risks associated with such industries and products. Accordingly, enactment of future laws and regulatory requirements related to such industries and products, or any changes in such legislation or regulatory requirements, could affect the regulatory environment in which our Group operates. We cannot assure you that we will be successful in responding to such changes. If we fail to comply with the new regulatory requirements, the regulators could take various actions against us, including, without limitation, imposing fines on us, imposing restrictions on our services and products or requiring us to recall or remove the services and products from the market. If any of these events occurs, our business, financial condition and results of operations could be materially and adversely affected. In addition, we may be subject to more ongoing obligations and oversight by regulatory authorities due to regulatory changes, which may result in substantial additional expense to comply with regulatory requirements. The PRC's legal system also embodies significant uncertainties. Please see the subsection headed "— Risks Relating to Countries in Which We Operate — The PRC's legal system embodies uncertainties that could materially and adversely affect our business and results of operations."

Our business is subject to intense competition from well-established competitors in the industry and new entrants to the industry

Competition in the life sciences research and application service and product industries is mainly based on factors such as quality, price and customer service. Our competitors may improve the performance of their services and products or introduce new services and products at lower prices and improved performance characteristics. The competitors may also be able to devote greater resources to research and development technology and adapt more quickly to new or emerging technologies and changes in customer demand and requirements. Furthermore, the competitors may be able to offer more flexible payment options and attractive purchasing terms than ours. Therefore, new services and products introduced by our competitors or by new market entrants could adversely affect our sales. In addition, we may have to lower the prices in response to price cuts by our competitors. Some of our existing and potential competitors may have greater financial, technical, production and marketing resources than ours. If our existing and potential competitors are able to provide comparable services or products at more competitive prices than ours, our business and financial results may be adversely affected. Accordingly, there is no assurance that we will be able to compete effectively with existing competitors or new competitors or that the level of competition will not adversely affect our business, financial performance and prospects.

RISKS RELATING TO COUNTRIES IN WHICH WE OPERATE

Changes in political, social and economic policies in any of North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan) and Japan may materially and adversely affect our business, financial condition, results of operations and prospects

Our business operations are primarily conducted in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan) and Japan. Accordingly, we are affected by the economic, political and legal environment in these areas. In particular, the PRC's economy differs from the economies of most developed countries in many respects, including the fact that it:

(a) has a high level of government involvement;

(b) is in the early stages of development of a market-oriented economy;

(c) has experienced rapid growth; and

(d) has a tightly controlled foreign exchange policy.

The PRC's economy has been transitioning from a planned economy towards a more market-oriented economy. However, a substantial portion of productive assets in the PRC are state-owned, and the PRC government exercises a high degree of control over these assets. In addition, the PRC government continues to play a significant role in regulating industrial development by imposing industrial policies. For the past three decades, the PRC government has implemented economic reform measures to emphasize the utilization of market forces in economic development. The PRC's economy has grown significantly in recent years. However, there can be no assurance that such growth will continue. The PRC government exercises control over the PRC's economic growth through the allocation of resources, controlled payment of foreign currency-denominated obligations, standard monetary policies and the provision of preferential treatment to particular industries or companies. Some of these measures benefit the overall economy of the PRC, but they may also have a negative effect on our business. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. As such, our future success is, to some extent, dependent on the economic conditions in the PRC, and any significant downturn in market conditions may materially and adversely affect our business prospects, financial condition, results of operations and prospects.

We are subject to certain risks relating to our sales and operations in the United States

We have sold our services and products to customers in the United States. We also operate a laboratory in the State of New Jersey of the United States. We are exposed to the risk of product liability arising from our sales to customers in the United States. Any defect in our production process or the designs of our services and products, or any failure to warn customers of dangers inherent in our services and products, could expose us to product liability claims. Although we do carry product liability insurance, in the event that any product liability claim is brought against us, and we cannot successfully defend ourselves against such claim, we may incur substantial liabilities, which may adversely affect our business, financial condition and results of operations.

Given the competitive landscape of the life sciences research and application service and product industries in the United States, we may face intellectual property claims from our competitors, or we may

from time to time find it necessary to pursue certain claims or initiate lawsuits to protect or enforce our intellectual property rights in the United States. We cannot assure you that the impact of any future claims and proceedings will be immaterial to our business, financial conditions or results of operations. The cost to us in defending or initiating any claim or litigation proceeding relating to intellectual property in the United States, even if resolved in our favor, could be substantial, and such claim or litigation proceeding would divert our management's attention. Uncertainties resulting from the initiation and continuation of such claim or litigation proceeding could delay our research and development efforts and limit our ability to continue our operations.

For our laboratory operations in New Jersey, we are required to comply with the applicable environmental protection, health and safety laws and other regulatory requirements in the United States. Any failure to meet the relevant standards and requirements could subject us to warnings from the U.S. federal or state authorities, governmental orders to rectify such non-compliance within a specified period of time or even fines by any of these authorities. Given the number and complexity of the applicable U.S. laws and regulations, compliance with them may be difficult or involve significant financial and other resources. In addition, the U.S. federal or state authorities may impose additional or more stringent laws or regulations in the future, the compliance with which may cause us to incur significant costs which we may be unable to pass on to our customers. Under such circumstance, our business, financial condition and results of operations would be adversely affected.

Unfavorable global economic conditions could adversely impact our business

The global economy has a significant impact on our business. Our business may be adversely affected by changes in national or global economic conditions and local economic conditions in the markets in which we operate, including GDP growth, inflation, interest rates, availability of and access to capital markets, consumer spending rates and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the demand for our services and products or the cost and availability of our needed raw materials, thereby negatively affecting our financial results.

The PRC's legal system embodies uncertainties that could materially and adversely affect our business and results of operations

A substantial majority of our operations are conducted in the PRC and are governed by PRC laws, rules and regulations. Our PRC subsidiaries are subject to laws, rules and regulations applicable to foreign investment in the PRC. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, the PRC has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in the PRC or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the non-binding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In

addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Any administrative and court proceedings in the PRC may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than under more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, financial condition and results of operations. Please also see the subsection headed "— Risks Relating to Our Industry — The life sciences research and application service and product industries in the United States and the PRC are currently not strictly regulated, and any changes in the regulatory framework, requirements and enforcement trends may adversely affect our operations and prospects."

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in the PRC or to enforce in the PRC any judgments obtained from non-PRC courts

Most of our Directors and executive officers reside within the PRC, and a significant majority of our assets and substantially all of the assets of those persons are located within the PRC. It may not be possible for investors to effect service of process upon us or those persons inside the PRC or to enforce against us or them in the PRC any judgments obtained from non-PRC courts. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts in the United States, Cayman Island, Japan or most other western countries. Judgments rendered by Hong Kong courts may be recognized and enforced in the PRC if the requirements set forth by the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) are met. Although this arrangement became effective on August 1, 2008, the outcome and effectiveness of any action brought under the agreement may still be uncertain. Therefore recognition and enforcement in the PRC of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

Changes in the PRC government policy on foreign investment in the PRC may adversely affect our business and results of operations

According to the latest version of the Guidance Catalog of Industries for Foreign Investment (《外商投資產業指導目錄》) (the "Catalog"), which became effective on April 10, 2015, our business does not fall within the prohibited or the restricted category. As the Catalog is updated every few years, there can be no assurance that the PRC government will not change its policies in a manner that would render part or all of our business within the restricted or prohibited categories. If we cannot obtain approval from relevant approval authorities to engage in a business which becomes prohibited or restricted for foreign investors, we may be forced to sell or restructure our business which has become restricted or prohibited for foreign investment. If we are forced to adjust our corporate structure or business line as a result of changes in government policy on foreign investment, our business, financial condition and results of operations may be adversely affected.

Under the EIT Law, we may be classified as a "resident enterprise" of the PRC. Such classification could result in unfavorable tax consequences to us and our non-PRC shareholders

The EIT Law provides that enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. In addition, the State Administration of Taxation issued the Notice on Issues Relating to the Determination of Chinese-Controlled Offshore Enterprises as PRC Resident Enterprises by Applying the "De Facto Management Body" Test* (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》), ("SAT Circular 82"), on April 22, 2009, which came into effect on January 1, 2008. SAT Circular 82 provides certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not those controlled by PRC or foreign individuals or foreign enterprises, the determining criteria set forth in Circular 82 may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises. If we were to be considered a PRC-resident enterprise, we would be subject to PRC enterprise income tax at the rate of 25% on our global income. In such case, our profitability and cash flow may be materially reduced as a result of our global income being taxed under the EIT Law. We do not believe that our Company or any of our offshore subsidiaries should be qualified as a "resident enterprise" for the following reasons: (i) with respect to our Company and each of our offshore subsidiaries excluding GS International, each of these entities are controlled by individual PRC residents rather than by PRC enterprises or groups of PRC enterprises; and (ii) our Company and each of our offshore subsidiaries' seals, records and files of the board and shareholders' meetings are located and kept outside the PRC, and therefore, we consider that our Company and the offshore subsidiaries do not fulfill one of the criteria set forth by SAT Circular 82. As such, we do not currently consider our Company and the offshore subsidiaries to be PRC resident enterprises. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities, and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities disagree with our assessment and determine that we are a "resident enterprise," we may be subject to enterprise income tax at a rate of 25% on our worldwide income, and dividends paid by us to our non-PRC shareholders, as well as capital gains recognized by them, with respect to the sale of our Shares, may be subject to PRC withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net profit and results of operations and may require us to withhold tax on our non-PRC shareholders.

We may be subject to tax risks relating to our sales of services and products to U.S. customers

Given that a considerable portion of our services and products are sold to U.S. customers, we may be subject to potential risks in relation to the administration and enforcement by the relevant tax authorities under U.S. tax laws. Over recent years, U.S. tax laws have become increasingly complex, and the U.S. tax authorities have enhanced their scrutiny of tax implication in relation to service and product sales by foreign companies to U.S. customers (for example, the allocation of income among companies within a group or between the group and associated entities across different jurisdictions). Although we maintain a regime of transfer pricing which we believe complies with applicable U.S. tax laws, the relevant tax authorities may challenge our corporate structure, transfer pricing mechanisms or intercompany transfers. If such event occurs, our operations may be adversely affected, and the tax rate applicable to our U.S. service and product sales could increase. If the relevant tax authorities determine that our U.S. profits and relevant tax expenses in the prior years should be adjusted retrospectively to larger amounts,

we might not be entitled to offsetting adjustments in other jurisdictions, which could adversely affect our business, financial condition and results of operations. In addition, we cannot assure you that the U.S. tax authorities will not impose additional or more stringent tax laws or regulations in the future. If the applicable tax laws and regulations change, we may need to adjust our operating procedures and incur addition costs, which would adversely affect our business, financial condition and results of operations.

The heightened scrutiny over acquisitions from the Chinese tax authorities may have an adverse impact on our business, acquisition or restructuring strategies or the value of your investment in us

On February 3, 2015, the PRC State Administration of Taxation issued the *Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises* (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("Circular 7"), which replaced or supplemented certain provisions under the *Notice on Strengthening the Administration of Enterprise Income Tax for Share Transfer by Non-Resident Enterprises* (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) ("Circular 698") issued by the State Administration of Taxation on December 10, 2009. Pursuant to Circular 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be recharacterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Circular 7, "PRC taxable assets" include assets attributed to an establishment in China, immovable properties located in China and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining whether there is a "reasonable commercial purpose" of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in the PRC or if its income mainly derives from the PRC; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature, which is evidenced by their actual function and risk exposure; the duration of existence of the shareholders, business model and organizational structure of an overseas enterprise; the income tax payable abroad due to the indirect transfer of Chinese taxable assets; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax at 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Where the payor fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Provisions of Circular 7 imposing PRC tax liabilities and reporting obligations do not apply to "non-resident enterprise acquiring and disposing of the equity interests of the same offshore listed company in a public market" (the "Public Market Safe Harbor"), which is determined by whether the parties, number and price of the shares acquired and disposed are not previously agreed upon, but determined in accordance with general trading rules in the public securities markets, according to one implementing rule for Circular 698. In general, the transfers of our Shares by

Shareholders in the Stock Exchange or other public market would not be subject to the PRC tax liabilities and reporting obligations imposed under the Circular 7 if the transfers fall under the Public Market Safe Harbor. As stated in the section headed "Information about this Prospectus and the Global Offering", potential investors should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in our Shares.

There is uncertainty as to the application of Circular 7 and previous rules under Circular 698. Especially as Circular 7 is relatively new, it is not clear how it will be implemented. Circular 7 may be determined by the tax authorities to be applicable to our offshore restructuring transactions or sale of the shares of our offshore subsidiaries where non-resident enterprises, being the transferors, were involved. For example, on July 23, 2015, GS Cayman transferred 155,000 shares of GS HK to GS BVI, and immediately before Listing, GS Cayman will repurchase and cancel all the ordinary shares of GS Cayman held by GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare. As a result, the transferors and transferees may be subject to the tax filing and withholding or tax payment obligation, while our PRC subsidiaries may be requested to assist in the filing. Furthermore, we, our non-resident enterprises and PRC subsidiaries may be required to spend valuable resources to comply with Circular 7 or to establish that we and our non-resident enterprises should not be taxed under Circular 7 for our previous and future restructuring or disposal of shares of our offshore subsidiaries, which may have a material adverse effect on our financial condition and results of operations.

Failure by the Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from distributing profits and could expose us and these PRC residents to liabilities under PRC law

The Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("SAFE Circular 37"), which was promulgated by SAFE and became effective on July 4, 2014, requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. In addition, SAFE Circular 37 also allows PRC residents who failed to fulfill the required initial SAFE registration before July 4, 2014, to apply for the remedial registration with the relevant local branches of SAFE.

On February 13, 2015, SAFE released the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) ("SAFE Circular 13"), which became effective on June 1, 2015.

According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37, while the application for remedial registration shall still be submitted to, examined and handled by the relevant local branches of SAFE. However, since the notice is relatively new, there exist high uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

As various companies within our Group are incorporated outside the PRC and three of our Group's ultimate shareholders, namely Dr. Zhang, Ms. Wang and Mr. Mu, are PRC citizens, they have registered with the local branch of SAFE in 2015 pursuant to SAFE Circular 37 and SAFE Circular 13. Ms. Wu and Dr. Wang, being other two ultimate shareholders of our Group, are not PRC citizens or overseas individuals who do not hold any PRC identity documents but have habitual residences in the PRC due to the relationship of economic interests, thus they are not required to make registration under SAFE circular 37 or SAFE Circular 13. However, we cannot assure you that all of our Shareholders and beneficial owners who are PRC residents will comply with our request to make or obtain any applicable registrations or comply with other requirements required by SAFE Circular 37 or other related rules. Any future failure by any of our Shareholders or beneficial owners who is a PRC resident to comply with the various SAFE registration requirements could subject us to the implications as set forth above.

PRC regulation of loans and direct investments by offshore holding companies in PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries

Any capital contributions or loans that our offshore holding companies make to our operating subsidiaries in the PRC are subject to PRC regulations. Any loans made by our offshore holding companies to our PRC subsidiaries must be registered with the local branch of SAFE as a procedural matter and such loans cannot exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under the relevant PRC laws and their respective registered capital. In addition, the amounts of the capital contributions are subject to the approval of the MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. Should we fail to complete such registrations and obtain such approvals, our ability to utilize the net proceeds from the Global Offering to capitalize our PRC subsidiaries may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

For more discussion on how SAFE regulations may significantly limit our ability to transfer the net proceeds from our initial public offering and subsequent offerings or financings to our PRC operating subsidiaries, please see the subsection headed "— Risks Relating to Countries in Which We Operate — SAFE regulations and other regulations may limit our ability to finance our PRC subsidiaries effectively and affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions" on page 71 of this prospectus.

Any requirement to obtain prior approval under the M&A Rules (as defined below) and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could delay this offering and failure to obtain any such approvals, if required, could have a material adverse effect on our business, operating results and reputation as well as the trading price of our Shares, and could also create uncertainties for this offering

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-Owned Assets Supervision and Administration Commission, or the SASAC, the State Administration of Taxation, the State Administration for Industry and Commerce, or the SAIC, the CSRC and the SAFE, jointly adopted the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the "M&A Rules"), which came into effect on September 8, 2006, and was amended on June 22, 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle formed for the purpose of an overseas listing of securities in a PRC company obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

While the application of the M&A Rules remains unclear, we believe, based on the advice of our PRC legal advisor, Fangda Partners, that prior approval from the CSRC is not required under the M&A Rules for our listing on the Stock Exchange because we did not acquire any equity interest or assets of "a PRC domestic company" as such term is defined under the M&A Rules. However, as advised by our PRC legal advisor, Fangda Partners, as there has been no official interpretation or clarification of the M&A Rules, there is uncertainty as to how this regulation will be interpreted or implemented.

If the CSRC or another PRC regulatory agency subsequently determines that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. In any such event, these regulatory agencies may impose fines and penalties on our operations in the PRC, limit our operating privileges in the PRC, delay or restrict the repatriation of the proceeds from this offering into the PRC or take other actions that could have a material adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our Shares. The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the Shares offered by this prospectus. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that such settlement and delivery may not occur.

SAFE regulations and other regulations may limit our ability to finance our PRC subsidiaries effectively and affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) ("SAFE Circular 142"), regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. Under SAFE Circular 142, the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC.

On March 30, 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("SAFE Circular 19"), which came into force and superseded SAFE Circular 142 from June 1, 2015. SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are expected to be lifted. Under SAFE Circular 19, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement at will. However, SAFE Circular 19 also reiterates that the settlement of foreign exchange shall only be used for purposes within the business scope of the foreign invested enterprises. Considering that SAFE Circular 19 is relatively new, it is unclear how it will be implemented, and there exist high uncertainties with respect to its interpretation and implementation by authorities. For example, under SAFE Circular 19, we may still not be allowed to convert foreign currency-registered capital of our PRC subsidiaries which are foreign-invested enterprises into RMB capital for equity investments.

Violations of Circular 19 may result in severe penalties, including substantial fines as set forth in the Administrative Regulations on Foreign Exchange of the PRC* (中華人民共和國外匯管理條例). We cannot assure you that we will be able to complete the necessary registrations or obtain the necessary approvals on a timely basis, or at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity, our ability to fund and expand our business and execution of our strategy to pursue growth through acquisitions.

In addition, the M&A Rules and other regulations also established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise or that the approval from the MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. We may grow our business in part by acquiring other companies operating in our industry. Complying with the requirements of the regulations to complete such transactions could be time-consuming, and any required approval processes, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business

We are a holding company incorporated in the Cayman Islands. We operate certain of our core businesses through our operating subsidiaries in the PRC. Therefore, the availability of funds to pay dividends to our Shareholders to certain degrees depends upon dividends received from these subsidiaries. If our subsidiaries incur indebtedness or losses, such indebtedness or losses may impair their ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. The PRC laws and regulations require that dividends be paid only out of the net profit calculated according to the PRC's accounting principles, which differ in some respects from generally accepted accounting principles in other jurisdictions, including Hong Kong Financial Reporting

Standards ("HKFRS"), IFRS and U.S. GAAP. The PRC laws and regulations also require foreign-invested enterprises to set aside a portion of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries have entered into or may enter into in the future also restrict or may restrict in the future the ability of our subsidiaries to provide capital or declare dividends to us and our ability to receive distributions. These restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

Furthermore, payment of dividends by our PRC subsidiaries may also be subject to PRC foreign exchange controls. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present documentary evidence of such transactions to banks. Foreign exchange transactions under the capital account conducted, however, must be approved in advance by the SAFE. There is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements.

In addition, under the EIT Law, the Notice of the State Administration of Taxation on Release of Table of Negotiated Dividends and Interest Rates (《國家稅務總局關於下發協定股息稅率情況一覽表的通知》) ("Notice 112"), which was issued on January 29, 2008, the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "Double Taxation Arrangement (Hong Kong)"), which became effective on December 8, 2006, and the Notice of the State Administration of Taxation Regarding Interpretation and Recognition of Beneficial Owners under Tax Treaties (《國家稅務總局關於如何理解和認定稅收協定中「受益所有人」的通知》) ("Notice 601"), which became effective on October 27, 2009, dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is considered to be a "beneficial owner" that is generally engaged in substantial business activities and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong). Furthermore, the ultimate tax rate will be determined by treaty between the PRC and the tax residence of the holder of the PRC subsidiary. We are actively monitoring the withholding tax and are evaluating appropriate organizational changes to minimize the corresponding tax impact.

Our business may be adversely affected by currency risk

During the Track Record Period, our sales transactions were substantially conducted in U.S. Dollars, Renminbi, Euro and Japanese Yen, while our expenditures were substantially denominated in Renminbi. The net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong Dollars. Due to the number of currencies involved, the variability of currency exposures and the potential volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations on our future sales and operating results. Fluctuations in the exchange rates may affect our purchasing power, cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. In addition, it cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange funds to meet our foreign exchange needs. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange funds for dividend payments to Shareholders or satisfy any other foreign exchange obligation. The occurrence of any of these factors could have a material adverse impact on our business, financial condition and results of operations.

An outbreak of severe communicable disease, if uncontrolled, may, directly or indirectly, adversely affect our operating results

The outbreak of any severe communicable disease, if uncontrolled, could have an adverse effect on the business environment in the countries in which we operate, which in turn may have an adverse impact on domestic consumption and possibly the overall GDP growth of the countries in which we operate. Any slowdown in the growth of domestic consumption and the GDP may adversely affect our operations, which could affect our financial position and future prospects.

In addition, if any of our employees are affected by any severe communicable disease outbreak, we may be required to quarantine the employees who are suspected of becoming infected, as well as others who have come into contact with those employees to prevent the spread of the disease. We may also be required to disinfect our affected premises, which could cause a temporary suspension of our production capacity and thus adversely affect our operations. In such event, the disruption in our production process could affect our financial condition, operational results and future prospects.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and their liquidity and market price may be volatile

Prior to the Global Offering, there has been no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among us and the Joint Global Coordinators (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We expect our Shares to be listed on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or, if it does develop, that it will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering. Furthermore, the price and trading volume of our Shares may be volatile.

The following factors could cause the market price of our Shares following the Global Offering to vary significantly from the Offer Price:

(a) variation in our turnover, earnings and cash flow;

(b) liability claims brought against us based on, for example, defective products or safety-related regulatory actions;

(c) interruptions in our sales and distribution arrangements;

(d) our failure to execute our business strategies;

(e) any unexpected business interruptions resulting from operational breakdowns or natural disasters;

(f) inadequate protection of our intellectual property or legal proceedings brought against us for infringement of third parties' intellectual property rights;

(g) any major changes in our key personnel or senior management;

(h) our inability to obtain or maintain regulatory approval for our services and products; and

(i) political, economic, financial and social developments.

You will experience immediate dilution and may experience further dilution if we issue additional Shares in the future

The Offer Price of our Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma combined net tangible asset value to HK$0.68 per Share, based on HK$1.50 per Share, being the mid-point of the indicative offer price range of HK$1.31 to HK$1.68, assuming that the Over-allotment Option is not exercised. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Shares may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Our Controlling Shareholders have significant influence over our Company, and their interests may not be aligned with the interests of our other Shareholders

Immediately following the Global Offering, our Controlling Shareholders, Dr. Zhang, Dr. Wang, Ms. Wang and GS Corp will hold, directly and/or indirectly, in the aggregate approximately 56.78% of our Shares, assuming the Over-allotment Option, options which have been or maybe granted under the Share Option Schemes are not exercised. Our Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition, or dispositions of assets, issuances of additional shares or other equity securities, timing and amounts of dividend payments, and our management. Our Controlling Shareholders may not act in the best interests of our minority Shareholders. In addition, without the consent of our Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of our Company, which could deprive our Shareholders of an opportunity to receive a premium for the Shares as part of a sale of our Company and may significantly reduce the price of our Shares.

Issuances of Shares in relation to the Pre-IPO Share Option Scheme will result in the dilution of your shareholdings in the Company, and the issuances or awards of Shares under the Pre-IPO Share Option Scheme and other share-based payment transactions may negatively impact the financial results of our operations on a per-share basis

We have adopted the Pre-IPO Share Option Scheme which allows awards of options to purchase up to 155,538,420 Shares (immediately before Pre-IPO Reorganization) or 147,761,499 (immediately before completion of the Global Offering and the Capitalization Issue), both representing approximately 25.19% of the then respective issued share capital of our Company. The adjusted total number of Shares to be subjected to the Pre-IPO Share Option Scheme (the "**Adjusted Shares**") shall be 302,260,940 Shares, representing approximately 15.89% of the issued share capital of our Company immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options that have been or may be granted under the

Post-IPO Share Option Scheme). For more information of the details of the Pre-IPO Share Option Scheme, please see the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V to this prospectus.

We account for the Pre-IPO Share Option as an equity-settled share-based payment to our executive Directors and employees, and the fair value of these share options are amortized within the vesting period under the Pre-IPO Share Option. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, we recognized the share-based payment of approximately US$0.7 million, US$0.4 million, US$3.3 million and US$1.4 million as employee benefit expenses which were recorded in the combined statement of comprehensive income according to the relevant accounting standards. Issuances of Shares in relation to the exercise of options granted under the Pre-IPO Share Option Scheme will result in an increase in the total number of outstanding Shares and therefore dilute your shareholding in the Company. Moreover, the issuances or awards of Shares under the Pre-IPO Share Option Scheme and any other share-based payment transactions that we may conduct may negatively impact the financial results of our operations on a per-share basis.

Sale or anticipated sale of substantial amounts of our Shares in the public market after the Global Offering could materially and adversely affect the prevailing market price of our Shares

The Shares beneficially owned by our Controlling Shareholders are subject to certain lock-up periods. There is no assurance that our Controlling Shareholders will not dispose of these Shares following the expiration of the lock-up periods or any Shares they may come to own in the future. Sale of a substantial portion of our Shares in the public market, or the perception that such sale may occur, could materially and adversely affect the prevailing market price of our Shares. Such sale or the perception of such sale is likely to make it more difficult for us to sell equity or equity-linked securities in the future at a time and price which we deem appropriate.

You may face difficulties in protecting your interests because we are incorporated under Cayman Islands law, and the particular laws relating to the protection of the interests of minority Shareholders differ in some respects from the laws in Hong Kong and other jurisdictions

Our corporate affairs are governed by, among other things, our Articles of Association, the Cayman Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are, to a large extent, governed by the common law of the Cayman Islands and our Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands, as well as that from English common law, which has persuasive authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in some respects from those in Hong Kong and other jurisdictions. The remedies available to the minority Shareholders may be different compared to the laws of other jurisdictions. Please see the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix IV to this prospectus.

There can be no assurance if and when we will pay dividends in the future; dividends declared in the past may not be indicative of our dividend policy in the future

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be formulated by our Board of Directors at their discretion and will be

subject to our Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including, but not limited to, our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or HKFRS (whichever is lower), our Articles of Association, any applicable laws and regulations, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy. Please see the section headed "Financial Information — Dividend Policy" on page 344 of this prospectus for more details of our dividend policy. In addition, dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to certain information obtained from official governmental and other sources contained in this prospectus

Facts and statistical and forecast information relating to the PRC, the global economy and the life sciences research and application service and product industries contained in this prospectus have been compiled from various publicly available official governmental sources and the market research report prepared by Frost & Sullivan. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of our or their respective affiliates or advisors or any other parties involved in the Global Offering, and, therefore, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts, forecasts and statistics include the facts, forecasts and statistics used in the sections headed "Summary", "Risk Factors", "Industry Overview" and "Business" in this prospectus. Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should carefully consider how much weight or importance you should attach to or place on such facts, forecasts or statistics.

No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the Application Form, and any information or representation not contained herein must not be relied upon as having been authorized by us, the Controlling Shareholders, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of our or their respective directors, officers, agents, employees or advisors or any other party involved in the Global Offering.

You should read the entire prospectus carefully, and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industries and the Global Offering

Prior to the publication of this prospectus, there has been and there may also be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and/or media regarding

us, our business, our industries and the Global Offering. You should rely solely upon the information contained in this prospectus in making your investment decisions regarding our Shares. None of us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other person involved in the Global Offering has authorized the disclosure of any such information in the press or media, and none of these parties accepts any responsibility for the accuracy or completeness of the information contained in such press articles and/or other media or the fairness or appropriateness of any forecasts, views or opinions expressed by the press and/or other media regarding our Shares, the Global Offering, our business, our industries or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with relevant provisions of the Hong Kong Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Hong Kong Listing Rules provides that a new applicant applying for a primary listing on the Hong Kong Stock Exchange must have a sufficient management presence in Hong Kong and this normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The principal business and operations of our Group are based, managed and conducted through our operating subsidiaries in the PRC, the United States and Japan. None of the executive Directors are Hong Kong permanent residents or ordinarily based in Hong Kong.

While we acknowledge the importance of maintaining management presence in Hong Kong as a way to maintain regular communication with the Hong Kong Stock Exchange, we consider that it would be practically difficult and commercially unnecessary for us to either relocate two executive Directors to Hong Kong or to appoint two additional executive Directors who are ordinarily resident in Hong Kong. Each of our Directors, who is not ordinarily resident in Hong Kong, currently holds valid travel documents that allow them to travel to Hong Kong for meetings with the Hong Kong Stock Exchange within a reasonable period of time.

In that regard, our Company does not, and does not contemplate in the foreseeable future that it will, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Hong Kong Listing Rules.

We have obtained from the Hong Kong Stock Exchange a waiver from compliance with Rule 8.12 of the Hong Kong Listing Rules subject to the following conditions:

(a) Pursuant to Rule 3.05 of the Listing Rules, our Company has appointed Dr. Zhang, our executive Director, chairman and chief executive officer, and Mr. Meng, our executive Director as our authorized representatives. Dr. Zhang and Mr. Meng are jointly and severally authorized as our Company's principal channel of communication with the Stock Exchange and will make themselves readily available to communicate with the Stock Exchange. Both of the authorized representatives will be readily available for meetings with the Stock Exchange in person, if necessary, and will be readily contactable by the Stock Exchange by telephone, fax and email, if necessary, to deal with enquiries from the Stock Exchange from time to time.

    Each Director will provide his/her contact details (mobile phone numbers, office phone numbers, residential phone numbers, email addresses and fax numbers) to our authorized representatives and to the Stock Exchange. In the event that a Director expects to travel and be out of office, he/she will provide the phone number of the place of his/her accommodation or other contact details to our authorized representatives. This would ensure that each of the authorized representatives would have the means to contact all our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters.

To the best knowledge of our Company, all of our Directors who are not ordinary residents in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and would be able to come to Hong Kong to meet with the Hong Kong Stock Exchange within a reasonable period when required;

(b) in compliance with Rule 3A.19 of the Listing Rules, we have appointed Haitong International Capital Limited as our compliance advisor to serve as an alternative channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date;

(c) we will retain our Hong Kong legal advisors to advise on its on-going compliance obligations and other issues which are material for a listed issuer in Hong Kong; and

(d) we have and will continue to maintain a principal place of business in Hong Kong.

WAIVER AND EXEMPTION IN RELATION TO PRE-IPO SHARE OPTION SCHEME

Under Rule 17.02(1)(b) of and paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, this prospectus is required to include, among other things, details of the number, description and amount of any of our Shares which any person has, or is entitled to be given, an option to subscribe for, together with certain particulars of each option, namely the period during which it is exercisable, the price to be paid for Shares subscribed for under it, the consideration (if any) given or to be given for it or for the right to it and the names and addresses of the persons to whom it was given, full details of all outstanding options and their potential dilution effect on the shareholdings upon the Listing, as well as the impact on the earnings per Share arising from the exercise of such outstanding options under the Pre-IPO Share Option Scheme. We have granted options to 170 Grantees to subscribe for 155,538,420 Shares (immediately before the Pre-IPO Reorganization) or 147,761,499 Shares (immediately before completion of the Global Offering and the Capitalization Issue) on the terms set forth in the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V of this prospectus. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, representing approximately 15.89% of the issued share capital of our Company immediately following completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Schemes). Among the 170 Grantees, two of them are executive Directors, one of them is a non-executive Director, four of them are members of the senior management of our Group, five of them are other grantees who have been granted Pre-IPO Share Options to subscribe for more than 2,400,000 Adjusted Shares (the "Grantees With More Than 2,400,000 Adjusted Shares") and 158 of them are employees of our Group (the "Employee Grantees"). Except as disclosed above, no Grantee under the Share Option Scheme is a Director, a member of the senior management of our Group, a connected person of the Company or Grantees With More Than 2,400,000 Adjusted Shares.

We have applied for (i) an exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and (ii) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of and paragraph 27 of Appendix 1A

to the Listing Rules, on the ground that disclosure of the names and addresses as well as the number of Shares in respect of which options have been granted to each of the 170 Grantees of the Pre-IPO Share Option Scheme, other than the Grantees who are our Directors, members of senior management of our Group, connected persons of the Company or Grantees With More Than 2,400,000 Adjusted Shares would be unduly burdensome for us due to the following reasons:

(i) non-compliance with the disclosure requirements does not prevent our Company from providing an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Company to its potential investors;

(ii) our Directors and the Sole Sponsor are of the view that the granting of the waivers by the Stock Exchange and the exemption by the SFC will not prejudice the interest of the investing public;

(iii) the disclosure of important information of the options granted to the Employee Grantees, as disclosed under the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V to this prospectus, should provide potential investors with sufficient information to make a relevant assessment of our Company in their investment decision-making process; and

(iv) setting out the names, addresses and numbers of Shares represented by options for the Employee Grantees on an individual basis would increase a numerous amount of pages in this prospectus and therefore would be costly and unduly burdensome on our Company in light of the increase in cost for prospectus printing.

The Stock Exchange has granted the waiver to us subject to the following conditions:

(i) the grant of a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Ordinance by the SFC;

(ii) on individual basis, full details of all the options granted by our Company under the Pre-IPO Share Option Scheme to our Directors, senior management of our Group, connected persons of the Company and Grantees With More Than 2,400,000 Adjusted Shares, including all the particulars required under Rule 17.02(1)(b) of and paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be disclosed in this prospectus;

(iii) in respect of the options granted by our Company to the Employee Grantees, the following details are fully disclosed in this prospectus:

    (a) the number of Grantees and the number of Shares subject to such options;

    (b) consideration paid for the grant of such options; and

    (c) exercise periods and exercise prices of such options;

(iv) the potential dilution effect and impact on earnings per Share upon full exercise of the options granted under the Pre-IPO Share Option Scheme be disclosed in this prospectus;

(v) the aggregate number of Shares subject to the options granted by our Company under the Pre-IPO Share Option Scheme and the percentage to our Company's total issued share capital represented by them as set out in this prospectus;

(vi) the particulars of the waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules to be granted are set out in this prospectus; and

(vii) the list of all the Grantees, with all particulars of the waiver from strict compliance with the disclosure requirements under Rule 17.02(1)(b) of the Listing Rules and the exemption from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for public inspection.

The SFC has issued a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to the conditions that:

(i) on individual basis, full details of all the options granted by our Company under the Pre-IPO Share Option Scheme to each of our Directors, senior management of our Group, connected persons of the Company and Grantees With More Than 2,400,000 Adjusted Shares, such details to include all the particulars required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(ii) in respect of the options granted by our Company to the Employees Grantees, the following details are disclosed in this prospectus:

    (a) the aggregate number of Grantees and the number of Shares subject to such options;

    (b) consideration paid for the grant of such options; and

    (c) exercise periods and exercise prices of such options;

(iii) a full list of all the Grantees be made available for public inspection in accordance with "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection — 2. Documents available for inspection" in Appendix VI to this prospectus; and

(iv) the particulars of the exemption from strict compliance with the disclosure requirements under paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be granted are set out in this prospectus.

Further details of the Pre-IPO Share Option Scheme are set out in "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V to this prospectus.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Hong Kong Listing Rules for the purposes of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, the information in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and that there are no other facts, the omission of which would make any statement in this prospectus materially misleading.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to the agreement on the Offer Price between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or before the Price Determination Date. The International Underwriting is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. Further details of the Underwriters and the underwriting arrangements are set out in the section headed "Underwriting" in this prospectus.

SELLING RESTRICTIONS

Each person acquiring Offer Shares will be required to confirm, or by his/her acquisition of Offer Shares be deemed to confirm, that he/she is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or the Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and/or the Application Forms and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global

Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Sponsor, the Joint Global Coordinators, the Underwriters, any of their respective directors, agents, employees, advisors or any other party involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Public Offer Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus and in the relevant Applications Forms.

APPLICATION FOR LISTING ON THE HONG KONG STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Capitalization Issue and any Shares which may be issued under the Share Option Schemes.

Save as disclosed herein, no part of the equity or debt securities of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be void if the listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by, or on behalf of, the Hong Kong Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Hong Kong Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants should consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding, disposing of and dealing in our Shares. It is emphasized that none of our Group, the Sole Sponsor, the Joint Global Coordinators, the Underwriters, any of their respective directors, agents, advisors or any other person involved in the Global Offering accepts responsibility for the tax effects, liabilities resulting from your subscription for, purchase, holding, disposal of or dealing in our Shares.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued pursuant to applications made in the Global Offering will be registered on our Company's Hong Kong share register of members to be maintained in Hong Kong. Our principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands.

Dealings in our Shares registered in the share register of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong share register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each shareholder.

OVER-ALLOTMENT AND STABILIZATION

In connection with the Global Offering, Haitong International Securities Company Limited, as stabilizing manager, or any person acting for it, may over-allot Shares or effect any other transactions with a view to stabilizing and maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the date of Listing. However, there is no obligation on the Stabilizing Manager or any person acting for it to conduct any such stabilizing action.

In connection with the Global Offering, our Company is expected to grant to the International Underwriters the Over-allotment Option, which is exercisable in full or in part by the Joint Global Coordinators (on behalf of the International Underwriters) no later than 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 60,000,000 Shares, representing 15% of the total number of Shares initially available under the Global Offering, to cover over-allotment in the Global Offering, if any.

Further details with respect to stabilization and the Over-allotment Option are set out in the section headed "Structure of the Global Offering — Over-allotment and Stabilization" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG PUBLIC OFFER SHARES

The application procedures for the Hong Kong Public Offer Shares are set out in the section headed "How to Apply for Hong Kong Public Offer Shares" in this prospectus and in the relevant Application Forms.

REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF SHARES

We have instructed Computershare Hong Kong Investor Services Limited, our share registrar, and it has agreed, not to register the subscription, purchase or transfer of any Shares in the name of any particular holder unless and until the holder delivers a signed form to our share registrar in respect of those Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the Companies Law and our Articles of Association;

- agrees with us and each of our Shareholders that the Shares are freely transferable by the holders thereof; and

- authorizes us to enter into a contract on his or her behalf with each of our Directors, managers and officers whereby such Directors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in Hong Kong dollars have been translated, for the purpose of illustration only, into Renminbi and U.S. dollars, and vice versa, in this prospectus at the following rate:

HK$1.0000: RMB0.8249 (set by the PBOC for foreign exchange transaction prevailing on August 18, 2015)

HK$1.0000: US$0.1290 (the exchange rate set forth in the H.10 weekly statistical release of the Board of Governors of the Federal Reserve System of the United States on August 18, 2015)

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

In this prospectus, if there is any inconsistency between the Chinese name of the entities or enterprises established in China, PRC nationals, PRC government entities or PRC laws, rules and regulations and their English translations, the Chinese names shall prevail. English translations of names of entities or enterprises established in China and PRC laws, rules and regulations are for identification purpose only.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Zhang Fangliang (章方良)	Room 404 Block 26 Tanxiangzuo Shizhengtianyuancheng Tianyuan East Road Jiangning District, Nanjing PRC	Chinese
Wang Ye (王燁)	Room 204 Block 30 Tanxiangzuo Shizhengtianyuancheng Tianyuan East Road Jiangning District, Nanjing PRC	Chinese
Meng Jiange (孟建革)	16-602, London City, West Garden Bai Jia Lake, Jiangning District Nanjing, Jiangsu Province PRC	Chinese
Non-executive Directors		
Wang Luquan (王魯泉)	56 Cortland Drive East Brunswick NJ 08816-2385, U.S.A	American
Huang Zuie-Chin (黃瑞瑨)	No. 6, Lane 1350 Middle Fu Xing Road Shanghai, 200031-B02 PRC	American
Pan Yuexin (潘躍新)	Room 2208, No. 3 Nong 72, Yinshan Road Putong District, Shanghai PRC	Chinese

Name	Address	Nationality
Independent Non-executive Directors		
Guo Hongxin (郭宏新)	No. 37, Jiahu Ludao No. 9, Jiahu Xi Road Jiangning Development District Nanjing PRC	Chinese
Dai Zumian (戴祖勉)	Room 403, Block 4 Wanke Jinyu Lanwan Jiangning District, Nanjing PRC	Chinese
Zhang Min (張敏)	No. 2266, Hongqiao Road Changning District, Shanghai PRC	Chinese

For further information, please see the section headed "Directors and Senior Management".

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Haitong International Capital Limited** 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Global Coordinators	**Haitong International Securities Company Limited** 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	J.P. Morgan Securities (Asia Pacific) Limited 28th Floor, Chater House 8 Connaught Road Central Hong Kong

Joint Bookrunners	**Haitong International Securities Company Limited** 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong **J.P. Morgan Securities (Asia Pacific) Limited** (in relation to the Hong Kong Public Offering) 28/F Chater House 8 Connaught Road Central Hong Kong **J.P. Morgan Securities plc** (in relation to the International Offering) 25 Bank Street Canary Wharf London E14 5JP United Kingdom
Joint Lead Managers	**Haitong International Securities Company Limited** 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong **J.P. Morgan Securities (Asia Pacific) Limited** (in relation to the Hong Kong Public Offering) 28/F Chater House 8 Connaught Road Central Hong Kong **J.P. Morgan Securities plc** (in relation to the International Offering) 25 Bank Street Canary Wharf London E14 5JP United Kingdom **KGI Capital Asia Limited** 41/F Central Plaza 18 Harbour Road, Wanchai Hong Kong

Co-lead Manager	**RHB Securities Hong Kong Limited** 12/F, World-Wide House 19 Des Voeux Road Central Hong Kong
Legal advisors to our Company	*as to Hong Kong law* **Peter Yuen & Associates (in association with Fangda Partners)** 26/F, One Exchange Square 8 Connaught Place Central Hong Kong *as to PRC law* **Fangda Partners** 32/F, Tower One, Plaza 66 1266 Nanjing West Road Shanghai PRC *as to U.S. sanction law and United States laws* **Dorsey & Whitney LLP** 701 Fifth Avenue Suite 6100 Seattle, WA98 104–7043 *as to Hong Kong sanction law* **Dorsey & Whitney** Suite 3008, One Pacific Place 88 Queensway Hong Kong *as to E.U. sanction law and United Nations Security Council Resolutions* **Dorsey & Whitney (Europe) LLP** 199 Bishopsgate London EC2M 3UT *as to Australian sanction law* **Clayton Utz** Level 15, 1 Bligh Street Sydney NSW 2000 Australia

	as to Cayman Islands law **Appleby** 2206–19, Jardine House 1 Connaught Place Central Hong Kong
	as to Japan law **Mori Hamada & Matsumoto** Marunouchi Park Building 6-1 Marunouchi 2-chome Chiyoda-ku Tokyo 100-8222 Japan
	as to Dutch law **De Brauw Blackstone Westbroek N.V.** Claude Debussylaan 80 1082 MD Amsterdam The Netherlands
Legal advisors to the Sole Sponsor and the Underwriters	*as to Hong Kong law, United States law and United Nations Security Council Resolutions* **Morrison & Foerster** 33/F, Edinburgh Tower The Landmark 15 Queen's Road Central Hong Kong
	as to PRC law **Jun He Law Offices** 25/F, Tower 3 Jing An Kerry Center 1228 Middle Yan'an Road Shanghai PRC
	as to E.U. sanctions law **Morrison & Foerster LLP** Potsdamer Platz 1 10785 Berlin Germany

	as to Australian sanctions law **Allens** 101 Collins Street Melbourne VIC 3000 Australia
Reporting accountant	**Ernst & Young** *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Industry consultant	**Frost & Sullivan** Suite 2802–2803 Dawning Center 500 Hongbaoshi Road Shanghai PRC
Property valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6/F Three Pacific Place 1 Queen's Road East Admiralty Hong Kong
Receiving bank(s)	**Bank of Communications Co., Ltd. Hong Kong Branch** 20 Pedder Street Central Hong Kong **Standard Chartered Bank (Hong Kong) Limited** 15/F Standard Chartered Tower 388 Kwun Tong Road Kowloon Hong Kong

Registered office in the Cayman Islands	Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1–1108 Cayman Islands
Principal place of business in the PRC	No. 28, Yongxi Road Jiangning Science Park Nanjing Jiangsu Province PRC
Place of business in Hong Kong registered under Part 16 of the Companies Ordinance	18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Company websites	www.genscript.com www.bestzyme.com *(information contained in these websites does not form part of this prospectus)*
Company secretary	Ms. Wong Wai Ling (黃慧玲) *(a member of the Hong Kong Institute of Chartered Secretaries)* 18/F, Tesbury Centre 28 Queen's Road East Hong Kong
Authorized representatives	Dr. Zhang Fangliang (章方良) Room 404 Block 26 Tanxiangzuo Shizhengtianyuancheng Tianyuan East Road Jiangning District, Nanjing PRC Mr. Meng Jiange (孟建革) 16-602, London City, West Garden Bai Jia Lake, Jiangning District Nanjing, Jiangsu Province PRC
Audit committee	Mr. Dai Zumian (戴祖勉) *(Chairman)* Ms. Zhang Min (張敏) Mr. Guo Hongxin (郭宏新)

Remuneration committee	Mr. Guo Hongxin (郭宏新) *(Chairman)* Ms. Wang Ye (王燁) Mr. Dai Zumian (戴祖勉)
Nomination committee	Dr. Zhang Fangliang (章方良) *(Chairman)* Ms. Zhang Min (張敏) Mr. Dai Zumian (戴祖勉)
Principal share registrar and transfer office	**Appleby Trust (Cayman) Ltd.** Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shop 1712–1716 17th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Compliance advisor	**Haitong International Capital Limited** 22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Principal bankers	**Bank of America N.A. Hong Kong Branch** 20th Floor, Tower 2 Kowloon Commerce Centre 51 Kwai Cheong Road Kwai Chung Hong Kong **Bank of America Scotch Plains Office** 336 Park Avenue Scotch Plains NJ 07076 USA **Yueyahu Branch of China Merchant Bank** No. 88, Mu Xu Yuan Street Nanjing PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan for preparing an independent industry report in respect of the Global Offering (the "Frost & Sullivan Report"). We believe that the sources of such information and statistics are appropriate, and we have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading in any material respect or that any part of the information has been omitted rendering such information false or misleading. The information and statistics have not been independently verified by the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any other persons involved in the Global Offering or their respective directors, advisors and affiliates. Therefore, no representation is given as to the correctness or accuracy in respect of the information and statistics set out in this prospectus. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report, which may qualify, contradict or have an impact on the information and statistics disclosed in this section. The information and statistics contained in this section may be inconsistent with other information prepared inside or outside the PRC.

The achievements of life sciences researchers and scientists in recent years have revolutionarily improved our understanding of biological systems and have led to various opportunities and growths in the life sciences research and application service and product industries. For example, the development of DNA synthesis and genetic engineering technologies enables researchers and scientists to design and modify biological systems at molecular level and can be employed to create more diverse and well-designed services and products, which in turn benefits the downstream markets.

In the life sciences research and application service and product industries, our four business segments, namely life sciences research services, life sciences research catalog products, preclinical drug development services and industrial synthetic biology products, primarily operate in three global markets, which are (i) the life sciences research service and product market, (ii) the drug development service market and (iii) the industrial enzyme market. The following chart illustrates the relationship between our business segments and the markets in which we operate:

Markets	**Our business segments**
(i) Global life sciences research service and product market	Life sciences research services
	Life sciences research catalog products
(ii) Global drug development service market	Preclinical drug development services
(iii) Global industrial enzyme market	Industrial synthetic biology products

The life sciences research and application service and product industries have been improving in recent years. Such improvements were primarily contributed by the considerable growth in the developing countries such as China. North America and Europe captured the highest market share in aggregate in the global life sciences research service and product market in terms of revenue in 2014.

Increasing research and development funding and declining cost of major raw materials and technology further facilitate the development of such industries, resulting in the wide applications of breakthrough technologies to various bio-related industries, such as the pharmaceutical industry and industrial enzyme industry. We believe that the global life sciences research service and product market, the global drug development service market and the global industrial enzyme market will continually present significant growth potentials.

THE GLOBAL LIFE SCIENCES RESEARCH SERVICE AND PRODUCT MARKET

Life sciences research services and products are professional outsourcing services and specialized research products that are used to facilitate life sciences research and experiments. They consist primarily of three categories: (i) molecular biology services (mainly DNA synthesis and genetic analysis and engineering services); (ii) research-based protein- and antibody-related services and products (mainly recombinant protein production, peptide synthesis and customized antibody production); and (iii) life sciences research reagents (such as biochemical reagents and research kits). Life sciences research services and products provide scientists and researchers with valuable tools and information they need in designing and conducting life sciences experiments and save them precious time in generating such tools and obtaining such information themselves so that they can focus more on research and development. In addition, providers of life sciences research services and products are more specialized in providing such services and generating such products than scientists and researchers who use such products and services in their experiments and can therefore generate the tools and obtain the information more efficiently and cost-effectively.

The following chart illustrates a comparison between the industry classifications in the life sciences research services and products industries and our business segments and key categories (including our respective major service and product lines):

Industry classifications	**Global molecular biology service market** • DNA synthesis services (A) • Genetic analysis and engineering services (B)	**Global research-based protein- and antibody-related service and product market (C)**	**Global life sciences research reagent market (D)**
Our business segments	**Life sciences research services**		**Catalogue products**
Our key categories	• Gene synthesis • Oligonucleotide synthesis • DNA sequencing	• Protein production • Peptide synthesis • Antibody development	• Antibodies • Recombinant proteins • Precast gels • Affinity resins

Life sciences research services and products are widely used in both basic research and commercial research and development activities in various disciplines and fields. Virtually all life sciences research and development laboratories use life sciences research services and products, which are essential for their daily operations.

Customers of the global life sciences research service and product market primarily consist of pharmaceutical and biotech companies, academic institutions, hospitals, and government testing and diagnostic centers. In the life sciences research service and product market, online ordering is common in

developed countries such as the United States. However, most companies in the PRC still take orders via email or phone. We have established an interactive online quotation and ordering system. Our customers can navigate directly to our websites to place orders for most of our life sciences research and application services and products online. Some suppliers have developed their in-house sales teams to provide services and products directly to end users, while some other suppliers may engage local distributors and outsourcing sales teams. We currently engage our direct sales force and some distributors to achieve a direct access to our major markets as well as a wide geographical coverage.

In the life sciences research service and product market, some customers make a prepayment to enjoy discounts and increase the efficiency of payment settlement and management. The prepayment arrangement is one of the commercial practices adopted by customers in such market. In addition, some customers maintain a system where their ordering and payment functions are separated. Payments are supposed to be made if research funds are used in the manner within the scope initially approved by the relevant government authorities.

The chart below sets forth the historical and projected total revenue of the global life sciences research service and product market from 2010 to 2019:

Global Life Sciences Research Service and Product Market Size, 2010-2019E

Source: Frost & Sullivan

According to the Frost & Sullivan Report, the global life sciences research service and product market grew at a CAGR of 6.6% from 2010 to 2014. In particular, China experienced the highest growth at a rate of 23.6% from 2010 to 2014. North America and Europe captured the highest market share in aggregate in the market in terms of revenue in 2014. The market is expected to continue to grow with a CAGR of 7.3% from 2015 to 2019, primarily due to the growing demand in the market.

(A) The Global DNA Synthesis Service Market

The global DNA synthesis service market is one of the sub-markets of the global molecular biology service market. DNA synthesis consists primarily of two segments, namely oligonucleotide synthesis and gene synthesis. DNA synthesis service is used in different life sciences disciplines to meet the various needs of researchers and scientists.

According to the Frost & Sullivan Report, the growth of global DNA synthesis service market is expected to be driven by the broadening applications in life sciences research as more prevalent molecular biology tools in life sciences research expands the application of DNA synthesis service. For example, recombinant protein production is a powerful tool for structural-function analysis of target protein and is an efficient way of producing many biologics including therapeutic monoclonal antibodies. DNA synthesis, in particular gene synthesis, provides the starting material for recombinant protein expression and contributes to the diversity of recombinant proteins that may be studied or further developed.

In addition, DNA synthesis has become the more affordable method by which researchers can obtain DNA molecules in any desired sequence, primarily as a result of the technological development. With the use of advanced production equipment, DNA synthesis service providers can now offer DNA synthesis services in consistent quality, with quick turnaround time and at a low cost.

The chart below sets forth the historical and projected total revenue of the global DNA synthesis service market from 2010 to 2019:

Source: Frost & Sullivan

According to the Frost & Sullivan Report, the global DNA synthesis service market showed a stable historical growth with a CAGR of 8.0% during 2010 to 2014. With wider applications of gene synthesis technology and the rising demand for such technology in synthetic biology, the gene synthesis segment is expected to experience a significant growth. In addition, due to technological development, the costs of oligonucleotide synthesis and gene synthesis will likely become more affordable, which makes the global DNA synthesis service market likely to continue to expand as a whole. According to the Frost & Sullivan Report, the global DNA synthesis service market is expected to grow with a CAGR of 9.8% during 2015 to 2019, mainly contributed by emerging markets such as the PRC. In particular, the revenue derived from gene synthesis services is expected to maintain a double-digit growth, with a CAGR for the forecast period being 14.7%.

Competitive Landscape

Overall Market

The table below sets forth the top five companies, in terms of revenue in 2014, in the global DNA synthesis service market:

Rank	Company	Approximate Revenue	Market Share
		(US$ Million)	
1	Competitor A	75.0	19.9%
2	Competitor B	69.7	18.4%
3	GenScript	40.0	10.6%
4	Competitor C	21.7	5.7%
5	Competitor D	16.3	4.3%

Source: Frost & Sullivan

According to the Frost & Sullivan Report, the global DNA synthesis service market is moderately concentrated with the top five players accounting for 58.9% of market share in aggregate in terms of revenue in 2014, primarily due to the high entry barriers, such as technological know-how accumulation, professional talents recruitment, expanded distribution channel and strong brand recognition. In 2014, we ranked third in terms of revenue, with a 10.6% market share, primarily due to our advanced technology and relatively more affordable prices. Other leading market players primarily include the following:

Competitor A. The company is headquartered in the United States. It offers an extended service and product portfolio including DNA synthesis, DNA sequencing, protein expression and purification, cell cultivation and a broad range of research kit and enzyme tools.

Competitor B. The company is headquartered in the United States. It offers an integrated pipeline of solutions for the research community, including gene design, optimization, synthesis and cloning, as well as platforms for protein and strain engineering.

Competitor C. The company is a life science and high technology company. It offers approximately 230,000 chemical and biochemical products and 40,000 equipment products.

Competitor D. The company is headquartered in the PRC. It offers a wide service and product portfolio including DNA synthesis, genetic engineering services, life sciences research consumables, and protein- and antibody-related products and services.

Oligonucleotide Synthesis Service Market Segment

The table below sets forth the top five companies, in terms of revenue in 2014, in the global oligonucleotide synthesis service market segment:

Rank	Company	Approximate Revenue	Market Share
		(US$ Million)	
1	Competitor B	53.5	22.2%
2	Competitor A	45.0	18.7%
3	Competitor C	20.7	8.6%
4	Competitor D	13.8	5.7%
5	Competitor E	7.8	3.2%

Source: Frost & Sullivan

According to the Frost & Sullivan Report, the top five players accounted for 58.4% of the market share of the oligonucleotide synthesis service market segment in terms of revenue in 2014. Leading players have established their advantages of fast, quality service delivery in the global market, while dozens of small players compete in the PRC. According to the Frost & Sullivan Report, leading market players include the following:

Competitor E. The company has been focusing on the development of research tools for the life sciences and gene therapy since it commenced business in 1967. It offers an extended service and product portfolio including DNA synthesis, DNA sequencing, protein expression and purification, cell cultivation and transfection and a broad range of reagent kits and enzyme tools.

For details of Competitors A-D, please see the subsection headed "— The Global DNA Synthesis Service Market — Competitive Landscape — Overall Market".

Gene Synthesis Service Market Segment

The table below sets forth the top five companies, in terms of revenue in 2014, in the global gene synthesis service market segment:

Rank	Company	Approximate Revenue	Market Share
		(US$ Million)	
1	GenScript	35.0	25.6%
2	Competitor A	30.0	21.9%
3	Competitor B	16.2	11.8%
4	Competitor F	14.7	10.7%
5	Competitor G	5.7	4.2%

Source: Frost & Sullivan

According to the Frost & Sullivan Report, the top five players dominate the global gene synthesis service market with a 74.2% market share in terms of revenue in 2014, primarily due to the high entry barriers to the market, such as the accumulation of technological know-how and strong brand recognition.

We are the leader in the global gene synthesis service market segment and had a market share of 25.6% in terms of revenue in 2014, according to the Frost & Sullivan Report. Our ability to provide gene synthesis products of high quality with comparatively lower cost and in shorter turnaround time makes us the leader in the market. Other major market players include the following:

Competitor F. The company provides life sciences services mainly to academic, biotechnology, pharmaceutical and government institutions. It offers an extended service portfolio including gene synthesis and genome services.

Competitor G. The company is headquartered in the United States. It is a leading genome wide product company for research and diagnostic applications. It can provide a whole product solution for the molecular biology research community.

For details of Competitor A and Competitor B, please see the subsection headed "— The Global DNA Synthesis Service Market — Competitive Landscape — Overall Market".

Major Raw Materials and Final Products

Raw Materials

Nucleotide monomers are the key reagents used in DNA synthesis. Different kinds of monomers are utilized in the synthesis of DNA, and their prices ranged from US$3 to US $50 per gram during the Track Record Period. For example, as of the Latest Practicable Date, the cost for DMT-dA(bz) phosphoramidite ranged from US$6 to US$30 per gram depending on the product purity, packaging and production technology. The price of nucleotide monomers remained relatively stable during the Track Record Period primarily because of the stable supply. According to the Frost & Sullivan Report, due to the advancement in production technology and increasing number of manufacturers, the price of monomers is likely to decrease.

Various types of high-fidelity DNA polymerase are used during the process of gene synthesis. Depending on the product type and brands, the prices of high-fidelity DNA polymerase vary. During the Track Record Period, the price of high-fidelity DNA polymerase ranged from US$0.3 to US$1 per unit remained relatively stable due to maturity of technology. The price is expected to decline slightly in the near future primarily because of the competition among suppliers in the market.

Owing to the above factors affecting the prices of nucleotide monomers and high-fidelity DNA polymerase, Frost & Sullivan has confirmed that it is difficult to provide the average purchase price of nucleotide monomers and high-fidelity DNA polymerase.

Final Products

The price of the synthesis of oligonucleotides shorter than 40 bases is approximately US$0.1 to US$0.2 per base, and the price of the synthesis of longer oligonucleotides is approximately US$0.4 to US$0.6 per base. During the Track Record Period, the price of the synthesis of oligonucleotides

decreased by approximately 11.0% due to intensified competition and technological advancement. The price of gene synthesis is approximately US$0.2 to US$0.8 per base pair and varies depending on the target length. During the Track Record Period, the price of gene synthesis had a decrease by approximately 25.0%. In 2014, the price of gene synthesis was approximately US$0.4 per base pair. According to the Frost & Sullivan Report, the price of the synthesis of oligonucleotides and the price of gene synthesis are expected to remain stable in the future, with a slight downward trend primarily due to the decreasing costs of raw materials and advancement of production technology.

(B) The Global Genetic Analysis and Engineering Service Market

The global genetic analysis and engineering service market is one of the sub-markets of the global molecular biology services market. Genetic engineering services are mainly divided into the following types of services: (i) DNA sequencing services and (ii) other genetic engineering services, primarily including a variety of manipulations, modifications and analyzes of DNA and RNA (other than artificial synthesis and sequencing). DNA sequencing is the process of determining the precise order of nucleotides within a DNA molecule. Genetic engineering, also called genetic modification, is the direct manipulation of an organism's genome using biotechnology. It is a set of technologies used to change the genetic makeup of cells, including the transfer of genes within and across species boundaries to produce improved or novel organisms. For example, CRISPR/Cas9 system is a tool recently developed to make precise and targeted changes to genomes. DNA sequencing and genetic engineering technology could be applied in various fields, including the analysis and modification of plant genome, animal genome and microbial genome, medicine and agriculture. Human genomic analysis is a major application field of DNA sequencing for disease studies.

According to the Frost & Sullivan Report, an increasing number of applications for sequencing technologies will be one of the growth drivers for the global genetic analysis and engineering service market. With the development of new applications, the customer base and market demand for DNA sequencing continue to grow rapidly. In addition, the price of sequencing services per megabase has become more affordable with the introduction of new technologies. The decrease in price coupled with the increasing maturity of sequencing technology has incentivized customers to further initiate larger-scale sequencing projects. In addition, the development of applications of genetic engineering has significantly expanded the market of genetic engineering services, covering areas of medicine and agriculture. The abovementioned factors are expected to contribute to the growth of the global genetic analysis and engineering service market.

The chart below sets forth the historical and projected total revenue of the global genetic analysis and engineering service market from 2010 to 2019:

Source: Frost & Sullivan

The global genetic analysis and engineering service market increased from US$1.5 billion in 2010 to US$2.4 billion in 2014 with a CAGR of 12.5% and is expecting to enjoy a slightly faster growth in the coming years to reach US$4.8 billion in 2019, representing a CAGR of 14.4%. According to the Frost & Sullivan Report, the growth in the global genetic analysis and engineering service market was primarily driven by the more affordable price and the wider application of genetic engineering services.

Competitive Landscape

The table below sets forth the top five companies, in terms of revenue in 2014, in the global genetic analysis and engineering service market:

Rank	Company	Approximate Revenue	Market Share
		(US$ Million)	
1	Competitor H	250.0	10.4%
2	Competitor I	146.0	6.1%
3	Competitor J	56.0	2.3%
4	Competitor K	44.0	1.8%
5	Competitor L	34.0	1.4%

Source: Frost & Sullivan

The global genetic analysis and engineering service market is a relatively less concentrated market, with the top five players accounting for 22.0% of market share in terms of revenue in 2014. The existence of small players in some sectors in this market was primarily due to the broad customer base, the need for a localized sales team to achieve rapid sample collection and the availability of an affordable sequencing platform. As we placed stronger emphasis on oligonucleotide synthesis and gene synthesis, genetic engineering services were not our strategic focus and thus did not contribute much to our revenue. Our market share in the global genetic analysis and engineering service market was relatively less significant and was estimated to be less than 1.0% in 2014. The major market players include the following:

Competitor H. The company is headquartered in the United States. It develops, manufactures and markets integrated systems for the analysis of genetic variation and biological function. It offers a range of products and services that serve the sequencing, genotyping and gene expression markets.

Competitor I. The company is a world leader in life sciences research products and services. It has four brands that allow it to provide a highly extended product and service portfolio covering high-end analytical instruments, laboratory equipment and life sciences research software, services, consumables and reagents.

Competitor J. The company is one of the world's largest genomics service providers. It offers a broad range of genomic analysis and related downstream services.

Competitor K. The company is a provider of sample and assay technologies. It is also a leading supplier of nucleic acid purification products in the PRC. These products include consumable kits and automation systems.

Competitor L. The company is a contract research organization, which provides a series of DNA analysis and modification services, including gene synthesis, DNA sequencing, bioinformatics and GLP (Good Laboratory Practice) regulatory services.

Major Raw Materials and Final Services/Products

Raw Materials

According to the Frost & Sullivan Report, BigDye Terminator is the key reagent used for performing fluorescence-based DNA sequencing. During the Track Record Period, the price of such reagent was approximately US$800 to US$1,600 per milliliter depending on the purchase volume, and such price range did not change over the same period due to patent protection. As of the Latest Practicable Date, the price was relatively stable but may decrease gradually due to the increasing number of suppliers and the expiry of relevant patents. Frost & Sullivan confirmed that it is difficult to provide the average purchase price of BigDye Terminator because the price varies significantly based on the purchase volume.

For other genetic engineering services, the raw material involved depends on the type of services provided. Apart from DNA sequencing, CRISPR service is one of our major genetic engineering services. Mammalian cell lines are widely employed as raw materials in the provision of CRISPR services. During the Track Record Period, the prices for different cell lines ranged from US$200 to US$10,000 per 10 million cells. According to the Frost & Sullivan Report, the prices of such cell lines remained stable during the Track Record Period and as of the Latest Practicable Date due to the maturity and stability of the market. Frost & Sullivan has confirmed that it is difficult to provide the average purchase price of cell lines primarily because such price varies significantly among different types, brands and quality of cell lines.

Final Services/Products

The price of DNA sequencing based on the first-generation sequencing technology, Sanger sequencing, is approximately US$3 to US$5 for a single reaction capable of achieving read lengths of 600-1,000bp. During the Track Record Period, the price decreased by approximately 20.0% due to the maturity of technology and the entry of new players. Since Sanger sequencing remains the benchmark for accuracy and is widely adopted in low-throughput analysis and verification, its price is expected to remain relatively stable in the near future.

Depending on the type of services required, the prices of the other genetic engineering services vary. As an example of the genetic engineering services other than DNA sequencing, the price of CRISPR services ranged from US$7,000 to US$15,000 per cell line during the Track Record Period, depending on whether knock-in or knock-out service was required. The price of traditional genetic engineering services is expected to decline gradually due to the maturity of technology and the increasing number of competitors, while the price of novel genetic engineering services with newly-developed technologies employed is expected to remain high.

(C) The Global Research-Based Protein- and Antibody-Related Service and Product Market

Research-based protein- and antibody-related services and products include primarily synthesis, expression, modification and purification of specific proteins and antibodies so as to facilitate the relevant analysis and production. Based on the applied method and product substances, these services and

products can be further classified into five categories, namely (i) peptide synthesis, (ii) recombinant protein production and expression, (iii) custom antibody service, (iv) single domain antibodies and (v) protein analysis service. The growth potentials in each respective category are expected to contribute to the development of the global research-based protein- and antibody-related service and product market.

In recent years, there has been an increasing demand for recombinant therapeutic proteins, primarily because such proteins can be used as treatment alternatives for various fatal diseases, and more biotech and pharmaceutical companies are under pressure to develop biologic drugs and relevant protein expression systems to meet their customer demand. With the development of proteomics, there is also a rising demand on protein function and structure study, resulting in a new field for protein analysis and antibody preparation market. Moreover, the development in genomic analysis tools has created high demand for downstream protein analysis to facilitate the study on gene function. With the emergence of some new platforms for recombinant protein production, the application of the recombinant protein production technology may be further expanded. Together with the higher affordability of the protein- and antibody-related services and products resulting from the maturity of the production technology, these factors may further drive the growth of the global research-based protein- and antibody- related service and product market.

The chart below sets forth the historical and projected total revenue of the global research-based protein- and antibody-related service and product market from 2010 to 2019:

Global Research-based
Protein- and Antibody-related Service and Product Market Size, 2010-2019E

Source: Frost & Sullivan

According to the Frost & Sullivan Report, the global research-based protein- and antibody-related service and product market is comparably small, with a total revenue of US$1.8 billion in 2010 and US$2.2 billion in 2014 respectively, representing a CAGR of 5.1%. Most academic customers generally assign protein expression and modification tasks to students so as to improve their experimental skills. With the rapid growth of DNA synthesis, the need for the downstream research such as production, expression and analysis of synthetic protein is expected to increase. Along with the technological advancement, the use of recombinant proteins in clinical treatment has become more popular. As such, according to the Frost & Sullivan Report, the global research-based protein- and antibody-related service and product market is expected to grow with a CAGR of 8.3% during 2015 to 2019.

Competitive Landscape

According to the Frost & Sullivan Report, the global research-based protein- and antibody-related service and product market is highly fragmented, primarily due to the relatively low demand for protein

expression and proteomic analysis services when compared to other life sciences services. As synthetic biology develops, an increasing demand in the global research-based protein- and antibody-related service and product market is expected.

With our technical advantage in the gene synthesis sector, we are one of the leading suppliers who can expand into downstream recombinant protein production business by creating a one-stop integrated service platform covering the comprehensive process from gene synthesis to protein expression and purification. In 2014, our market share in the global research-based protein- and antibody-related service and product market was relatively less significant and was estimated to be less than 1.0%.

Major Raw Materials and Final Services/Products

Raw Materials

In providing protein- and antibody-related services and products, a group of highly educated professional talents are required. The costs of skilled labor generally account for the majority of the costs incurred in providing the services.

Laboratory animals, such as mice, may also be required during the provision of protein- and antibody-related services and products. During the Track Record Period, the price of young wild-type laboratory mice in the PRC was approximately US$3 to US$10 per mouse, while it was generally more than US$20 per mouse in the United States. The prices of such mice in each region remained stable during the Track Record Period. Due to more stringent regulations and higher labor cost, the prices of laboratory animals may rise gradually. Frost & Sullivan has confirmed that it is difficult to provide the average purchase price of laboratory mice primarily because such price varies significantly between regions.

In addition, depending on types of hosts (such as bacteria or mammalian cells) used for protein production and expression, different culture media are used. Frost & Sullivan has confirmed that it is difficult to provide the average purchase price of culture media as the prices vary significantly depending on the types of nutrients and ingredients added to the media. For bacteria culture, the prices of the media generally varied from US$1.5 to US$7 per liter during the Track Record Period. For mammalian cell culture, the prices of the most used media, DMEM, generally varied between US$15 and US$50 per liter during the Track Record Period. According to the Frost & Sullivan Report, the prices of these culture media remained relatively stable during the Track Record Period and are expected to slightly decline due to intensified competition among suppliers in the market.

Peptides are chains of amino acids. Therefore, the synthesis of peptides uses amino acids as the building blocks. There are 20 different amino acids in human bodies. Depending on the product purity and grade, the prices of amino acids vary significantly. For example, during the Track Record Period, the prices of L-Cysteine with purity of at least 98.5% ranged from US$1,200 to US$2,200 per kilogram. Based on the above reasons, Frost & Sullivan has confirmed that it is difficult to provide the average purchase price of amino acids. The prices of each type of amino acids remained stable during the Track Record Period and as of the Latest Practicable Date due to the maturity and stability of the market. The prices of amino acids are likely to decline gradually in the future due to the relatively low market entry barrier and the large number of suppliers worldwide.

Final Services/Products

The price of custom antibody services depends on the type, titer and functional specifications of antibodies produced. According to the Frost & Sullivan Report, the price of custom polyclonal antibodies

was generally US$290 to US$1,950 per order, while the price of custom monoclonal antibodies was generally US$3,500 to US$11,500 per order during the Track Record Period. The price of custom antibody services with traditional techniques is expected to show a downward movement due to technological advancement, whereas the price of custom antibody services with new cutting-edge technologies may increase as more favorable attributes of final custom antibodies can be obtained through such technologies.

The price of peptide synthesis services ranged from US$3 to over US$160 per amino acid depending on the volume and purity of the final product, while the price of recombinant protein production services also varied from US$500 to over US$5,000 per milligram depending on the protein production technology system, the species of proteins and the family of recombined proteins. The prices of both the peptide synthesis services and the recombinant protein production services remained relatively stable during the Track Record Period primarily because of the stable supply. According to the Frost & Sullivan Report, the prices of both peptide synthesis and recombinant protein production services are expected to slightly decrease primarily because of the declining prices of raw materials.

(D) The Global Life Sciences Research Reagent Market

Life sciences research reagents consist primarily of biochemical reagents, research kits and enzyme tools which are specially developed for and used in life sciences research experiments. Biochemical reagents are substances that bring out biochemical reactions. These reagents include a wide variety of substances such as enzymes, substrates and buffer solutions, as well as other organic and inorganic compounds. Research kits consist of sets of reagents and materials that are requisite to perform one or more designated research experiments. Enzyme tools include a broad category of enzymes involved in genetic engineering, such as DNA polymerases used in PCR and restriction enzymes used in cloning.

According to the Frost & Sullivan Report, life sciences has become a priority for government-and private-funded research worldwide. As a result, researchers and scientists purchase more high-quality research reagents. In addition, the price of research reagents and kits has decreased as a result of the competition in the market in recent years, while more research reagents and kits have been developed for almost all routine procedures in life sciences research experiments. All these serve as the growth drivers for the global life sciences research reagent market.

The chart below sets forth the historical and projected total revenue of the global life sciences research reagent market from 2010 to 2019:

Source: Frost & Sullivan

The revenue generated from the life sciences research reagent market has experienced a stable growth with a CAGR of 10.5% during the period of 2010 to 2014, primarily attributable to the increasing

research and development expenditure in the public and private sectors for life sciences research worldwide. From 2015 to 2019, the life sciences research reagent market is also expected to experience a stable growth with a CAGR of 10.9% due to increasing funding and a greater variety in the availability of research products.

According to the Frost & Sullivan Report, customer base and sales volume of the life sciences research reagent market will continue to expand primarily attributable to the more affordable product prices and more diversified product offerings.

Competitive Landscape

According to the Frost & Sullivan Report, the global life sciences research reagent market is highly fragmented with a significant number of suppliers available both locally and internationally. The relatively low technical barrier and the extensive range of life sciences research reagent products allow the entrance and survival of small suppliers. The high degree of price sensitivity of academic and government customers further contributes to the low level of market concentration.

In 2014, we had a market share of less than 1.0% in terms of revenue in the global life sciences research reagent market. Our broad customer base from gene synthesis service enables us to attract potential customer for our reagent products more easily. We plan to further develop our service and product portfolio to expand our market share in the global life sciences research reagent market.

Major Raw Materials and Final Products

Raw Materials

Since the global life sciences research reagent market consists of hundreds of types of products ranging from cell culture medium to reagent kits, there are numerous types of raw materials which relate to such market. Gel cassettes, gel reagents and Sepharose are three examples of the raw materials involved in the production of life sciences research reagents.

Gel cassettes and related reagents are the raw materials used in the production of precast gels, which are widely used in the protein analysis and other relevant experiments. Depending on the electrophoresis and gel transfer systems used and the design of the cassettes, the general prices of the gel cassettes varied from US$0.5 to US$3.85 per unit during the Track Record Period. Such price range remained stable during the Track Record Period because of the maturity and stability of the market. As confirmed by Frost & Sullivan, it is difficult to provide the average purchase price of gel cassettes due to the abovementioned reason.

For gel reagents to cast protein gels, assuming all reagents for casting the gels are purchased individually, the price was approximately US$0.2 to US$1.5 per gel during the Track Record Period, according to the Frost & Sullivan Report. Such price ranges remained stable during the Track Record Period. Frost & Sullivan confirmed that it is difficult to provide the average purchase price of gel reagents primarily because the price varies significantly due to the different specifications of the products. As of the Latest Practicable Date, the price ranges of gel cassettes and gel reagents remained the same due to the maturity of the production technology and the market.

Sepharose is one of the major raw materials for the production of affinity resins. During the Track Record Period, the price of Sepharose ranged from US$400 to US$800 per liter. Such price range

remained stable during the Track Record Period and is expected to remain stable in the near future due to the maturity of technology. Frost & Sullivan has confirmed that it is difficult to provide the average purchase price of Sepharose primarily because the price varies significantly due to different agarose content and purchase volume.

Final Products

According to the Frost & Sullivan Report, due to the significant number of types of products of the global life sciences research reagent market, it is difficult to provide an average purchase price of the final products of such market. For example, the price of affinity resins varied from US$10 to US$450 per milliliter during the Track Record Period, depending on the purchase amount, specifications of the resins and brands. In general, the global life sciences research reagent market represented a gradual downward trend in price primarily due to the relatively low entry barriers, increasing number of suppliers and intensified competition during the Track Record Period. Such price trend is expected to continue in the near future based on the same reasons.

Growth Drivers of the Global Life Sciences Research Service and Product Market

(i) *Increasing research and development expenditure.* The spending on research and development worldwide has indicated an increasing general trend, led by the United States, which recorded a US$410.9 billion of gross domestic spending on research and development in 2014. The PRC has also shown a significant increase in research and development spending in recent years. This trend is expected to lead to a direct increase in demand for life sciences services and products.

(ii) *Emergence of innovative facilitating platforms.* Due to technological advancement, some innovative platforms emerged. These platforms provide DNA synthesis and sequencing services with much lower cost and higher efficiency, which further facilitates the synthetic biology development and the variety of the commercial applications of such services.

(iii) *Growing demands for revolutionizing therapies for major diseases.* As the population ages and life expectancy increases, there is a rising demand for therapies for major diseases such as cancers and diabetes. Life sciences research services and products can help identify new practical therapies.

(iv) *Applications in environmental industry.* Facilitated by genetic engineering services, synthetic biology can contribute to the development of economical and renewable biofuels. For example, with the application of synthetic biology, one can alter and genetically engineer new pathways in organisms to maximize an organism's energy production efficiency. Some researches have also demonstrated that synthetic microorganisms can convert agricultural waste material into useful new surfactants and such kind of surfactants are much more effective than similar commercially available surfactants.

Entry Barriers of the Global Life Sciences Service and Product Market

(i) *Accumulated technological know-how and operational expertise*. Since many life sciences experiments require precise design and delicate maneuver, life sciences research service and product providers have to accumulate operational know-how. As the life sciences research service and product market is characterized by rapid and significant changes in technologies, suppliers have to develop and market new and more advanced services and products in a timely fashion to adjust to changing market preferences and technologies.

(ii) *Research and development talents*. Because the life sciences research service and product market requires continuous innovation to keep up with emerging new technologies, the productivity of the suppliers' research and development highly depend on the quality and quantity of the talents recruited. In recent years, the average labor cost in some major countries, such as the PRC, has been steadily increasing as the competition for qualified employees among suppliers has become more intensive.

(iii) *Substantial capital investment*. In order to render high-throughput processing services cost-efficient to customers, suppliers are required to make substantial capital investments in expensive high-throughput analyzers and/or synthesizers for a large-scale processing capacity.

(iv) *Strong market recognition.* The business in life sciences research services and products is highly dependent on the receptiveness from the customers. With the increasing service affordability and project scale, end users generally select well-recognized suppliers for large scale and technically-demanding projects based on their appraisal of each supplier's hardware condition, know-how accumulation and talent recruitment.

(v) *Scale of operations*. Academic customers are generally price sensitive due to their limited access to government research fund, whereas enterprise customers tend to purchase services and products at lower cost due to the volume of their orders and their bargaining power. Large suppliers that benefit from their economies of scale operations can offer quality services and products at competitive prices to customers.

(vi) *Extensive sales and distribution network*. The end-user segments are highly fragmented. Market players are required to invest substantial resources and make efforts to establish their sales and distribution network with broad geographic reach for their strong market presence and customers' easy access to their services.

THE GLOBAL DRUG DEVELOPMENT SERVICE MARKET

Drug development process largely comprises preclinical drug development and clinical drug development. Preclinical drug development process comprises four major stages, namely target identification, target validation, high-throughput screening for lead identification and lead optimization. Since drug development is a complicated, time-consuming and expensive process, many drug developers, mainly pharmaceutical and biotech companies, engage service providers to conduct parts of the drug development process so as to save time, money and focus their effort on their core competencies, such as clinical drug development, manufacturing and marketing. According to the Frost & Sullivan Report, a contract research organization ("CRO") is an organization that mainly provides drug development services to the pharmaceutical, biotechnology, and medical device industries and research institutes in the form of project-based research services outsourced on a contract basis. In addition, companies that mainly focus on drug development outsourcing services are considered pure CRO companies. There are also other companies that provide such services but do not take it as their main business, and such companies usually offer much more diverse product and service portfolio.

Preclinical drug development service has become increasingly important, as it enables drug developers to validate an identified therapeutic target, identify a new medicinal entity for the target, and gain a better understanding of a disease's biological mechanism and the interactions between the drug candidate and the target.

Preclinical drug development services primarily involve the complex and time-consuming process of drug candidate discovery and screening for drug developers, mainly pharmaceutical or biotech companies, to obtain higher quality experiment results and to shorten their drug screening process. During the process of providing preclinical drug development services, regular communication between service providers and drug developers are very important in ensuring satisfactory results.

The chart below sets forth the historical and projected total revenue of the global drug development service market from 2010 to 2019:

Source: Frost & Sullivan

According to the Frost & Sullivan Report, the revenue generated from the global drug development service market accounted for US$20.2 and US$28.7 billion in 2010 and 2014, respectively, which represented a CAGR of 9.2%. The revenue generated from the global drug development service market is expected to increase to US$46.8 billion in 2019, representing a CAGR of 10.4%. Such significant increase in market size is primarily due to the rising emphasis placed on drug development and the technological advancement in this market.

Competitive Landscape

The table below sets forth the top five companies, in terms of revenue in 2014, in the global drug development service market:

Rank	Company	Approximate Revenue	Market Share
		(US$ Million)	
1	Competitor M	4,166.0	14.5%
2	Competitor N	2,595.0	9.0%
3	Competitor O	1,503.0	5.2%
4	Competitor P	1,455.0	5.1%
5	Competitor Q	1,304.0	4.5%

Source: Frost & Sullivan

The global drug development service market is a moderately concentrated market, with the top five players accounting for 38.3% of market share in terms of revenue in 2014. The top market player, Competitor K, accounted for 14.5% of the market share in terms of revenue in 2014 primarily due to its establishment of long-term partnerships with many major pharmaceutical companies.

According to Frost & Sullivan, there is a trend for major drug development service providers to strengthen their market presence by acquiring other service providers. Because synthetic biology can provide helpful tools in elucidating disease mechanisms and target identification, and in discovery of both small molecules and antibodies, drug development service providers who can offer services with a shorter turnaround time and higher efficiency with their expertise in synthetic biology will have competitive advantages. Despite our market share being less than 1.0% in 2014, we expect to gain an expanding market share in the global drug development service market in the future with our technical expertise and experience in synthetic biology. The major market players include the following:

Competitor M. The company is headquartered in the United States. It provides an extended service and product portfolio including drug discovery, clinical development, peri-approval and market access across all major therapeutics, such as in cardiovascular and central nervous system (CNS) diseases, endocrinology and oncology.

Competitor N. The company is headquartered in the United States, with an extended service and product portfolio including drug discovery, non-clinical development, clinical development, peri-approval and market access across major therapeutics, such as in inflammatory diseases, oncology, neuroscience, cardiovascular disease and diabetes.

Competitor O. The company is a global provider of outsourced drug development services to the pharmaceutical, biotechnology and medical device industries. It offers a broad range of specialized services including preclinical and clinical drug development, laboratories, consulting, staffing, commercialization and outcomes, and adaptive trials.

Competitor P. The company is headquartered in the United States. It provides global regulatory expertise, Phase I-IV clinical research services, integrated eClinical technologies and advanced commercialization services.

Competitor Q. The company is headquartered in the United States. It offers research and development, clinical support and process manufacturing services mostly in the fields of cardiovascular and CNS diseases, endocrine and metabolic diseases and oncology.

Major Raw Materials and Final Services/Products

Raw Materials

Every drug development order is tailor-made based on customers' specific requirements and targets. As such, Frost & Sullivan confirmed that the raw material prices vary significantly among different orders and it is difficult to provide their average purchase price. For our provision of drug development services, laboratory mice with genetic defects are generally used. The price of such laboratory mice varies significantly based on the strains, age and genetic modifications of such mice. For example, there are ready-made mice for some well-established genetic modifications. The prices of such mice ranged from US$100 to US$300 per mouse during the Track Record Period. For the mice with customized

genetic modifications, the price ranged from US$8,000 to over US$20,000 per mouse during the Track Record Period. The price ranges of such mice remained stable during the Track Record Period and as of the Latest Practicable Date, but are likely to decline in the future owing to the emergence of the more advanced gene-editing technologies and the availability of more well-trained personnel to create various kinds of genetic modifications in the mice.

Final Services/Products

In general, drug development orders are placed on a project basis. The drug development orders are tailor-made based on customers' specific requirements and targets for the particular projects. Qualified scientists and/or researchers are hired to render drug development services. The prices for their services vary depending on their qualifications, experiences and level of commitment required. As such, Frost & Sullivan confirmed that the final service/product prices vary significantly among different orders and it is difficult to provide their average purchase price.

Growth Drivers of the Global Drug Development Service Market

(i) *Increasing demand for innovative therapeutic options*. Innovation in drug formulations in both chemicals and biologics drugs have been widely observed in the market. The rise in disease incidence cases across predominant therapeutic categories, such as oncology, autoimmune, cardiovascular and infectious diseases, generates demand for improved treatment.

(ii) *Constraints faced by drug manufacturers*. Due to several constraints faced by drug manufacturers, such as the expensive development costs and the lack of commercial incentives to improve existing research tools, drug manufacturers have higher incentives to engage drug development service providers so as to reduce the cost and time required for the entire drug development process.

(iii) *Access to advanced research tools and technologies*. As compared with the in-house research and development technology of drug manufacturers, large and well-established drug development service providers can offer more specialized research technologies to produce a higher success rate in drug development to meet the rising demand in such area.

Entry Barriers of the Global Drug Development Service Market

(i) *Research and development talents.* In order to conduct research across different niche areas, market players are required to have access to talents with professional knowledge. The unavailability of talents with such knowledge of the market players impedes the entry into the market.

(ii) *Substantial capital investment.* The initial investment for a drug discovery service provider is relatively high due to the need to acquire expensive laboratory equipment and research supplies for the provision of drug discovery services.

(iii) *Strategic partnership.* Drug development service providers tend to establish strategic partnerships with drug developers for all phases of the drug discovery process, which increases the barriers for new companies to gain more shares in this market.

THE GLOBAL INDUSTRIAL ENZYME MARKET

Enzymes can speed up a biochemical reaction in an efficient way. Given their high efficiency and wide application, enzymes are used in many areas, such as biofuel and biological detergent production, starch processing and brewing. The advancement in synthetic biology has further increased the applications of enzymes in many industrial processes and major research and development activities. The growth of inexpensive DNA synthesis and sequencing technology, the emergence of protein design algorithms and the ability to screen many protein variants have led to rapid advancement in the field of enzyme engineering.

Customers of the global industrial enzyme market are diversified, ranging from the agriculture and food industries to the energy and material industries. Most industrial enzyme providers sell their industrial enzyme products to other manufacturing companies who use industrial enzymes as the raw materials or components for the production of their final consumer products to various end users in textile, food, leather and other industries. Some industrial enzyme providers, generally the leading players, directly offer their products to the end users.

The chart below sets forth the historical and projected total revenue of the global industrial enzyme market from 2010 to 2019:

Source: Frost & Sullivan

As facilitated by the development of synthetic biology, the revenue generated from the global industrial enzyme market has shown a steady rise from US$3.3 billion in 2010 to US$4.5 billion in 2014, representing a CAGR of 8.1%, according to the Frost & Sullivan Report. Given that there is an increasing industrial demand for enzymes, the global industrial enzyme market is expected to reach US$6.7 billion in 2019, representing a CAGR of 8.7%.

Competitive Landscape

The table below sets forth the top five companies, in terms of revenue in 2014, in the global industrial enzyme market:

Rank	Company	Approximate Revenue	Market Share
		(US$ Million)	
1	Competitor R	1,920.0	42.7%
2	Competitor S	900.0	20.0%
3	Competitor T	430.0	9.6%
4	Competitor U	230.0	5.1%
5	Competitor V	200.0	4.4%

Source: Frost & Sullivan

The global industrial enzyme market is highly concentrated, with the top two market players accounting for 62.7% of the market share in terms of revenue in 2014. The top market player, Competitor R, accounted for 42.7% of the market share in terms of revenue in 2014, primarily due to its long time establishment, strong technology platform, innovative products and a broad customer base. Since our industrial synthetic biology product segment is still in its infancy, we occupied less than 1.0% of the market share in 2014. With our technical expertise and experience in synthetic biology, we believe our industrial synthetic biology product segment will grow in the future. The major market players include the following:

Competitor R. The company is a leader in bio-innovation, producing a wide range of industrial enzymes and bio-products. It offers products for applications in diverse areas such as detergents, biofuels, agriculture, food and beverages, biopharmaceuticals, wastewater, textiles and paper.

Competitor S. The company has a long history of operations in diverse industries. The major products of the company cover the areas of chemicals, personal protective equipment, polymers and fibers, agriculture, food, personal care, high-performance materials and industrial biotechnology.

Competitor T. The company is a leader in the production of plant, microbial and animal-based enzymes. It is the largest manufacturer and exporter of enzyme products in India. It offers enzyme products across a range of industries.

Competitor U. The company is a Netherlands-based multinational life sciences and material sciences company. Its business covers various global markets such as food and dietary supplements, personal care, feed, medical devices, automotive, paints, electrical and electronics, alternative energy and bio-based materials.

Competitor V. The company is headquartered in Germany. It invented the first industrial enzyme for the leather industry. The company has different product lines covering industrial application in baking, food and specialties, animal feed and industrial enzymes.

Major Raw Materials and Final Products

Raw Materials

There are hundreds of various types of raw materials for the production of industrial enzymes, depending on the ultimate application of the enzyme products. In some of our current product lines, glucoamylase is a component of our final industrial enzyme products. Glucoamylase is one of the oldest and widely used biocatalysts in food industry. The major application of glucoamylase is the saccharification of partially processed starch or dextrin to produce glucose, which is an essential substrate for numerous fermentation processes and a range of food and beverage industries.

During the Track Record Period, the prices of glucoamylase ranged from less than US$0.8 to more than US$5.8 per kilogram. Such price range remained stable during the Track Record Period and as of the Latest Practicable Date, due to the maturity of the technology and the sufficient supply in the market. Frost & Sullivan has confirmed that it is difficult to provide the average purchase price of glucoamylase, primarily because the price of glucoamylase varies significantly, depending on its product specifications such as catalytic efficiency.

Final Products

During the Track Record Period, the prices of industrial enzymes ranged from less than US$0.1 to over US$1,000 per kilogram, depending on the product type and production volume. In particular, the prices for industrial enzymes made of glucoamylase ranged from US$10 to over US$100 per kilogram. According to the Frost & Sullivan Report, the price for each kind of industrial enzyme remained stable during the Track Record Period. The price of traditional industrial enzymes is expected to decrease, primarily due to the pricing competition in the market, while the price of novel industrial enzymes with enhanced features produced with new technologies may increase due to the more favorable attributes brought by such new technologies.

Growth Drivers of the Global Industrial Enzyme Market

(i) *Making industries more environmentally friendly*. Enzymes can often replace chemicals or processes that present safety or environmental issues. For example, enzymes can replace acids in the starch processing industry and alkalis or oxidizing agents in the fabric industry, which can reduce the amount of hazardous industrial waste produced and protect the environment.

(ii) *Higher productivity with lower cost*. Compared with traditional chemical treatments, the use of enzyme allows a better control of the degree to which a desired technical effect is achieved. The required energy to initiate an activity can be reduced through the use of enzyme. These benefits of the use of enzyme lead to higher productivity and lower manufacturing cost.

Entry Barriers of the Global Industrial Enzyme Market

(i) *Scale of operations.* Large suppliers, which benefit from their economies of scale operations, can offer more competitive prices to customers. Substantial capital investment is required in order to establish economies of scale in manufacturing and production.

(ii) *Entry barriers imposed by major players.* The top two market players accounted for over 60% of the market share, and such players are continuously innovating new product lines and technology, which results in even more diversified product portfolios creating synergies.

(iii) *Biotechnology expertise.* Market players are required to accumulate extensive technological know-how in biotechnology, in particular, innovative synthetic techniques and engineering capabilities, so as to obtain enzymes at lower cost and in an efficient manner.

NON-DISCLOSURE OF AVERAGE PURCHASE PRICES OF RAW MATERIALS

Frost & Sullivan has confirmed that it is difficult to provide the average purchase prices of the raw materials used in our businesses, primarily because such prices are subject to various factors including, among other things, product quality, purity level, packaging, applications and product brands. Given there is no industry practice in the markets we operate to standardize a wide variety of relevant major raw materials, Frost & Sullivan has confirmed that the average of different purchase prices of such raw materials may not fairly and accurately provide meaningful information to investors.

Based on the above reasons, and given the facts that (i) the total procurement costs of our raw materials accounted for 30.9%, 32.1%, 31.5% and 27.2% of our cost of sales for the years ended December 31, 2012, 2013 and 2014, and the six months ended June 30, 2015, respectively, as set out in the "Financial Information — Factors Affecting our Results of Operations and Financial Condition"; (ii) most of our raw materials accounted for less than 5% of the total costs of raw materials during the Track Record Period, and there exists no single foreseeable factor which may have a material effect on our total procurement costs of raw materials (in other words, each type of raw materials alone does not have a material impact on our financial performance), and (iii) the qualitative analysis on the historical and latest trends of the purchase prices of our raw materials has been set out above in this section, our Directors are of the view that the current disclosure in this prospectus provides investors with sufficient information so that they are able to understand the market landscapes of our raw materials.

REPORT COMMISSIONED FROM FROST & SULLIVAN

We commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to report on, global life sciences research service and product markets (including the DNA synthesis service market, the genetic analysis and engineering service market, the research-based protein- and antibody-related service and product market, and the life sciences research reagent market), global drug development service market and the global industrial enzyme market, and their respective categories, as well as other market and economic data, which have been quoted in this prospectus, for the period from 2010 to 2019.

The report we commissioned, or the Frost & Sullivan Report, has been prepared by Frost & Sullivan, independent of our influence. We paid Frost & Sullivan a fee of RMB1,100,000, which we consider reflects market rates. Founded in 1961, Frost & Sullivan has more than 40 global offices with more than 1,800 industry consultants, market research analysts, technology analysts and economists. It offers industry research and market strategies and provides growth consulting and corporate training. Frost & Sullivan has been covering the global market from its offices in China since the 1990s. Its worldwide industry coverage includes agriculture, chemicals, materials, healthcare and food, among others.

In preparing the Frost & Sullivan Report, Frost & Sullivan conducted both primary and secondary research on the market trends within the abovementioned markets. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviews of company reports, independent research reports and data based on Frost & Sullivan's own research

database. Forecast data was obtained from historical data analysis plotted against macroeconomic data as well as specific industry-related drivers. The Frost & Sullivan Report was prepared based on the following assumptions: (i) the global economy is expected to grow at a steady rate; and (ii) the global governments' policy on life sciences research and application service and product providers and their role in life science and healthcare system remain unchanged. All statistics are reliable and are based on information available as of the date of the Frost & Sullivan Report. Other sources of information, including government, trade associates or market place participants, may have provided some of the information on which the analysis or data is based. As of the Latest Practicable Date, our Directors, after reasonable consideration, confirm that there were no adverse changes in the market information since the date of the Frost & Sullivan Report that may qualify, contradict or have an impact on the information in this section.

We are subject to various laws and regulations of the PRC that are material to our operations and are discussed below.

LAWS AND REGULATIONS OF THE PRC

Foreign Investment

Companies with limited liability and joint stock limited companies established in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》, the "Company Law", promulgated by the Standing Committee of the National People's Congress (the "SCNPC") on December 29, 1993, which became effective on July 1, 1994 and was subsequently amended on December 25, 1999, August 28, 2004, October 27, 2005 and December 28, 2013 respectively). Foreign invested companies are also subject to the Company Law, except as otherwise provided in the foreign investment laws including Foreign-invested Enterprise Law of PRC (《中華人民共和國外資企業法》), Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》) and Sino-Foreign Cooperative Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合作經營企業法》).

Investments in the PRC by foreign investors are regulated by the Guidance Catalog of Industries for Foreign Investment (《外商投資產業指導目錄》, the "Catalog"), the latest version of which was promulgated by the National Development and Reform Commission (the "NDRC") and the Ministry of Commerce (the "MOFCOM") on March 10, 2015 and became effective on April 10, 2015. The Catalog has been a longstanding tool used by policymakers of the PRC to manage direct foreign investment. The Catalog is divided into the encouraged industries, the restricted industries and the prohibited industries for foreign investment, and industries which are not listed in the Catalog shall be categorized as the permitted industries for foreign investment.

Bio-industry

To promote the development of bio-industry, the PRC government has promulgated a series of industry policies in recent years. The General Office of the State Council promulgated the Circular on Forwarding the "Eleventh Five-Year" Plan of the NDRC for Bio-industry Development (《關於轉發發展改革委生物產業發展"十一五"規劃的通知》，國辦發[2007]23號) and the Circular on Printing and Issuing Certain Policies for Promotion of Accelerated Development of Bio-industry (《關於印發促進生物產業加快發展若干政策的通知》), respectively on April 8, 2007 and June 2, 2009, clearly indicating that accelerating the development of Bio-industry is a major initiative for China to grasp the strategic opportunity of the revolution of new scientific technology and to build an innovation-oriented country in an all-round way in the new century.

On November 14, 2011, the Ministry of Science and Technology promulgated the Circular on Printing and Issuing the Twelfth Five-Year Plan for the Development of Biotechnology (《關於印發"十二五"生物技術發展規劃的通知》), requesting breakthroughs of the core technologies including but not limited to:

(1) "Omics" Technology: taking the development of the new-generation sequencing technology as a starting point to achieve leaping development of biotechnology in the PRC and driving the rapid development of various omics technologies including without limitation genome technologies, transcriptome technologies, proteome technologies, metabolome technologies, epigenome technologies and structural genome technologies; and developing technologies of

data analysis and text mining of high-throughput biomedicine, high-throughput sample analysis, micro-sample extraction and amplification, mass data analysis etc., and expediting the application of omics technologies and biology information technologies in the field of disease prevention and control, clinical diagnosis and treatment, bio-manufacturing, breed creation, new pharmaceutical development, etc.

(2) Synthetic biology technology: developing high-throughput and low-cost DNA synthetic technology, technology of efficient assembly of gene segment, technologies of analyzing structure and function of protein, directed design and synthesis, structuring technologies of standardized biological components and functional modules, establishing applied technologies of synthetic biology in terms of precursor and intermediate of drugs, bio-energy, bio-based chemicals, etc. and gradually exploring application of synthetic biology in the field of medicine and energy.

On December 29, 2012, the State Council promulgated the Circular of the State Council on Printing and Issuing the Development Plan for Bio-industry (《國務院關於印發生物產業發展規劃的通知》), clearly indicating that bio-industry is identified as a strategic emerging industry in China. The circular requires active improvement of specialized service capability of public technologies, acceleration of intensive development of high-end experimental instruments, biological reagents and experimental animals, implementation of action plans for biological information services and support for enterprises providing specialized services such as gene sequencing, analytical test and biological information. The circular also requires fostering extended services of bio-industry and developing new services including health management, translational medicine, cell therapy, gene therapy, socialization of clinical examination, individualized healthcare, etc.

Taxation

Income Tax

Because we carry out our PRC business operations through operating subsidiaries organized under the PRC law, our PRC operations and our operating subsidiaries in China are subject to PRC tax laws and regulations, which indirectly affect your investment in our shares.

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, the "EIT Law") promulgated by the National People's Congress on March 16, 2007, which became effective from January 1, 2008, the income tax rate for both domestic and foreign-invested enterprises is 25% commencing from January 1, 2008 with certain exceptions. For example, on November 5, 2010, the State Administration of Taxation (the "SAT"), the Ministry of Finance (the "MOF"), the MOFCOM, the Ministry of Science and Technology (the "MST") and the NDRC jointly promulgated the Notice on the Relevant Enterprise Income Tax Polices on Advanced Technology Service Enterprises (《關於技術先進型服務企業有關企業所得稅政策問題的通知》, the "Notice 65"), with retroactive effect from July 1, 2010. Under Notice 65, enterprises in certain cities that are qualified as "advanced technology service enterprises" are entitled to enjoy the enterprise income tax rate of 15% from July 1, 2010 to December 31, 2013. On October 8, 2014, the above authorities jointly released the Notice on the Perfection of Relevant Enterprise Income Tax Polices on Advanced Technology Service Enterprises (《關於完善技術先進型服務企業有關企業所得稅政策問題的通知》), which replaces Notice 65 and provides that the "advanced technology service enterprises" located in certain cities are continuously entitled to enjoy the preferential tax rate of 15% through December 31, 2018. Our subsidiaries, GS China and Nanjing Jinsikang are

qualified to enjoy the 15% preferential tax rate of enterprise income tax as an "advanced technology service enterprise" in fiscal years from January 1, 2012 to December 31, 2014.

In order to clarify certain provisions in the EIT Law, the State Council promulgated the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》, the "EIT Implementation Rules") on December 6, 2007, which became effective on January 1, 2008. Under the EIT Law and the EIT Implementation Rules, enterprises are classified as either "resident enterprises" or "non-resident enterprises". Pursuant to the EIT Law and the EIT Implementation Rules, besides enterprises established within the PRC, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and subject to the uniform 25% enterprise income tax rate for their global income. In addition, the EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management bodies" are not within the PRC but which have an establishment or place of business in the PRC, or which do not have an establishment or place of business in the PRC but have income sourced within the PRC.

Withholding Income Tax and Tax Treaties

The EIT Implementation Rules provide that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or that have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which our non-PRC shareholders reside.

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》, the "Double Tax Avoidance Arrangement"), and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority having satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行稅收協定股息條款有關問題的通知》) issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment; and, based on the Circular on How to Interpret and Recognize the "Beneficial Owner" in Tax Treaties (《關於如何理解和認定稅收協定中"受益所有人"的通知》), issued on October 27, 2009 by the SAT, conduit companies, which are established for the purpose of evading or reducing tax, or transferring or accumulating profits, shall not be recognized as beneficial owners and thus are not entitled to the above-mentioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement.

Value-added Tax

Pursuant to the Interim Regulations on Value-Added Tax of the PRC (《中華人民共和國增值稅暫行條例》) promulgated by the State Council on December 13, 1993, amended on November 10, 2008 with the amendment becoming effective on January 1, 2009, and the Implementation Rules of the PRC Interim Regulations on Value-Added Tax (《中華人民共和國增值稅暫行條例實施細則》) promulgated by the

MOF and the SAT on December 25, 1993, amended on December 15, 2008 and October 28, 2011 respectively, the latest amendment of which became effective on November 1, 2011, sale of goods, provision of processing, repair and replacement services and import of goods within the PRC are subject to value-added tax and unless stated otherwise, the tax rate for value-added tax payers who are selling or importing goods, and providing processing, repairs and replacement services in China shall be 17%.

In November 2011, the MOF and the SAT promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax (《營業稅改徵增值稅試點方案》, the "Pilot Plan"). Since January 1, 2012, the PRC government has been gradually implementing a pilot program in certain provinces and municipalities, to levy an 11% or 6% VAT on revenue generated from certain kinds of services in lieu of the 5% business tax. According to the Notice Regarding the Nationwide Implementation of B2V Transformation Pilot Program in respect of Transportation and Certain Modern Service Industries jointly issued by the MOF and SAT (《關於在全國開展交通運輸業和部分現代服務業營業稅改徵增值稅試點稅收政策的通知》, the "B2V Circular 37") issued by the MOF and SAT effective from August 1, 2013, such policy was implemented nationwide. On December 12, 2013, the MOF and the SAT released the Circular on the Inclusion of the Railway Transport and Postal Service Industries into the Pilot Collection of Value-Added Tax in Lieu of Business Tax (《關於將鐵路運輸和郵政業納入營業稅改徵增值稅試點的通知》) and its appendices, which further expanded the scope of taxable services for value-added tax and has replaced the B2V Circular 37 since January 1, 2014.

Labor and Insurance

Pursuant to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and became effective on January 1, 1995 and subsequently amended on August 27, 2009, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007 and subsequently amended on December 28, 2012 and became effective on July 1, 2013, and the Implementing Regulations of the Employment Contracts Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated by the State Council and became effective on September 18, 2008, labor contracts in written form shall be executed to establish labor relationships between employers and employees. Wages cannot be lower than local minimum wage. The employer must establish a system for labor safety and sanitation, strictly abide by state standards, and provide education regarding labor safety and sanitation to its employees. Employers shall provide employees with labor safety and sanitation conditions in compliance with the State rules and necessary protection materials, and carry out regular health examination for employees engaged in work involving occupational hazards.

Under applicable PRC laws, including the Social Insurance Law of PRC (《中華人民共和國社會保險法》), which was promulgated by the SCNPC on October 28, 2010 and became effective on July 1, 2011, the Interim Regulations on the Collection and Payment of Social Security Funds (《社會保險費徵繳暫行條例》), which was promulgated by the State Council and became effective on January 22, 1999, the Interim Measures concerning the Maternity Insurance (《企業職工生育保險試行辦法》), which was promulgated by the Ministry of Labor on December 14, 1994 and became effective on January 1, 1995, the Regulations on Occupational Injury Insurance (《工傷保險條例》), which was promulgated by the State Council on April 27, 2003 and became effective on January 1, 2004 and subsequently amended on December 20, 2010, becoming effective on January 1, 2011, and the Regulations on the Administration of Housing Accumulation Funds (《住房公積金管理條例》), which was promulgated by the State Council and became effective on April 3, 1999 and amended on March 24, 2002, employers are required to contribute, on behalf of their employees, to a number of social security funds, including funds for basic

pension insurance, unemployment insurance, basic medical insurance, occupational injury insurance, maternity leave insurance and to housing accumulation funds. These payments are made to local administrative authorities and any employer who fails to contribute may be fined and ordered to make good the deficit within a stipulated time limit.

Laws on Prevention and Control of Occupational Diseases

According to the Prevention and Control of Occupational Diseases Law of the PRC (《中華人民共和國職業病防治法》), effective as of May 1, 2002 and amended on December 31, 2011, for a construction project which may incur occupational disease hazards, the entity responsible for the construction project shall: (i) during the period of feasibility study, submit to the safety production administrative department a preliminary assessment report on such hazards; (ii) assess the effect of the control on occupational disease hazards before the construction project is delivered after completion for inspection and acceptance; and (iii) provide facilities for the effective prevention and protection of occupational diseases. The prevention facilities may be put into formal operation and use only after they have passed the inspection conducted by the safety production administration department.

According to the Prevention and Control of Occupational Diseases Law of the PRC, an employer shall: (i) establish and improve the responsibility management system of occupational disease prevention and treatment, strengthen the administration of, and improve the capability of, occupational disease prevention and treatment, and bear responsibility for the harm of occupational diseases caused by it; (ii) contribute to occupational injury insurance; (iii) provide facilities for the effective prevention and protection of occupational diseases, and provide materials to employees for personal use against occupational diseases; (iv) provide alarm equipment, allocate on-spot emergency treatment materials, washing equipment, emergency safety exits and necessary safety zones for work places where acute occupational injuries are likely to take place due to poisonous and harmful elements therein; and (v) inform the employees of, and specify in the labor contracts with the employees the potential harm of, occupational disease as well as the consequences thereof, and the prevention and protection measures and treatment against occupational diseases when signing the labor contracts with employees.

Foreign Exchange

The Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》, the "Foreign Exchange Administrative Regulations"), promulgated by the State Council on January 29, 1996 and amended on August 5, 2008, constitute an important legal basis for the PRC governmental authorities to supervise and regulate foreign exchange. On June 20, 1996, People's Bank of China (the "PBOC") further promulgated the Administrative Provisions on the Settlement, Sales and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》, the "Settlement Provisions").

Pursuant to the Foreign Exchange Administrative Regulations and the Settlement Provisions, RMB is generally freely convertible to foreign currencies for current account transactions (such as trade and service-related foreign exchange transactions and dividend payments), but not for capital account transactions (such as capital transfer, direct investment, securities investment, derivative products or loans), except where a prior approval from the State Administration of Foreign Exchange (the "SAFE") and/or its competent local counterparts is obtained.

Foreign-invested enterprises in the PRC may, without any approval from the SAFE and/or its competent local counterparts, purchase foreign exchange for dividend distribution, trade or services by providing certain documentary evidence (such as resolutions of the board of directors and certificates of tax payments).

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (《關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》, the "SAFE Circular 142"), regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. Under SAFE Circular 142, the RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC. On March 30, 2015, SAFE released the Notice on the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》, the "SAFE Circular 19"), which came into force and superseded SAFE Circular 142 from June 1, 2015. SAFE Circular 19 has made certain adjustments to some regulatory requirements on the settlement of foreign exchange capital of foreign-invested enterprises, and some foreign exchange restrictions under SAFE Circular 142 are expected to be lifted. Under SAFE Circular 19, the settlement of foreign exchange by foreign invested enterprises shall be governed by the policy of foreign exchange settlement at will. However, SAFE Circular 19 also reiterates that the settlement of foreign exchange shall only be used for purposes within the business scope of the foreign invested enterprises. Considering that SAFE Circular 19 is relatively new, it is unclear how it will be implemented and there exist high uncertainties with respect to its interpretation and implementation by authorities.

SAFE Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the "SAFE Circular 37") on July 4, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

On February 13, 2015, SAFE released the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》, the "SAFE Circular 13"), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37. However, since the notice is relatively new, there exist high uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

Share Option Rules

Under the Administration Measures on Individual Foreign Exchange Control (《個人外匯管理辦法》) issued by the PBOC on December 25, 2006, all foreign exchange matters involved in employee share ownership plans and share option plans in which PRC citizens participate require approval from SAFE or its authorized branch. In addition, under the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Share Incentive Plans of Overseas Publicly-Listed Companies issued by SAFE on February 15, 2012 (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》, the "Share Option Rules"), PRC residents who are granted shares or share options by companies listed on overseas stock exchanges under share incentive plans are required to (i) register with SAFE or its local branches; (ii) retain a qualified PRC agent, which may be a PRC subsidiary of the overseas listed company or another qualified institution selected by the PRC subsidiary, to conduct the SAFE registration and other procedures with respect to the share incentive plans on behalf of the participants; and (iii) retain an overseas institution to handle matters in connection with their exercise of share options, purchase and sale of shares or interests and funds transfers.

Pursuant to SAFE Circular 37, PRC residents who participate in share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. However, there exist high uncertainties with respect to implementation by local SAFE branches and the practice may vary from place to place.

Intellectual Property

China is a party to several international conventions on intellectual property rights, including Agreement on Trade-Related Aspects of Intellectual Property Rights (《與貿易有關的知識產權協議》), Paris Convention for the Protection of Industrial Property (《保護工業產權巴黎公約》), Berne Convention for the Protection of Literary and Artistic Works (《保護文學和藝術作品伯爾尼公約》), World Intellectual Property Organization Copyright Treaty (《世界知識產權組織版權公約》), Madrid Agreement Concerning the International Registration of Marks (《商標國際註冊馬德里協議》) and Patent Cooperation Treaty (《專利合作公約》).

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》, the "Patent Law"), promulgated by the SCNPC on March 12, 1984, amended on September 4, 1992, August 25, 2000 and December 27, 2008, and effective from October 1, 2009 and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》), promulgated by the State Council on June 15, 2001 and latest amended on January 9, 2010, there are three types of patent in the PRC: invention patent, utility model patent and design patent. The protection period is 20 years for invention patent and 10 years for utility model patent and design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activity in infringement of a patent without prior authorization of the patentee shall pay compensation to the patentee and is subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law.

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》, the "Trademark Law"), promulgated by the SCNPC on August 23, 1982, amended on February 22, 1993, October 27, 2001 and August 30, 2013 and effective from May 1, 2014, the period of validity for a registered trademark is 10 years, commencing from the date of registration. Upon expiry of the period of validity, the registrant shall

go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. Where the registrant fails to do so, a grace period of six months may be granted. The period of validity for each renewal of registration is 10 years, commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a renewal upon expiry, the registered trademark shall be canceled. Industrial and commercial administrative authorities have the authority to investigate any behavior in infringement of the exclusive right under a registered trademark in accordance with the law. In case of a suspected criminal offense, the case shall be timely referred to a judicial authority and decided according to law.

Pursuant to the Administrative Measures for Internet Domain Names of the PRC (《中國互聯網絡域名管理辦法》) promulgated by the Ministry of Information Industry on November 5, 2004 and effective from December 20, 2004, "domain name" shall refer to the character mark of hierarchical structure, which identifies and locates a computer on the internet and corresponds to the Internet protocol (IP) address of such computer. The principle of "first come, first served" applies to domain name registration service. After completing the domain name registration, the applicant will become the holder of the registered domain name. Furthermore, the holder shall pay operation fees for registered domain names on schedule. If the domain name holder fails to pay corresponding fees as required, the original domain name registry shall deregister the relevant domain name and notify the holder of deregistration in written forms.

Product Liability

The Product Quality Law of the PRC (《中華人民共和國產品質量法》, the "Product Quality Law"), promulgated by the SCNPC on February 22, 1993 and amended on July 8, 2000 and August 27, 2009 is the principal governing law to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable to compensate for any bodily injuries or damage to property other than the defective product itself resulting from the defects in the product unless the manufacturer is able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall be liable to compensate for any bodily injuries or damage to property of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate neither the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Pursuant to the General Principles of the Civil Law of the PRC (《中華人民共和國民法通則》) promulgated by the National People's Congress on April 12, 1986, amended and became effective on August 27, 2009, both manufacturers and sellers shall be held liable where relevant defective products result in damage to property of others or bodily injuries.

Pursuant to the Tort Liability Law of the PRC (《中華人民共和國侵權責任法》), promulgated by the SCNPC on December 26, 2009 and became effective on July 1, 2010, manufacturers shall assume tort liability where the defects in relevant products cause damage to others. Sellers shall assume tort liability where the defects in relevant products causing damage to others are attributable to the sellers. The aggrieved party may claim for compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage.

Environmental Protection

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), promulgated by the SCNPC on December 26, 1989 and amended on April 24, 2014, the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》), promulgated by the SCNPC on October 28, 2002 and became effective on September 1, 2003, the Administrative Regulations on the Environmental Protection of Construction Project (《建設項目環境保護管理條例》), promulgated by the State Council and became effective on November 29, 1998 and other relevant environmental laws and regulations, entities generating environmental pollution and other public hazards must incorporate environmental protection measures into their plans and set up a responsibility system of environmental protection. Pollution prevention facilities for construction projects must be designed, constructed and launched into production and use at the same time with the main part of the projects. Construction projects can only be put into operation after the relevant environmental protection administrative authority has examined and approved the pollution prevention facilities. If necessary, and in accordance with relevant environmental protection regulations, construction projects may be put into trial production prior to final examination and acceptance of the pollution prevention facilities. Such trial production shall also be subject to the approval of the relevant environmental protection administrative authority. Enterprises and public institutions discharging pollutants must report to and register with relevant authorities in accordance with the provisions of the environmental protection administrative authority under the State Council. Relevant authorities have the authority to impose penalties on individuals or entities breaching environmental regulations. The penalties that can be imposed include issuing a warning, the suspension of operation of pollution prevention facilities for construction projects where such facilities are uncompleted or fail to meet the prescribed requirements but are put into operation, the reinstallation of pollution prevention facilities which have been dismantled or left idle, administrative sanctions against the office-in-charge, the suspension of business operations or the shut down of an enterprise or public institution. Fines could also be imposed together with these penalties.

The Law on Prevention and Control of Air Pollution

According to the Law of the PRC on the Prevention and Control of Air Pollution (《中華人民共和國大氣污染防治法》), effective on June 1, 1988 and amended on August 29, 1995 and April 29, 2000 respectively, construction, renovation and expansion projects which discharge air pollutants shall comply with regulations regarding environmental protection of construction projects. The environmental impact assessment report regarding a construction project, which is subject to the approval of the environmental protection administrative authorities, shall include an assessment on the air pollution the project is likely to produce and its potential impact on the ecological environment. No construction projects may be put into operation before adequate facilities for prevention and control of air pollution have been inspected and accepted by the environmental protection administrative authorities. The Laws of the PRC on the Prevention and Control of Air Pollution was subsequently amended on August 29, 2015, which will become effective on January 1, 2016, providing that construction projects which have an impact on the atmosphere environment shall conduct the environment impact assessment, and that discharge of pollutants to the atmosphere shall conform to the atmospheric pollutant discharge standards and abide by the total quantity control requirements for the discharge of key atmospheric pollutants.

The Law on Prevention and Control of Environmental Pollution by Solid Waste

The Law of PRC on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), effective on April 1, 2005 and latest amended on April 24,

2015, stipulates that construction projects where solid waste are generated or projects for storage, utilization or disposal of solid waste shall be subject to environmental impact assessment. Facilities for the prevention and control of solid waste are required to be designed, constructed and put into use or operation simultaneously with the main part of the construction project. No construction projects may be put into operation before its facilities for the prevention and control of solid waste have been inspected and accepted by the environmental protection administrative authorities.

The Law on the Prevention and Control of Water Pollution

According to the Law of the PRC on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》) effective on November 1, 1984 and amended on May 15, 1996 and February 28, 2008 respectively, construction, renovation and expansion projects and other upper-water facilities that directly or indirectly discharge pollutants to water are subject to environmental impact assessment. In addition, water pollution prevention facilities are required to be designed, constructed and put into operation simultaneously with the main part of the project. No construction projects may be put into operation until the relevant environmental protection administrative authorities inspect and accept their water pollution prevention facilities.

Pollutant Discharge

The Environmental Protection Law of PRC stipulates that the government shall implement the pollutant emission license administration system. Pollutant discharge by enterprises, public institutions and other producers and business operators is subject to relevant pollutant emission license. The Environmental Protection Law of PRC requires any entity operating a facility that produces pollutants or other hazardous materials to adopt environmental protection measures in its operations, and to establish an environmental protection responsibility management system. Effective measures to control and properly dispose of waste gas, waste water, waste residue, dust or other waste materials shall be adopted. Any entity operating a facility that discharges pollutants shall report to and register with the competent authority pursuant to applicable regulations. According to the Environmental Protection Law of PRC, in the event that an entity discharges pollutants in violation of the pollutant discharge standards or volume control requirement, the entity would be subject to administrative penalties, including order to suspend business for rectification, and even order to terminate or close down business under severe circumstances.

The Law on Prevention and Control of Radioactive Pollution

According to the Law of PRC on Prevention and Control of Radioactive Pollution (《中華人民共和國放射性污染防治法》) effective on October 1, 2003, any enterprise that uses radioisotope shall apply for a license and complete registration as required by relevant regulations. In addition, any enterprise that uses radioisotope shall, before applying for a license, prepare an environmental impact assessment document and submit it to the environmental administrative authorities for approval. The radiation protection facilities at the workplace of a construction project that releases radiation shall be designed, constructed and put into operation simultaneously with the main part of the project. The main part of the project may not be put into operation until the relevant environmental protection administrative authorities inspect and accept its radiation protection facilities.

State Scientific Research and Scientific Research Budget Management

Pursuant to the Notice on Issues Relating to the Application of Project Management System to State Scientific Research (《國務院辦公廳轉發科技部等部門關於國家科研計劃實施課題制管理規定的通

知》), promulgated by the General Office of the State Council and became effective on January 4, 2002, the State scientific research shall apply project management system. The system requires the project responsible person shall be responsible for the project, and shall enjoy the full autonomy within the approved work plan and budgets; the system also requires make clear project support unit, the unit shall have the essential conditions, effective scientific research management system, financial management system, asset management system and accounting system for the implementation of scientific research. Project responsible person shall implement the project budget strictly, and social units shall supervise all the expenditures of the subject.

Pursuant to the Several Opinions of the Ministry of Education and the Ministry of Finance on Further Strengthening the Administration on Scientific Research Funds of Colleges and Universities (《教育部、財政部關於進一步加強高校科研經費管理的若干意見》), promulgated by the Ministry of Education and the Ministry of Finance and became effective on June 26, 2005, the scientific research funds should be uniformly managed and assembly accounted by finance department of colleges and universities, and shall be spent in a predetermined purpose.

Pursuant to the Notice of the Ministry of Education on Further Implementing the State Administration Policies on Scientific Research Funds and Strengthening the Administration on Scientific Research Funds of Colleges and Universities (《教育部關於進一步貫徹執行國家科研經費管理政策加強高校科研經費管理的通知》), promulgated by the Ministry of Education and became effective on December 2, 2011, which requires the strictly enforcement of the state administration policies on scientific research funds, further strengthening the administration on scientific research funds of colleges and universities, and consummating the administration system on scientific research funds.

On December 17, 2012, the Ministry of Finance and Ministry of Education jointly promulgated the Circular on Strengthening the Administration on the Scientific Research Funds of Colleges and Universities Affiliated with Central Departments (《教育部、財政部關於加強中央部門所屬高校科研經費管理的意見》), which requires the establishment and perfection of the management and operation systems of scientific research funds and the improvement of the administration on and operation efficiency of the scientific research funds.

Regulation on Hazardous Chemicals

Regulation on Safety Administration of Hazardous Chemicals (《危險化學品安全管理條例》, the "Hazardous Chemicals Regulation") was promulgated by the State Council on January 26, 2002 and to amended on March 2, 2011 and December 7, 2013. The Hazardous Chemicals Regulations provides regulatory requirements on the safe production, storage, use, operation and transportation of hazardous chemicals. The PRC government exerts strict control over, and adopts an examination and approval system of, the manufacture and storage of hazardous chemicals. Without proper examination and approval, no enterprise or individual is allowed to produce or store hazardous chemicals. The renovation or expansion of an enterprise that produces hazardous chemicals is also subject to the approval formalities in accordance with the Hazardous Chemicals Regulation.

An enterprise that produces and stores hazardous chemicals is required to appoint a qualified institution to conduct safety evaluation of its safety production conditions once every three years and to prepare the safety evaluation report accordingly. Such report shall set out the rectification measures and plans for problem solution as to the safety production. The safety evaluation report and the implementation of the rectification measure shall be filed with the safety supervision regulatory authority.

Administration Regulation on the Safety Supervision of Hazardous Chemicals Construction Projects

The Administration Regulation on the Safety Supervision of Hazardous Chemicals Construction Projects (《危險化學品建設項目安全監督管理辦法》), which was promulgated by the State Administration of Work Safety on January 30, 2012 and came into effect on April 1, 2012 and amended on May 27, 2015, stipulates that projects for the construction, renovation and expansion of facilities used in the production or storage of hazardous chemicals, as well as projects which generate hazardous chemicals, are subject to safety inspections, supervision and administration by competent regulatory authorities. Construction or operation of such projects shall not commence without requisite safety review is completed.

Overseas Investment

Pursuant to the Administrative Measures for Approval and Filing on Overseas Investment Projects (《境外投資項目核准和備案管理辦法》), which was promulgated by the NDRC on April 8, 2014 and amended on December 27, 2014, the State adopts approval administration and filing administration for overseas investment projects respectively according to different circumstances. An overseas investment project that involves any sensitive country or region or any sensitive industry is to be approved by the NDRC. Under the circumstances, with regard to an overseas investment project that has the Chinese party's investment amount of not less than USD 2 billion and involves any sensitive country or region or any sensitive industry, the NDRC is to put forward the examination and verification opinion thereon and report the same to the State Council for approval. Overseas investment projects other than those specified above are subject to filing administration.

Pursuant to the Measures on the Administration of Overseas Investment (《境外投資管理辦法》), promulgated by the Ministry of Commerce on September 6, 2014 and became effective on October 6, 2014, overseas investments refer to possessing of non-financial enterprises abroad or acquisition of the ownership of, control over, business management right of, or other rights and interests of existing overseas non-financial enterprises by enterprises established in the PRC through newly establishment or mergers and acquisitions or other methods. Other than the overseas investments involving sensitive countries, regions or sensitive industries which are subject to approval administration, all other overseas investments are subject to filing.

Import and Export of Goods

According to the Administrative Provisions on the Registration of Customs Declaration Entities of the PRC (《中華人民共和國海關報關單位註冊登記管理規定》), promulgated by the General Administration of Customs of the PRC on March 13, 2014, import and export of goods shall be declared by the consignor or consignee itself, or by a customs declaration enterprise entrusted by the consignor or consignee and duly registered with the customs authority. Consignors and consignees of imported and exported goods shall go through customs declaration entity registration formalities with the competent customs departments in accordance with the applicable provisions. After completing the registration formalities with the customs, consignors and consignees of the imported and exported goods may handle their own customs declarations at customs ports or localities where customs supervisory affairs are concentrated within the customs territory of the PRC.

Import and Export of Special Articles

According to the Administrative Provisions on the Sanitation and Quarantine of Entry/Exit Special Articles (《出入境特殊物品衛生檢疫管理規定》), which became effective as of March 1, 2015, import or export of special medical articles, including biological products, microbes and blood must be inspected by the relevant inspection and quarantine authorities.

LAWS AND REGULATIONS OF THE UNITED STATES

This section summarizes selected key current law and regulations in the United States that are relevant to our business and operations.

Our Company has one wholly owned subsidiary in the United States, GS USA, which is a corporation formed under the laws of the State of Delaware. The Delaware General Corporation Law governs various corporate actions including formation and dissolution of for-profit Delaware corporations. GS USA is a Delaware for-profit corporation which is engaged in the manufacturing and sales of various life sciences research products and providing life sciences related services, including gene synthesis, sequencing, oligonucleotide synthesis and packaging of selected life sciences research catalog products, mainly to cater for urgent customer orders in the United States, as well as conduct marketing activities of our Group's services and products outside of Asia Pacific. GS USA operates a laboratory in the State of New Jersey. GS USA is thereby subject to the purview of various U.S. federal, state and local laws and regulations.

Overview of the U.S. Legal System

The U.S. legal system consists of federal, state and local laws and regulations. On the federal level, Congress passes legislation while the President approves the legislation which then becomes the law of the land. State and local government bodies also pass legislation which then become the law of that state or locality. The U.S. legal system is also comprised of a dual court system, one at the federal level and one at the state and local level. The U.S. legal system is also a common law system which puts a lot of emphasis on court precedent set out in formal adjudications. Additionally, there is a complicated system of interaction and checks and balances that takes place amongst the above listed entities.

Regulatory Matters in the United States

In the United States, various federal and state statutes and regulations and local ordinances govern, among other things, the production, research, development, testing, manufacture, quality control, labeling, storage, record keeping, approval, advertising and promotion, and distribution of chemicals and materials used in our Company's operations, including biological material, human tissue and serum. The failure to comply with applicable regulatory requirements may subject our Company to administrative and/or judicially imposed sanctions.

Various laws and regulations relating to safe working conditions, laboratory practices, and the generation, storage, transportation, import, export, use and disposal of hazardous or potentially hazardous substances, including medical waste, are or may be applicable to our Company's services, products and operations. The extent of government regulation that might result from future legislation or administrative action cannot accurately be predicted.

GS USA's laboratory operations include quality control practices and procedures. It seeks to comply with current U.S. National Institutes of Health Guidelines for Research Involving Recombinant DNA (the "NIH Guidelines").

GS USA uses hazardous materials, chemicals, human tissue and sera in its activities and may not be able to eliminate the risk of accidental contamination or injury from these materials. Misuse or accidents involving hazardous materials could lead to significant litigation, fines and penalties.

The above noted laws and guidelines are extremely complex and, in many instances, there are no significant regulatory or judicial interpretations of such laws and guidelines. Any determination that GS USA has violated these laws or guidelines, or the public announcement that GS USA is being investigated for possible violations of these laws or guidelines, would materially adversely affect our Company's business, prospects, results of operations and financial condition. In addition, a significant change in any of these laws or guidelines may require GS USA to change its business model in order to maintain compliance with these laws and/or guidelines, which could reduce its revenue or increase costs and materially adversely affect our Company's business, prospects, results of operations and financial condition.

Regulations by the U.S. Food and Drug Administration ("FDA") regarding genetic testing are in a state of flux and changes to these regulations could dramatically affect the molecular diagnostics industry in the near future. With the advent of direct-to-consumer DNA testing (*i.e.*, testing that is marketed directly to the public, does not require a physician's order and provides risk factor information rather than diagnostic or prognostic information), genomic testing using microarray technology (particularly single nucleotide polymorphism arrays) has come under scrutiny. In October 2014, FDA issued a Draft Guidance for Industry relating to the Framework for Regulatory Oversight of Laboratory Developed Tests (LDTs). In this document, it is clear that FDA's primary concern is the regulation of laboratories certified under the 1988 Clinical Laboratory Improvement Amendments (CLIA) that are performing *clinical* direct-to-consumer testing (*i.e.*, testing ordered by a physician for medically necessary reasons, including disease diagnosis, monitoring and treatment decisions), not direct-to-consumer laboratories performing *non-clinical* testing and/or services (such as our Company's). While no specific guidelines governing non-clinical direct-to-consumer laboratories have been implemented by FDA, changes to how FDA regulates non-clinical direct-to-consumer laboratories may be forthcoming. There can be no assurance that such changes, should they be implemented, will not negatively impact our Company's business.

The rules and regulation relating to the biotech industry and the services and products of our Company are evolving in the United States and other parts of the world. Inherently, there are uncertainties and unknown risks associated with such products and industry. Accordingly, enactment of future laws and regulatory requirements related to such products and the biotechnology industry could affect the regulatory environment in which we operate in.

Health and Safety

GS USA must meet workplace health and safety laws and regulations. The Federal *Occupational Safety and Health Act ("OSHA")* places specific legal duties on employers, supervisors, owners and workers. The purpose of this legislation is to create safe working conditions through requirements imposed on employers and employees.

The responsibilities of GS USA as an employer include the provision of appropriate equipment, the monitoring of biological, chemical, or physical agents in a workplace, and the limitation of worker's

exposure to such substances. GS USA must also carry out hazard communication training programs for employees to ensure compliance with OSHA and maintain Safety Data Sheets for chemicals used in the workplace, among other things. The failure of GS USA to comply with OSHA regulations could results in the assessment of fines and penalties, or could result in civil and criminal liability.

Environmental, Health and Safety

GS USA is subject to laws and regulations governing the generation, use, storage, handling and disposal of hazardous materials, including chemicals, pollutants, contaminant, solid wastes and medical wastes. These laws and regulations are enforced by various regulatory agencies, including the U.S. Environmental Protection Agency, the New Jersey Department of Environmental Protection and local units of government. GS USA may be required to obtain environmental permits or licenses for its operations, including various licenses and registrations.

GS USA's activities involve the generation, use and disposal of hazardous materials and wastes, including various chemicals and medical waste. The risk of contamination or injury from these materials cannot be completely eliminated. If a spill, discharge, emission or release involving these substances occurs, we could be liable for cleanup and remediation requirements as well as damages for harm to persons, property, the environment or natural resources, which could seriously impact our business operations and financial condition. GS USA is required to submit annual documentation regarding its generation and disposal of regulated medical waste materials.

If GS USA was found not to be in compliance with applicable environmental, health or safety laws and regulations, or if additional laws and regulations were issued, GS USA could be required to incur significant compliance costs, which could have a material adverse effect on our operations.

Confidentiality of Health Information

Federal and state laws regulating the confidentiality and privacy of private health information may apply to us. Violation of these laws can result in the imposition of civil and/or criminal penalties, as well as actions for damages. Federal and state laws aimed at protecting the privacy of confidential health information vary widely, and the application of these laws in the context of our services and products is evolving. These laws may affect our Company's ability to obtain and transmit information.

Products Liability

The services and products developed by our Company could be subject to claims regarding breach of express or implied warranties or product liability. Despite the fact that GS USA does carry product liability insurance, if our Company cannot protect against these potential liability claims, our Company may find it difficult or impossible to commercialize our Company's products. A liability claim could have a material adverse effect on our Company's financial condition.

Consumer Protection

Our Company could be subject to consumer protection laws in its business operations. The Federal Trade Commission, and similar state agencies regulate business operations and seek to prevent unfair trade practices. Customers who have complaints or issues with regard to certain business transactions and services can contact the governmental agencies to voice their complaints and obtain guidance with regard to their disputed transactions.

Local Government Regulations

GS USA may be subject to local government requirements, including the licensure of its operations, zoning laws, and local permitting requirements. GS USA may also be subject to local building codes which could limit its operations, or make its operations more expensive. Our Company may need local approvals for the use, storage and disposal of products, process materials and wastes.

Relevant Tax Laws and Regulations

GS USA is subject to federal, state and local tax rules. Both federal and state taxation authorities in the United States impose the collection of certain annual and other applicable taxes. In addition to paying the typical yearly federal, state and local income taxes, companies that engage in the business of selling products in the state of New Jersey must also obtain a Certificate of Authority, which is required in order to collect the New Jersey State mandatorily imposed sales and use tax.

Sales tax applies to receipts from retail sale, rental or use of tangible personal property or digital property; retail sale of producing, fabricating, processing, installing, maintaining, repairing and servicing tangible personal property or digital property; maintaining, servicing or repairing real property; certain direct-mail services; tattooing, tanning and massage services; investigation and security services; information services; limousine services; sales of restaurant meals and prepared food; rental of hotel and motel rooms; certain admission charges; certain membership fees; parking charges; storage services; sales of magazines and periodicals; delivery charges; and telecommunications services, except as otherwise provided in the New Jersey Sales and Use Tax Act.

A compensating use tax is also imposed when taxable goods and services are purchased and New Jersey sales tax is either not collected or is collected at a rate less than New Jersey's sales tax rate. The use tax is due when such goods, or the goods on which taxable services are performed, come into New Jersey. If sales tax was paid to another state, the use tax is only due if the tax was paid at a rate less than New Jersey's rate.

All persons required to collect the tax must file a Business Registration Application (Form NJ-REG). Each registrant's authority to collect the sales tax is certified by a Certificate of Authority issued by the State of New Jersey Division of Taxation, which must be prominently displayed at each place of business to which it applies.

The Sales and Use Tax Act was amended, effective October 1, 2005, to conform New Jersey's law to the requirements of the Streamlined Sales and Use Tax Agreement (SSUTA), which is a multi-state effort to simplify and modernize the collection and administration of sales and use taxes. The adoption of the SSUTA resulted in significant changes in New Jersey's tax policy and administration, including uniform product definitions and changes in the taxability of specific items. In addition, the SSUTA provided for the creation of a new central registration system, certain amnesty provisions and minor changes in the treatment of exemption certificates.

GS USA will be required to withhold tax on distributions made to the Company to the extent such distributions constitute "dividends" for U.S. federal income tax purposes. A distribution generally will constitute a dividend for U.S. federal tax purposes to the extent GS USA has current or accumulated earnings or profits. If GS USA makes a distribution to the Company that constitutes a dividend, GS USA generally will be required to withhold thirty percent (30%) of the amount of such dividend and remit the

withheld tax to the U.S. federal tax authorities. If GS USA makes a distribution to the Company that exceeds GS USA's current or accumulated earnings and profits, then the excess will not be treated as a dividend, but rather as a return of capital (to the extent of the Company's tax basis in its shares of GS USA) and thereafter as capital gain. In either of those two instances, withholding tax generally should not apply.

Intellectual Property

U.S. intellectual property laws include copyright, trademark, patent and domain name-related laws. Copyright law is governed by the Copyright Act of 1976, which is codified in Title 17 of the U.S. Code. The U.S. Copyright Office, a department within the U.S. Library of Congress, examines copyright applications and grants registrations. Federal law, however, provides for common law rights for copyrights and trademarks as well. Both federal and state law apply to trademarks. Federal trademark law is governed by the Lanham Act, which is codified in Title 15 of the U.S. Code. The U.S. Patent and Trademark Office ("USPTO"), an agency within the U.S. Department of Commerce, issues federal trademark registration to providers of goods and/or services. New Jersey state trademark law is governed in Title 56 of the New Jersey Revised Statutes. Patent law is governed by Title 35 of the U.S. Code. The USPTO also issues patents to inventors. Title 37 of the Code of Federal Regulations contains regulations directed towards copyrights, trademarks and patents. Finally, the Anticybersquatting Consumer Protection Act, 15 U.S.C. § 1125(d), is a U.S. law establishing a cause of action for registering, trafficking in or using a domain name confusingly similar to, or dilutive of, a trademark or personal name.

Import Regulations

Our Company's shipments of products to the United States are subject to customs inspection and compliance. An importer of biological materials (e.g., gene synthesis products, proteins, etc.) is responsible for compliance of U.S. laws applicable to the imported articles in the first instance. U.S. law places the responsibility on the importer of record to exercise "reasonable care" to confirm that all the information declared to U.S. Customs and Border Protection ("CBP") at importation is complete and accurate. In this regard, Section 484 of the Tariff Act of 1930, as amended (19 U.S.C. § 1484), requires the importer of record, using reasonable care, to classify and value imported merchandise, and provide any other information necessary to enable CBP to properly assess duties, collect accurate statistics and determine whether any other applicable legal requirement is met. This obligation primarily rests with the importer of record, not the supplier (exporter) or other party. Other parties are not responsible unless they furnish false information that becomes part of the customs entry.

CBP enforces both its own laws and regulations and also those of other relevant U.S. government agencies. Depending on the exact scientific, clinical, industrial or other use of the imported biological materials, the regulations of these other governmental agencies may become relevant. For example, in the case of human biological materials, the U.S. importer could also be responsible for compliance with the import regulations of the U.S. Centers for Disease Control ("CDC") or the FDA, and, similarly, in the case of animal or plant biological materials, the U.S. importer could also be responsible for compliance with the import regulations of the U.S. Department of Agriculture ("USDA").

The CDC, FDA and USDA laws and regulations enforced by CBP generally relate to human, animal, and plant health. If CDC, FDA or USDA believes that our Company's products implicate these areas of concern, our Company's shipments could be subject to further investigation by these governmental agencies. If these agencies determine that our Company's products are subject to their jurisdiction, they

may require regulatory permits to import the products. Among the chief U.S. regulations that may be pertinent are the Public Health Service regulation, 42 C.F.R. § 71.54, which forbids the importation of etiological agents and vectors of human disease; the FDA jurisdiction over new drugs, 21 U.S.C. § 331; the USDA regulation, 9 C.F.R. § 122.2, which requires permits for the importation of organisms; and U.S. Department of Transportation regulations, 49 C.F.R. parts 171-178, which prescribe packaging requirements for hazardous materials. However, in instances where such biological materials are being imported solely for testing in scientific research, an import permit or license may not be required, but the shipment may still be reviewed at the port of entry by inspectors of the relevant governmental agencies.

LAWS AND REGULATIONS OF JAPAN

GS Japan has obtained all necessary licenses, consents, authorizations, approvals, orders, certificates and permits of and from all Japanese governmental, judicial or regulatory authority having jurisdiction over GS Japan necessary to conduct its current business in all material respects.

LAWS AND REGULATIONS OF THE NETHERLANDS

Our Netherlands representative office does not have and does not require any governmental permits, licenses or approvals to conduct its current business activities in the Netherlands.

DESCRIPTIONS OF SANCTIONS LAWS

United States

The United States has certain economic sanctions (principally the Trading with the Enemy Act ("TWEA") and the International Economic Emergency Powers Act ("IEEPA")) and regulations issued under TWEA and IEEPA that affect commerce with specific countries and with certain listed individuals, entities and organizations known as Specially Designated Nationals ("SDNs"). These sanctions principally apply to the activities of U.S. persons (e.g., U.S. citizens and permanent residents, entities established in the U.S. and their non-U.S. branch offices, any individual located in the territory of the U.S., and, in the case of Cuba and Iran sanctions, any entities owned or controlled by the foregoing); however, some of these sanctions also target the activities of non-U.S. companies doing business with Iran in certain sectors or with respect to certain activities. United States sanctions and related export control laws and regulations also prohibit (with certain limited exceptions) the export and re-export of U.S. origin items from the U.S. or third countries to certain sanctioned countries.

As of August 2015, the United States had near total trade embargoes against Crimea, Cuba, Iran, Sudan and Syria. In addition, as of August 2015, the United States had other less restrictive embargoes against certain listed individuals, groups and entities and against other nations including the Balkans, Belarus, Congo, Côte d'Ivoire, Iraq, Lebanon, Liberia, Libya, Myanmar (Burma), North Korea, Somalia, South Sudan, Russia/Ukraine, Yemen and Zimbabwe.

Sanctions Against Iran

With respect to Iran, the ITSR provide for a near total trade embargo. The ITSR applies to every United States person ("U.S. person"), which includes any: (a) U.S. citizen or permanent resident alien, whether any such citizen or permanent resident alien lives and works in the United States or anywhere else in the world; (b) any entity (e.g., a corporation) organized under the laws of the United States

(including any state thereof) or a foreign branch of such a U.S.-organized entity that is not separately chartered under local law; and (c) any person who is physically within the United States at a relevant time. In addition, the ITSR, as currently in effect, apply to any entity that is owned or controlled by a U.S. person and established or maintained outside the United States. Among the various restrictions under the ITSR, no person subject to U.S. jurisdiction may:

- Export, reexport, sell or supply any goods (except for informational materials and certain humanitarian donations), technology (including technical data, software or other information) or services from the United States to Iran or import any such items from Iran, directly or through a third country;

- Approve, finance, facilitate or guarantee any transaction by a foreign person where the transaction would be prohibited by the ITSR if performed by a U.S. person;

- Invest in Iran or in property (including entities) owned or controlled by the Government of Iran;

- Engage in any transaction or dealing in or related to: (a) goods or services of Iranian origin or owned or controlled by the Government of Iran; (b) goods, technology or services for exportation, reexportation, sale or supply, directly or indirectly, to Iran or the Government of Iran;

- Enter into or perform: (a) a contract that includes overall supervision and management responsibility for the development of petroleum resources located in Iran or a guaranty of another person's performance under such contract; (b) a contract for the financing of the development of petroleum resources located in Iran or a guaranty of another person's performance of such contract; or

- Evade, avoid or attempt to violate any of the prohibitions contained in the ITSR.

Unlike the ITSR, the Comprehensive Iran Sanctions and Divestment Act of 2010 ("CISADA") and the Iran Threat Reduction and Syria Human Rights Act of 2012 (the "ITRSHRA"), each of which amends the Iran and Libya Sanctions Act of 1996 ("ISA"), apply to all "persons," rather than only U.S. persons. Under the ISA, sanctionable activities include certain investments in Iran's energy sector, the provision of weapons of mass destruction or related technology, and the enhancement of Iran's military capabilities. Under CISADA, certain investments in the petroleum industry and in petroleum-related products are prohibited. The ISA also places restrictions on foreign financial institutions in their dealings with Iran. U.S. financial institutions, and persons controlled by U.S. financial institutions, are prohibited from knowingly engaging in any transactions with or benefitting Iran's Revolutionary Guard Corps or any blocked person. On January 3, 2012, the U.S. Congress passed the ITRSHRA. The ITRSHRA, among other things, expanded the sanctions imposed by the ISA, including sanctions targeting persons who (i) issue or purchase Iranian sovereign debt; (ii) enter into joint ventures with the Government of Iran to develop petroleum resources outside of Iran; (iii) construct infrastructure that can be used to transport Iran's energy products; (iv) support Iran's production of petrochemical products; (v) own, operate or insure vessels used to transport crude oil out of Iran and (vi) participate in joint ventures with Iran or Iranian entities related to mining, production or transportation of uranium.

Following the passage of the ITRSHRA, the President of the United States has passed Executive Orders 13608, 13622, 13628 and 13645, all of which have expanded the sanctions applicable to non-U.S.

persons. Executive Order 13608, among other things, prohibits facilitation of deceptive transactions for or on behalf of any person subject to U.S. sanctions concerning Iran. Executive Orders 13622 and 13628 prohibited, among other things, certain petroleum-related transactions. Executive Order 13645 implemented certain sanctions on the automotive, energy, shipping and shipbuilding sectors of the Iranian economy.

Property Blocking Sanctions

The U.S. sanctions against Belarus, Iraq, Lebanon, Libya, Russia/Ukraine and Serbia (the Balkans) are property blocking measures (the "Property Blocking Sanctions"). Unless exempted or otherwise licensed or authorized, such Property Blocking Sanctions prohibit all transfers and dealings in a target's (e.g., an SDN) property or interests in property within the United States or otherwise within the possession or control of a U.S. person (regardless of the location of that U.S. person). U.S. persons must retain or "freeze" blocked property interests within their possession or control and they may not engage in any unauthorized disposition of a frozen asset. This means that U.S. persons may not perform blocked contracts. Each of the Property Blocking Sanctions also contains a provision which prohibits a U.S. person from entering into a transaction which evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in the Property Blocking Sanctions. The Property Blocking Sanctions do not extend to foreign subsidiaries of U.S. entities.

Export Administration Regulations

The U.S. Department of Commerce's Bureau of Industry and Security ("BIS") administers and enforces the Export Administration Regulations ("EAR"). The EAR controls so-called "dual-use" items (i.e., those items that can be used in a military or defense application but that are primarily commercial or civilian in nature). In general, the term "subject to the EAR" includes: (i) all products, materials, test and inspection equipment, software and technology (collectively, "Items") in the United States; (ii) U.S.-origin Items outside of the United States; and (iii) certain foreign-origin Items outside the United States that incorporate, or were manufactured using, U.S.-origin Items. The BIS has published a detailed list of Items that are considered controlled and that would require an export license for exports to certain destinations. This list is known as the Commerce Control List ("CCL"). The CCL is very precise and technically detailed. Using the CCL and the EAR's Country Chart, one can determine whether a BIS export license is required to export a controlled item to a particular end-user in a particular country.

The BIS also maintains the "Entity List." The Entity List initially arose in 1997 as a list setting forth foreign end-users known to be involved in proliferation activities and the development of weapons of mass destruction or missiles to deliver those weapons. Since its initial publication, grounds for inclusion on the Entity List have expanded to activities sanctioned by the State Department and activities contrary to U.S. national security or other foreign policy interests. Any export, reexport or transfer of an Item subject to the EAR to an entity on the BIS Entity List requires a license. Further, BIS has a license review policy establishing a presumption that any license application for an export, reexport or transfer to an entity on the BIS Entity List be denied.

European Union

The E.U. also imposes economic sanctions against certain countries which include, but are not limited to, Iran, Russia, Ukraine, Egypt, Libya and Lebanon.

The E.U. sanctions are sector specific and their scope varies significantly from case to case. The scope of the E.U. sanctions also changed significantly over time in relation to each sanctioned country.

Many of the sanctions involve arms embargoes and restrictions on the supply of 'dual-use' items and items and technologies used for human rights abuses and repression purposes to the sanctioned countries as well as asset freezing measures and travel bans in relation to listed individuals and entities. In some cases, such as the sanctions against Iran and Russia, various sanctions were imposed by the E.U. in relation to the supply of goods and technical assistance relating to a number of specified sectors (such as nuclear proliferation, enrichment activities and uranium mining, the oil and gas industry, deep sea and Arctic drilling and the financial industry).

E.U. sanctions apply subject to territorial limitations. The E.U. sanctions are effective: (i) within the territory of the E.U., including its airspace; (ii) on board any aircraft or any vessel under the jurisdiction of an E.U. member state; (iii) to any person inside or outside the territory of the E.U. who is a national of a Member State; (iv) to any legal person, entity or body, inside or outside the territory of the E.U., which is incorporated or constituted under the law of a Member State; and (v) to any legal person, entity or body in respect of any business done in whole or in part within the E.U. Persons and entities to whom E.U. sanctions apply are referred to hereafter as "E.U. Persons". E.U. sanctions are introduced through E.U. regulations, which are directly applicable in the 28 Member States of the E.U., and do not require further implementing legislation. Under the E.U. sanctions regime, certain activities are either prohibited or require approval from the competent authority of an E.U. member state.

E.U. sanctions have been extended to overseas territories of E.U. member states including (amongst others) the Cayman Islands and the British Virgin Islands. Accordingly, entities incorporated in these territories and nationals of these territories are also E.U. Persons as referred to herein.

E.U. sanctions may further prohibit provision of technical assistance, brokering services and/or financing or financial assistance in support of certain prohibited activities, and contain wide anti-circumvention provisions, which prohibit E.U. Persons from taking steps knowingly to assist, directly or indirectly, in the circumvention of the sanctions or in facilitating their contravention.

In some cases, a limited number of grandfather provisions may apply, which may allow the fulfillment of certain obligations which would otherwise be prohibited where those obligations arise under an agreement or contract concluded before the entry into force of E.U. sanctions or before a specific date as specified by the relevant E.U. regulation. Notification to or approval by national competent authorities may be required.

Whilst E.U. regulations are directly applicable, each Member State sets the penalties for breaches of E.U. sanctions, generally by way of national legislation. In some Member States, national legislation creates criminal offenses and may further elaborate on activities that will be regarded as being contrary to the E.U. regulations. In the UK, for example, as is the case in the Cayman Islands and the BVI, legislation imposes criminal offenses not only in relation to the contravention of the E.U. regulations, but also in relation to assisting in "*facilitating*" a contravention. Accordingly, if E.U. sanctions apply to a party subject to UK, BVI or Cayman islands jurisdiction, then the approach to risk will be informed by these provisions.

Further, in order to fully assess E.U. sanctions risk it is necessary to consider the effect of E.U. regulations, the domestic legislation in each E.U. member state governing penalties for breaches of E.U. sanctions, and applicable Member State national legislation which may be engaged by the particular circumstances of a proposed investment.

E.U. sanctions against Iran are provided for under Council Regulation No. 359/2011 of April 12, 2011 (as amended), relating to perpetrators of human rights abuses; and Council Regulation No.

267/2012 of March 23, 2012 (as amended), relating to nuclear proliferation. The E.U. sanctions targeting Iran include, *inter alia*: (i) asset freezes and prohibitions on the making available of funds and economic resources, directly or indirectly, to or for the benefit of listed natural and legal persons; (ii) restrictions on the sale, supply, transfer or export, directly or indirectly, of listed goods and technology (including weapons of mass destruction, military and dual-use goods and technology and goods, services and technology relating to the nuclear industry, uranium mining, enrichment and missiles) to any Iranian person, entity or body or for use in Iran; (iii) a prohibition on the sale, supply, transfer or export of graphite and listed raw or semi-finished metals, directly or indirectly, to any Iranian person, entity or body, or for use in Iran; (iv) prohibitions on the import into the E.U. and the purchase of crude oil and petroleum products located in, originating in, or exported from Iran; (v) prohibitions on the supply of goods, services, technologies and financial assistance relating to the Iranian petrochemical industry; (vi) severe restrictions on provision of financial services to Iranian banks and other entities, on the trading in Iranian bonds and on the transfer of precious metals, on the provision of insurance and shipping services to Iran; and (vii) subject to certain exemptions, restrictions on transfers of funds to or from Iranian persons, entities or bodies. There are also prohibitions on the provision of technical assistance, brokering services, financing and financial assistance in support of certain prohibited activities.

E.U. sanctions concerning Ukraine and Russia are provided for under Council Regulation No. 208/2014 of March 5, 2014 (as amended), relating to misappropriation of state funds and violations of human rights; Council Regulation No. 269/2014 of March 17, 2014 (as amended), relating to the territorial integrity, sovereignty and independence of Ukraine; Council Regulation No. 692/2014 of June 23, 2014 (as amended), relating to Crimea and Sevastopol; and Council Regulation No. 833/2014 of July 31, 2014 (as amended), relating to Russia. These E.U. sanctions include, *inter alia*: (i) asset freezes and prohibitions on making available funds and economic resources, directly or indirectly, to or for the benefit of listed natural and legal persons; (ii) restrictions on access to the capital market for, and lending to, certain listed Russian financial institutions and military and energy companies; (iii) restrictions on the sale, supply, transfer or export, directly or indirectly of listed items relating to deep sea and Arctic drilling, specialist floating vessels, shale gas production and other aspects of the oil industry, to any natural or legal person, entity or body in Russia or in any other State, if such items are for use in Russia; and (iv) a prohibition on the sale, supply, transfer or export, directly or indirectly, of military and dual-use goods and technology to any natural or legal person, entity or body in Russia or for use in Russia. There are also prohibitions on the provision of technical assistance, brokering services, financing and financial assistance in support of certain prohibited activities.

E.U. sanctions against Libya, Egypt and Lebanon cover asset freezing sanction against listed entities and individuals and in the case of Libya, restrictions on the supply of arms and other military equipment.

Australia

In Australia, sanctions laws are implemented through two related regimes: the United Nations Security Council sanctions regimes ("UN sanctions") and Australian autonomous sanctions regimes ("autonomous sanctions"). The relevant Australian legislation which underpins the sanctions are as follows: (a) UN sanctions are implemented primarily under the Charter of the United Nations Act 1945 (Cth) and its set of regulations; and (b) autonomous sanctions are implemented primarily under the Autonomous Sanctions Act 2011 (Cth) and the Autonomous Sanctions Regulations 2011 (Cth).

The autonomous sanctions regimes can either operate separate to or in addition to the UNSC sanctions regimes. For example, and as is extrapolated below in greater detail, both the U.N. sanctions and Australian autonomous sanctions apply to Iran, whereas the U.N. sanctions only apply to Iraq, for example.

Australian sanctions have extraterritorial reach and apply to: (a) Australian citizens; (b) persons incorporated in Australia and persons controlled by a person incorporated in Australia; (c) persons located in Australia; (d) conduct or a result of the conduct occurring on board an Australian aircraft or an Australian ship, and (e) activities conducted in or through Australia.

Breaches of controls on trade in sanctioned goods and services, or dealings with sanctions-designated individuals and entities, are criminal offenses under the Autonomous Sanctions Act 2011 (Cth).

It is possible to obtain a "sanctions permit" authorizing otherwise restricted or prohibited activities, although an application must be made to the Minister for Foreign Affairs.

In relation to Iran, Australia has implemented the UNSC sanctions regime and also applies an autonomous sanctions regime. The autonomous sanctions regime has been imposed against Iran since October 18, 2008 and has been amended several times, most recently on December 19, 2013. In summary, the sanctions regimes prohibit or restrict:

(a) the export or supply of goods, such as: (i) direct or indirect supply of "export sanctioned goods." What constitutes export sanctioned goods is broad and wide-ranging; and (ii) supply, sale or transfer to the Government of Iran (related public bodies, corporations or agencies, or persons or entities acting on behalf of the Government) of gold, precious metals or diamonds.

(b) the export or provision of services, including: (i) technical advice, assistance or training; (ii) financial assistance; (iii) a financial service; or (iv) another service, if the provision of that service: (i) assists with the supply, sale or transfer of "export sanctioned goods"; (ii) is in respect of an oil tanker or cargo vessel flying the flag of the Islamic Republic of Iran, or is owned, chartered or operated by an Iranian person, entity or body; (iii) assists with or is provided in relation to the Government of Iran (related public bodies, corporations or agencies, or persons or entities acting on behalf of the Government); or (iv) assists with an activity involving an item of gold, precious metals or diamonds.

(c) the import, procurement, purchase or transport of goods including: (i) "import sanctioned goods" if the goods originate in, or are exported from Iran (i.e., crude oil, petroleum, etc.); and (ii) imports or purchase from the Government of Iran (related public bodies, corporations or agencies, or persons or entities acting on behalf of the Government).

(d) commercial activities: broadly, the sanctions regime restricts commercial activities relating to investment in the oil and gas industry in Iran, and Iranian investment in Australia's oil and gas industry.

(e) financial sanctions: the use or dealing with an asset (defined broadly to include intangible, tangible, movable or immovable property) owned or controlled by a "designated person or entity" for Iran, or making an asset available for the benefit of a "designated person or entity".

(f) travel bans: "declared person(s)" prohibited from traveling to, entering or remaining in Australia (unless the prohibition is waived).

In relation to Russia, the UNSC is constrained in issuing sanctions against Russia due to its veto power as a permanent member of the UNSC. Accordingly, sanctions against Russia must stem from the Australian Government issuing autonomous sanctions. On March 31, 2015, the Autonomous Sanctions Regulation 2011 was amended so as to impose autonomous sanctions in relation to Russia. The following restrictions and prohibitions apply:

(a) the direct or indirect supply, sale or transfer to Russia, for use in Russia, or for the benefit of Russia, of the following goods: (i) "arms or related materiel"; and (ii) items suited to certain categories of exploration and production projects in Russia;

(b) the import, procurement, purchase or transport of "arms or related materiel" if the goods originate in, or are exported from Russia;

(c) the export or provision of services, such as: (i) the provision to Russia, or a person for use in Russia, of technical advice, assistance or training, or financial assistance, or financial service, or another service, if it assists with, or is provided in relation to (A) a military activity and (B) the manufacture, maintenance or use of "arms or related materiel"; (ii) the provision to Russia, or to a person, entity or body for use in Russia, specified services necessary for certain categories of exploration and production projects in Russia, including its Exclusive Economic Zone and Continental Shelf;

(d) restrictions on commercial activities, including: (i) the direct or indirect purchase or sale of, or any other dealing with, bonds, equity, transferable securities, money market instruments or other similar financial instruments, if the financial instrument (A) is issued by an entity specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015, and (B) has a maturity period specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015; and (ii) directly or indirectly making, or being part of any arrangement to make loans or credit if the loan or credit (A) is made by an entity specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015 and (B) has a maturity period specified in the Autonomous Sanctions (Russia, Crimea and Sevastopol) Specification 2015 for the financial instrument and the entity, without a sanctions permit. There are certain exceptions to the above prohibitions;

(e) restrictions on the use of or dealing with an asset that is owned or controlled by a "designated person or entity", or making an asset available directly or indirectly to, or for the benefit of, a "designated person or entity".

In addition to the sanctions outlined above, there are sanctions relating to the Crimea, Sevastopol and Ukraine.

In relation to Libya, Australia has implemented the UNSC sanctions regime and also applies an autonomous sanctions regime. The autonomous sanctions regime has been imposed against Libya since February 26, 2011. In summary, that regime prohibits the use of or dealing with an asset, property of any kind whether tangible or intangible, movable or immovable that is owned or controlled by a designated

person or entity for Libya or making such an asset or property available to, directly or indirectly to, or for the benefit of, a designated person or entity. It also imposes a travel ban and prohibits a declared persons from traveling to, entering or remaining in Australia. The UNSC sanction regime for Libya extends to the export or supply, provision of services relating to or import of, relevantly, "arms or related materiel".

United Nations

U.N. sanctions are binding on U.N. member states, the domestic laws of which will determine whether further action, such as domestic legislation, is needed to impose their requirements on private parties. Accordingly, the means of implementation, the interpretation and enforcement of U.N. sanctions may differ among U.N. member states.

The UNSC has imposed a variety of sanctions against Iran. These are provided for in UNSC resolutions 1737 (2006), 1747 (2007), 1803 (2008), 1929 (2010), 1984 (2011), 2049 (2010), 2105 (2013), and 2159 (2014). The restrictive measures require U.N. member states to, *inter alia*: (i) take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of all items, materials, equipment, goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems; (ii) take the necessary measures to prevent the supply, sale or transfer directly or indirectly from their territories, or by their nationals or using their flag vessels or aircraft to, or for the use in or benefit of, Iran, and whether or not originating in their territories, of certain listed items, materials, equipment, goods and technology; (iii) prevent the direct or indirect supply, sale or transfer to Iran, from or through their territories or by their nationals or individuals subject to their jurisdiction, or using their flag vessels or aircraft, and whether or not originating in their territories, of any conventional arms; (iv) freeze the funds, other financial assets and economic resources which are on their territories that are owned or controlled by listed persons or entities; and (v) take the necessary measures to prevent the entry into or transit through their territories of designated individuals.

By UNSC resolution 1631 of October 2005 all States were obligated to freeze funds, financial assets and economic resources in their territories that are owned or controlled by people suspected of being involved in the assassination of Prime Minister Rafiq Hariri and to subject those individuals to a travel ban. UNSC 1701 of August 2006 imposed an arms embargo on all arms transfers not authorized by the Government of Lebanon or the UN peacekeeping force. The embargo also prohibits any technical training or assistance. This resolution has subsequently been extended, amended and modified.

UNSC resolutions 1971 (2011), 1973 (2011) and 2146 (2014) require all States to impose an arms embargo on Libya and a travel ban and assets freezing measures against listed individuals and organizations in Libya and measures in relation to attempts to illicitly export crude oil out of Libya.

GENERAL

Dr. Zhang, Dr. Wang and Ms. Wang are the co-founders of our Group's business. Dr. Zhang, our chairman, executive Director and chief executive officer, began his career as a scientist in life sciences industry in 1995. Dr. Wang, our non-executive Director, has nearly 24 years in the biotechnology industry. Ms. Wang, our executive Director and chief operating officer, has professional training in microbiology. Our co-founders established our Group in 2002 in the state of New Jersey in the United States and our Group grew into one of the leading life sciences research and application service and product providers with comprehensive portfolio coverage, serving customers in over 100 countries worldwide. For further details about Dr. Zhang, Dr. Wang, Ms. Wang and their respective experience in the life sciences industry, please see the section headed "Directors and Senior Management" in this prospectus.

In 2002, GS Corp began its operations in the State of New Jersey of the United States, which was financed by our co-founders' personal savings from previous work experiences.

In 2004, we established our presence in Nanjing, China with our research and manufacturing center under the operations of Nanjing Jinsite.

In 2009, GS Cayman was established as our holding company. In 2010, Nanjing Jinsite underwent reorganization whereby our major research and production was integrated and consolidated under GS China.

In light of the 2009 Reorganization, our Pre-IPO Investors, namely KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, made strategic investments in our operations to provide additional capital to establish our production facilities at Jiangning, Nanjing, China.

With the aim to further expand our operations in the PRC and globally, starting from 2009, our Group established a number of our offshore and PRC subsidiaries to further cater for the development of our services and products in the domestic and international markets for life sciences research and application services and products.

As part of the expansion of our domestic operation, extra space was required for our peptide synthesis business. Hence, we began using our leased facility in Pukou, Nanjing, China in 2010 under the operations of Nanjing Jinsikang. As part of the expansion of our international operation, extra space was required for research and development of our life sciences research and application services and products. Hence, we began establishing our new facility in Jiangning, Nanjing, China from 2009 and began using such facility in 2011.

As of June 30, 2015, our Group has grown to possess a team of 1,187 full-time employees, including 619 employees in production, 174 employees in sales and marketing, 188 employees in administration, 122 employees in research and development and 84 employees in management. Our Group is continuously exploring for further business opportunities to expand our business presence globally and provide quality research and application services and products in the life sciences industry globally.

OUR MILESTONES

The following events are the key business and corporate development milestones of our Group:

Year	Event
2002	GS Corp was established in the United States and our operation in the United States was commenced.
2003	Our gene synthesis service was launched.
2004	We established our presence in Nanjing, China with our research and manufacturing center under the operations of Nanjing Jinsite.
	We introduced custom protein and antibody services.
2008	We established presence in Europe.
2009	GS China, our major research and production subsidiary in the PRC, was incorporated.
	Nanjing Jinsikang, our operating subsidiary in the PRC, was incorporated.
	KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare invested in our Group.
	We became a founding member for International Gene Synthesis Consortium.
2010	Our services and products were certified by ISO 9001:2008.
	Our new facility for peptide manufacturing in Pukou, Nanjing, China commenced operation.
2011	Our new research and production facility was established in Jiangning, Nanjing, China.
	GS Japan was established in Japan.
	Our employee headcount reached 1,000.
	We were selected as the only commercial entity to participate in the Synthetic Yeast Genome Sc2.0 Project initiated and organized by a renowned scientist Dr. Jef Boeke, who was then a scientist and professor of Johns Hopkins University School of Medicine.
2013	BSJ Nanjing was incorporated for the launch of our fourth business segment, industrial synthetic biology product segment.

Year	Event
2014	The Life Sciences Leader magazine awarded the CRO Leading Award to us in four categories: quality, productivity, innovation and reliability.
	We developed GenPlus™ next-generation gene synthesis technology and started to provide GenPlus™ high-throughput gene synthesis services.
	We developed an industrial-leading composite glucosydase product for starch processing industry.
	We developed our half-life extension technology for single-domain antibody drugs for preclinical drug development services.
2015	Our Company was incorporated as the proposed listing vehicle.
	As of June 30, 2015, over 14,500 international peer-reviewed journal articles had cited the use of our life sciences research and application services and products.

OUR CORPORATE HISTORY AND SHAREHOLDING CHANGES OF OUR GROUP

Our Company was incorporated in the Cayman Islands with limited liability on May 21, 2015. Our Company is an investment holding company and will be the proposed listing company of our Group. Prior to the incorporation of our Company and during the Track Record Period, GS Cayman has been the main investment holding entity for our Group's business.

Our Group has a number of subsidiaries to cater for the different business units and the different geographical regions in which our Group sells its products and services.

The principal changes to the corporate structure of our major operating subsidiaries since our establishment are described below.

Our Major Operating Subsidiaries

1) PRC subsidiaries

GS China

GS China, our major research and production subsidiary in the PRC, was established in the PRC by GS HK on March 12, 2009 with a registered capital of US$18,000,000. It is principally engaged in the provision of life sciences research and application services and products.

In September 2009, the registered capital of GS China was increased to US$35,020,000 by GS HK. The increase in registered capital was for the establishment of a new production facility, purchase of equipment and employing more staff at Jiangning, Nanjing, China.

In December 2013, the registered capital of GS China was further increased to US$43,020,000 by GS HK. The increase in registered capital was for the expansion of our Group's production capacity which requires the purchase of more equipment and instruments at the research and production facility at Jiangning, Nanjing, China.

Nanjing Jinsikang

Nanjing Jinsikang was established in the PRC on April 30, 2009 with a registered capital of US$20,000,000. Upon its incorporation, the entire equity interests in Nanjing Jinsikang were held by GS HK. It is principally engaged in the provision of life sciences research and application services and products (in particular, engaging in peptide synthesis).

Pursuant to an equity transfer agreement dated September 2, 2013, GS HK transferred the entire equity interests in Nanjing Jinsikang to GS China at the consideration of US$11,520,000, which was determined primarily from the appraised shareholders' equity of Nanjing Jinsikang as of October 31, 2012. Upon completion of such transfer, the entire equity interests of Nanjing Jinsikang were owned by GS China, both of which are principally engaged in the provision of life sciences research and application services and products, and Nanjing Jinsikang subsequently became a domestic company under the PRC laws. Concurrently, the registered capital of Nanjing Jinsikang was converted from US$20,000,000 to RMB132,550,599.80 as a requirement for conversion into a domestic company under the PRC laws. Upon completion of the aforesaid transfer, GS China owns the entire equity interests in Nanjing Jinsikang.

BSJ Nanjing

BSJ Nanjing was established in the PRC on June 6, 2013 with a registered capital of US$4,000,000. Upon its incorporation, GS HK owns the entire equity interest in BSJ Nanjing. It is principally engaged in the research and development and production of the industrial synthetic biology products.

Pursuant to an equity transfer agreement dated June 12, 2015, GS HK transferred its entire equity interests in BSJ Nanjing to BSJ HK at the consideration of US$2,450,636.58, which was determined based on the net asset value of BSJ Nanjing as of March 31, 2015. Upon completion of the aforesaid transfer, BSJ HK owns the entire equity interests in BSJ Nanjing.

In November 2015, the registered capital of BSJ Nanjing was increased to US$14,000,000 by BSJ HK. The increase in registered capital of BSJ Nanjing was for the expansion of its production capacity.

2) Offshore subsidiaries

GS HK

GS HK was incorporated in Hong Kong with limited liability on January 8, 2009 with an issued share capital of HK$1.00, of which one fully-paid share was allotted and issued to GNL09 Limited, an Independent Third Party, at incorporation. It is principally engaged in our Group's offshore operations in Europe and the Asia-Pacific region (excluding the PRC and Japan) and has been our regional headquarter.

On January 26, 2009, GNL09 Limited transferred one share of GS HK to Dr. Zhang at the par value of HK$1.00. On the same day, the issued share capital of GS HK increased from HK$1.00 to

HK$155,000.00 by the allotment and issue of 77,499 shares of HK$1.00 each and 77,500 shares of HK$1.00 each in the share capital of GS HK to Dr. Zhang and Dr. Wang, respectively.

On February 6, 2009, the company's name changed from Sunny Profit (Hong Kong) Limited to GS HK.

On April 14, 2009, GS Cayman, GS HK, Dr. Zhang and Dr. Wang entered into a share transfer agreement, pursuant to which Dr. Zhang and Dr. Wang agreed to transfer 155,000 shares of GS HK, representing the entire issued shares of GS HK, to GS Cayman at the consideration of US$155.00, which was determined at the price of US$0.001 shares each. Upon completion of the aforesaid transfer, the entire issued share capital of GS HK was owned by GS Cayman.

On July 23, 2015, pursuant to the 2015 Reorganization, GS Cayman transferred 155,000 shares of GS HK, representing the entire issued shares of GS HK, to GS BVI at the consideration of the allotment and issue of 245,170,001 Shares by our Company to GS Cayman credited as fully-paid. Upon completion of the aforesaid transfer, the entire issued shares of GS HK are owned as to by GS BVI and GS HK has become our indirectly wholly owned subsidiary.

GS Japan

GS Japan was incorporated in Japan as a limited liability company on July 7, 2011 by Mr. Hideki Yakushiji ("Mr. Yakushiji"), a former employee of GS Japan. The current share capital of GS Japan is JPY8,300,000 and the current number of outstanding shares of GS Japan is 1,630 ordinary shares. Since the establishment of GS Japan and until the transfer of the entire issued shares of GS Japan to GS HK on August 20, 2012, Mr. Yakushiji held GS Japan on trust for GS HK because GS HK believed that having a local shareholder will expedite the set-up process of GS Japan. During such period, Mr. Yakushiji designated his voting right as a shareholder of GS Japan to GS HK, and the operational and financial decisions of GS Japan were made under the instructions of GS HK. Its principal business activity is the sales of life sciences research and application services and products to the Japanese market. Upon completion of the 2015 Reorganization, GS Japan remains a wholly owned subsidiary of GS HK.

GS USA

GS USA was incorporated on March 26, 2009 under the laws of the State of Delaware of the United States, with an authorized share capital of 1,000 shares of common stock with par value of US$0.001 per share. One share was allotted and issued to GS Cayman at incorporation. Its principal business activity is to market our Group's products and provide services and products to North American customers.

On March 28, 2009, one share of common stock was transferred from GS Corp to GS Cayman at the nominal consideration of US$0.01.

On June 8, 2015, pursuant to the 2015 Reorganization, GS Cayman transferred all of the issued and outstanding share of GS USA to our Company and in consideration of which, our Company allotted and issued 313,749,999 Shares to GS Cayman credited as fully-paid. Upon completion of the aforesaid transfer, the entire issued and outstanding share of common stock of GS USA was held by our Company, and GS USA has become our wholly owned subsidiary.

2009 REORGANIZATION

We have initiated a series of corporate reorganization in 2009 for the purpose of integrating and coordinating our core operations, rationalizing the corporate structure and introducing the Series A Investors into our Group.

(1) Transfer of Assets from GS Corp to GS USA

On April 14, 2009, GS Cayman, GS Corp and GS USA entered into an asset purchase agreement, pursuant to which GS USA agreed to acquire from GS Corp all of its assets at the consideration of a promissory note of US$650,000, which was determined based on the then net asset values of GS Corp. The reason for the transfer was intended to have GS Cayman under GS Corp to hold and manage the operations of GS USA and to have GS Corp become the then holding company of our Group.

(2) Transfer of Assets from Nanjing Jinsite to GS China, Transfer and Deregistration of Jinsite

On April 14, 2009, GS Corp and GS Cayman entered into an equity transfer agreement, pursuant to which GS Corp agreed to transfer the entire equity interest in Nanjing Jinsite to GS Cayman at the consideration of the issuance of 467,500,000 shares from GS Cayman to GS Corp.

In November 2010, Nanjing Jinsite transferred certain equipment to GS China at the consideration of RMB15,045,123.68 which was determined based on the net book values of such equipment as of such date. It was our plan to establish our production facilities at Jiangning, Nanjing, China through GS China. The reason for the transfer was to integrate and consolidate our major research and production under GS China.

On December 10, 2010, GS Cayman and 801 Limited, a company incorporated in Hong Kong with its entire share capital then held by a relative of Ms. Wu, entered into an equity transfer agreement, pursuant to which, GS Cayman agreed to transfer the entire equity interests in Nanjing Jinsite to 801 Limited at the consideration of RMB53,414,788.48 or its foreign exchange equivalent. Such consideration was based on the appraised equity interest value of Nanjing Jinsite. As a result of Nanjing Jinsite becoming dormant after the transfer of assets to GS China in 2010, Nanjing Jinsite was de-registered on January 8, 2015.

(3) Transfer of Entire Issued Share Capital of GS HK to GS Cayman

On April 14, 2009, GS Cayman, GS HK, Dr. Zhang and Dr. Wang entered into a share transfer agreement, pursuant to which Dr. Zhang and Dr. Wang agreed to transfer 77,500 shares and 77,500 shares, respectively, of GS HK to GS Cayman, at the aggregate consideration of US$155.00, which was determined at par. Upon completion of the aforesaid transfer, the entire issued share capital of GS HK was owned by GS Cayman.

GROUP STRUCTURE PRIOR TO 2015 REORGANIZATION

The shareholding and corporate structure of our Group immediately prior to the 2015 Reorganization is set out in the chart below:

Notes:

(1) On May 23, 2014, Dr. Wang transferred 50% of his shareholding in GS Corp to Ms. Wu as part of their divorce arrangement. Prior to the transfer, Dr. Wang held 46.47% of GS Corp. Upon the transfer, each of Dr. Wang and Ms. Wu holds 23.235% of GS Corp. Ms. Wu, through her shareholding in GS Corp, will be subject to a lock up of 180 days upon the Listing.

(2) Share options to subscribe for 155,538,420 shares of GS Cayman have been granted under the share option schemes of GS Cayman which were adopted in 2009 and 2012. The share options granted under GS Cayman were canceled upon the adoption of the Pre-IPO Share Option Scheme on July 15, 2015. Our Company has granted share options to subscribe for 155,538,420 Shares under the Pre-IPO Share Option Scheme on July 15, 2015. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, in aggregate accounting for approximately 15.89% of issued Shares immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options that have been or may be granted under the Post-IPO Share Option Scheme). The principal terms and details of the Pre-IPO Share Option Scheme are summarized in the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V of this prospectus.

(3) The Independent Third Parties are (i) Mr. Wu Songgang who owned 9% of the issued shares of Nanjing Jinsida, and (ii) Mr. Huang Jianzhong who owned 6% of the issued shares of Nanjing Jinsida.

GS CORP SHAREHOLDER VOTING AGREEMENT BETWEEN DR. ZHANG, DR. WANG AND MS. WANG

On August 14, 2008, Dr. Zhang, Dr. Wang and Ms. Wang entered into a shareholder voting agreement in relation to the shares of GS Corp whereby Dr. Zhang, Dr. Wang and Ms. Wang agreed to vote unanimously in the shareholder meetings of GS Corp and, contemporaneously, proxies were conferred by Dr. Wang and Ms. Wang to Dr. Zhang.

The GS Corp Shareholder Voting Agreement contains the following major terms:

(a) each of Dr. Zhang, Dr. Wang and Ms. Wang agreed to vote at all shareholders' meeting of GS Corp in whatever manner as shall be necessary to ensure an unanimous vote among the shareholders of GS Corp;

(b) the above voting mechanism as set out in (a) applies to all matters where shareholders vote, consent, agree or approval, including electing board members and merger and acquisitions of GS Corp; and

(c) each of Dr. Wang and Ms. Wang shall deliver to Dr. Zhang a proxy authorizing Dr. Zhang to vote and exercise all voting and related rights with respect to the shares that both Dr. Wang and Ms. Wang beneficially owned in GS Corp.

PROXY AGREEMENT WITH MS. WU

On May 29, 2015, Ms. Wu and Dr. Zhang entered into a proxy agreement whereby Ms. Wu authorized Dr. Zhang to act as her proxy in relation to the 108,625,000 shares of GS Corp with regards to the following:

(a) exercise all voting, consent and similar rights of Ms. Wu with respect to the shares of GS Corp at every annual, special, adjourned or postponed meeting of shareholders of GS Corp and with respect to every written resolutions of GS Corp;

(b) appoint and elect the board of directors of GS Corp at board meetings;

(c) appoint and elect the chief executive officer and other senior management team members of GS Corp; and

(d) major business decisions of GS Corp, in particular, any merger and acquisition of GS Corp.

Since Dr. Zhang, who had worked in the life sciences industry since 1995 and has been our co-founder and director since the establishment of our Group, has profound experience in the management and production and distribution of our life sciences research and application service and products, Ms. Wu has confidence in Dr. Zhang's ability and business acumen to manage GS Corp and/or its subsidiaries. Hence, Ms. Wu has conferred her proxy in relation to GS Corp to Dr. Zhang.

Upon the Listing, Ms. Wu through her shareholding in GS Corp will be subject to a lock up of 180 days.

PRE-IPO INVESTMENT

Overview

On April 3, 2009, GS Cayman entered into a Series A Preference Share and warrant purchase agreement (the "Pre-IPO Investment Agreement") with KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare (collectively known as "Pre-IPO Investors"). Pursuant to the Pre-IPO Investment Agreement, GS Cayman agreed to issue and sell to the Pre-IPO Investors at the price of US$0.10 per

share, an aggregate of 150,000,000 Series A-1 Preference Shares and GS Cayman agreed to issue Series A-2 Warrants to the Pre-IPO Investors to purchase up to an aggregate of 25,641,029 Series A-2 Preference Shares which expired on April 15, 2011. As of the expiration date of the Series A-2 Warrants, no warrants were exercised by the Pre-IPO Investors.

On April 15, 2009, KPCB China Fund paid an aggregate purchase price of US$11,162,400 for 111,624,000 Series A-1 Preference Shares and 19,081,028 Series A-2 Warrants; KPCB China Founders Fund paid an aggregate purchase price of US$837,600 for 8,376,000 Series A-1 Preference Shares and 1,431,795 Series A-2 Warrants; and TBIG Healthcare paid an aggregate purchase price of US$3,000,000 for 30,000,000 Series A-1 Preference Shares and 5,128,206 Series A-2 Warrants.

On the same day, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare hold 18.08%, 1.35% and 4.86% of the total issued share capital of GS Cayman, respectively. Immediately before the Listing, all the Series A-1 Preference Shares held by KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will be converted into ordinary shares of GS Cayman. GS Cayman will repurchase all the ordinary shares of GS Cayman held by KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, in consideration of which, GS Cayman will transfer 106,042,800 Shares, 7,957,200 Shares and 28,500,000 Shares to KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, respectively.

Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options that have been or may be granted under the Share Option Schemes), KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will hold 216,921,134, 16,277,247 and 58,299,595 Shares, respectively, representing approximately 13.56%, 1.02% and 3.64% , respectively, of the issued shares of the Company.

To the best of our Directors' knowledge, information and belief having made all reasonable enquiries, the Pre-IPO Investors have invested in our Company because they appreciate our prospect and growth potential.

Save as the 2009 Reorganization, the 2015 Reorganization and the Pre-IPO Reorganization, to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, the Pre-IPO Investors did not have any past or present relationships (including, without limitation, family, trust, business, employment relationships) or any agreements, arrangements or understanding with our Company, our subsidiaries, Shareholders, Directors or senior management and any of their respective close associates and were Independent Third Parties as of the Latest Practicable Date.

Our Directors and the Sole Sponsor confirm that they consider the Pre-IPO Investment, after the lapse of all special rights relating to Pre-IPO Investment upon the Listing are under normal commercial terms and in compliance with the Guidance Letters HKEx-GL29-12, HKEx-GL44-12 and HKEx-GL43-12 issued by the Stock Exchange, based on the relevant documentation.

Principal Terms of the Pre-IPO Investment

Set out below is a summary of the details for the Pre-IPO Investment mentioned above:

Name of investors	KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare
Type of investments	Injection of US$15,000,000 into GS Cayman
Date of investments	April 15, 2009
Amount of consideration paid	(1) KPCB China Fund — US$11,162,400 (2) KPCB China Founders Fund — US$837,600 (3) TBIG Healthcare — US$3,000,000
Payment date of the consideration	No later than five business days upon satisfaction of the conditions precedents contained in the Pre-IPO Investment Agreement.
Basis of Determination of the Consideration	The determination of the consideration was based on a US$55,000,000 valuation of GS Corp combined with a fully-diluted capitalization of 467,500,000 outstanding shares immediately prior to the closing of the Pre-IPO Investment Agreement. (1) KPCB China Fund — 111,624,000 Series A-1 Preference Shares (2) KPCB China Founders Fund — 8,376,000 Series A-1 Preference Shares (3) TBIG Healthcare — 30,000,000 Series A-1 Preference Shares
Effective acquisition cost per Share *(Note 1)*	(1) KPCB China Fund — HK$0.4 (2) KPCB China Founders Fund — HK$0.4 (3) TBIG Healthcare — HK$0.4

Discount over mid-point of offer price range *(Note 2)*	(1) KPCB China Fund — 82.5% (2) KPCB China Founders Fund — 82.5% (3) TBIG Healthcare — 82.5%
Use of proceeds from the investments	We utilized the proceeds to establish our facilities at Jiangning, Nanjing, PRC, as well as working capital and business expansion and other corporate purposes. As of the Latest Practicable Date, the net proceeds from the Pre-IPO Investment have been fully utilized.
Strategic benefits the Pre-IPO Investors brought to GS Cayman	At the time of the Pre-IPO investment, our Directors were of the view that GS Cayman could benefit from the additional capital, the brand name of the fund houses involved, the expertise in management, industry and corporate governance that would be provided by the Pre-IPO Investors.
Shareholding upon Listing (without taking into account the Shares to be issued pursuant to the Share Option Schemes and the Over-allotment Option)	(1) KPCB China Fund — 216,921,134 Shares, approximately 13.56% (2) KPCB China Founders Fund — 16,277,247 Shares, approximately 1.02% (3) TBIG Healthcare — 58,299,595 Shares, approximately 3.64%
Special rights	(1) Information rights: The Pre-IPO Investors are entitled to copies of the management accounts and financial statements of our Group on a monthly, quarterly, half-yearly and annual basis and other business information as requested. (2) Right of participation/right of first refusal: Each of the Pre-IPO Investors has been granted a right of first refusal by holders of ordinary shares such that those shareholders shall first offer to sell their shares to the Pre-IPO Investors at the same price and on the same terms and conditions to a third party purchaser. (3) Co-sale rights and priority to sell: If the Pre-IPO Investors do not exercise its right of first refusal, they have the right to participate in the sale on substantially the same terms and conditions offered to the third party purchaser provided that the transfer price in such co-sale shall not be lower than the consideration per share paid by the Pre-IPO Investors.

(4) Put right: Each of the Pre-IPO Investors are entitled to sell to the existing shareholder the type and number of ordinary shares equal to the number of shares such Pre-IPO Investor would have been entitled to transfer to the purchaser. In particular, the Pre-IPO Investors have also undertaken that they will not exercise such redemption rights prior to the Listing. The put right can only be exercised by the Pre-IPO Investors if the Listing does not take place.

(5) KPCB board seat: Each key party shall procure that the Pre-IPO Investors, voting as a separate class on an as-converted basis, shall, be entitled to designate and elect two directors, both of whom shall be designated by KPCB.

(6) Veto rights:

(a) Certain corporate actions of GS Cayman require the approval of the holder(s) of at least a majority of the issued Series A-1 Preference Shares. Other than certain exceptions, are such actions include, among others:

— any payment of dividend, interim or final capitalization of reserves or any other distribution of profits among shareholders;

— any merger, reorganization, initial public offering, spin-off or consolidation concerning any of GS Cayman or its subsidiaries or any sale of all or any portion of the equity, assets, goodwill or undertaking of any of GS Cayman or its subsidiaries; and

— any amendment of any charter document of any of GS Cayman or its subsidiaries.

(b) Certain corporate actions of GS Cayman require the approval of at least three-fifths of the members of the board of directors of GS Cayman, including at least one of the directors appointed by KPCB China Fund and KPCB China Founders Fund (holder of at least a majority of the Series A-1 Preference Shares). Other than certain exceptions, such actions include, among others:

— adoption or amendment of memorandum and articles of association of GS Cayman, or any similar organization document of any subsidiary of GS Cayman; and

— any increase or decrease of the share capital of GS Cayman or any purchase or redemption of any securities of the subsidiaries of GS Cayman.

(7) Board observer rights: Each Series A Preference Shares holder has the right to appoint an observer to the board of directors of GS Cayman to attend board or committee meetings in a non-voting observer capacity.

(8) Redemption rights: Each Series A Preference Shares holder has the option to redeem all or a portion of the Series A Preference Shares in the event that at any time after January 31, 2013 the consummation of a liquidity event does not occur on or prior to such date. The redemption price shall be 130% of the applicable Series A Preference Shares original issue price (adjusted for any share splits, share dividends, combinations, recapitalizations and similar transactions), plus 8% interest compounded annually from the applicable original issue date and plus all accrued and unpaid dividends. In particular, the Pre-IPO Investors have also undertaken that they will not exercise such put option right prior to the Listing. The redemption right can only be exercised by the Pre-IPO Investors if the Listing does not take place.

All the above special rights relating to the Pre-IPO Investment, as provided in the original articles and the investors' rights agreement dated April 15, 2009, will be automatically discontinued upon the Listing. The Pre-IPO Investors have also undertaken that they will not exercise any of the above special rights prior to the Listing.

Conversion

Immediately before the closing of the Listing, all the Series A-1 Preference Shares held by KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will be converted into fully paid, non-assessable ordinary shares of GS Cayman of par value US$0.0001 each by way of redemption and cancelation of Series A–1 Preference Shares and allotment and issuance of new issued fully-paid ordinary shares of GS Cayman.

Lock-up	Each Series A Preference Shares holder agrees to enter into a lockup or standoff agreement for a period up to 180 days. Pursuant to the Pre-IPO Investment Agreement, the Series A Preference Shares holders entered into a lockup agreement pursuant to which they have agreed not to sell, transfer or dispose their respective Shares for up to 180 days upon the Listing.
Public float	The Shares held by TBIG Healthcare is considered as part of the public float for the purpose of Rule 8.08 of the Listing Rules.

The Pre-IPO Investment has no impact on the combined financial statements of our Group as the Pre-IPO Investors invested in GS Cayman instead of our Company.

Notes:

1. This column is prepared for illustration purpose only assuming that the Global Offering and the Capitalization Issue is completed, but without taking into account any Shares which maybe issued upon the exercise of the Over-allotment Option and any options which have been or may be granted under the Share Option Schemes.

2. This column is prepared for illustration purpose only assuming that the Offer Price is HK$1.50 per Offer Share (being the mid-point of the Offer Price range between HK$1.31 and HK$1.68 per Offer Share).

Information regarding TBIG Healthcare, KPCB China Fund, KPCB China Founders Fund

TBIG Healthcare

TBIG Healthcare is an investment vehicle co-owned by Shipston Group Limited ("SGL") and The Balloch Investment Group Limited, which are both Independent Third Parties. SGL is an international private equity investment firm with experiences in both developed and emerging markets. The Balloch Investment Group Limited ("TBIG") was established in 2003 by Mr. Howard Balloch. As TBIG Healthcare will not collectively hold more than 10% of the total issued share capital of our Company immediately following the Global Offering, TBIG Healthcare will not be Substantial Shareholder of our Company upon Listing and hence will not be connected person of our Company.

KPCB China Fund and KPCB China Founders Fund

KPCB China Fund and KPCB China Founders Fund are exempted limited partnerships established under the laws of Cayman Islands and are venture capital funds. The beneficial owners of KPCB China Fund include 50 limited partners and KPCB China Founders Fund include 11 limited partners, which are all Independent Third Parties. The general partner of KPCB China Fund and KPCB China Founders Fund is KPCB China Associates, Ltd., which is a Cayman Islands exempted company. The voting and investment power of shares held by KPCB China Fund and KPCB China Founders Fund is exercised by the board of KPCB China Associates, Ltd. ("KPCB China"), which consists of Tina Linchi Ju, Theodore Schlein, Brook Byers, L. John Doerr, Raymon Lane and Joseph Lacob. As KPCB China Fund and KPCB China Founders Fund will collectively hold more than 10% of the total issued share capital of our Company immediately following the Global Offering, they will be Substantial Shareholders of our Company upon Listing and hence will be connected persons of our Company.

KPCB China Fund and KPCB China Founders Fund are set up by KPCB China, an affiliate of the venture capital firm Kleiner Perkins Caufield & Byers. KPCB China's investment advisory team focuses

on identifying and promoting innovation and supporting entrepreneurs and portfolio companies for long-term, sustained growth and success. KPCB China's investment advisory team was founded in 2007 with the goal of building a dialog between outstanding entrepreneurs and investors in the PRC.

2015 REORGANIZATION

We reorganized our corporate structure in preparation for and in connection with the Listing and the Global Offering. Following the 2015 Reorganization, our Company became the holding company of our Group. The steps of the 2015 Reorganization are set out below.

(1) Incorporation of our Company

Our Company, incorporated in the Cayman Islands with limited liability on May 21, 2015, will act as the ultimate holding company of our Group upon Listing and application has been made for registration of our Company as a non-Hong Kong company under Part 16 of the Companies Ordinance. On its incorporation, its authorized share capital was US$50,000 divided into 50,000,000 Shares of par value of US$0.001 each.

On May 21, 2015, one share at par value of US$0.001 was allotted and issued fully-paid as subscriber's Share to Reid Services Limited, an Independent Third Party, which in turn transferred such one Share to GS Cayman at par. On the same date, 49,999,999 Shares were allotted and issued to GS Cayman credited as fully-paid.

On June 8, 2015, the authorized share capital of our Company was increased from US$50,000, divided into 50,000,000 ordinary shares of par value US$0.001 each, to US$5,000,000 divided into 5,000,000,000 ordinary shares of par value US$0.001 each, by the creation of 4,950,000,000 ordinary shares of par value US$0.001 each.

For details of changes in the share capital of our Company, please see the section headed "Statutory and General Information — 1. Further Information about Our Company — (ii) Changes in Share Capital of our Company" in Appendix V of this prospectus.

(2) Incorporation of BSJ Cayman, BSJ BVI, BSJ US and BSJ HK

BSJ Cayman

On May 27, 2015, BSJ Cayman was incorporated in the Cayman Islands with limited liability with an authorized share capital of US$50,000 divided into 50,000,000 ordinary shares of par value US$0.001 each. On May 27, 2015, one ordinary share of par value US$0.001 was allotted and issued fully-paid as subscriber's share to Reid Services Limited, an Independent Third Party, which in turn transferred such one share to our Company at par. On the same date, 49,999,999 shares of BSJ Cayman were allotted and issued to our Company credited as fully-paid. BSJ Cayman is an investment holding company. Upon completion of the 2015 Reorganization, BSJ Cayman remains a wholly owned subsidiary of our Company.

BSJ BVI

BSJ BVI was incorporated in the BVI as a company limited by shares on June 1, 2015 and is authorized to issue a maximum of 10,000,000 shares of a single class with a par value of US$0.001 each.

On the same date, 10,000,000 ordinary shares of par value US$0.001 each of BSJ BVI (representing the then entire issued shares of BSJ BVI) were allotted and issued to BSJ Cayman at par. BSJ BVI is an investment holding company. Upon completion of the 2015 Reorganization, BSJ BVI remains a wholly owned subsidiary of BSJ Cayman.

BSJ US

BSJ US was incorporated on June 2, 2015 under the laws of the State of New Jersey of the United States with 100 shares of common stock with no par value being held by BSJ Cayman. BSJ US is intended to be engaged in the biotechnology business. Upon completion of the 2015 Reorganization, BSJ US remains a wholly owned subsidiary of BSJ Cayman. As of the Latest Practicable Date, BSJ US has no business operations.

BSJ HK

BSJ HK was incorporated in Hong Kong with limited liability on June 3, 2015 with one issued share issued to the subscriber, GRL15 Limited, an Independent Third Party. On the same date, the one share held by GRL15 Limited (representing the then entire issued shares of BSJ HK) was transferred to BSJ BVI at the nominal consideration of HK$1.00. BSJ HK is an investment holding company. Upon completion of the 2015 Reorganization, BSJ HK remains a wholly owned subsidiary of BSJ BVI.

(3) Transfer of the Entire Equity Interests in BSJ Nanjing and Increase in Registered Capital of BSJ Nanjing

On June 12, 2015, BSJ HK entered into an equity transfer agreement with GS HK, pursuant to which GS HK agreed to transfer the entire equity interests in BSJ Nanjing to BSJ HK at a consideration of US$2,450,636.58, which was based on the appraised net assets of BSJ Nanjing as of March 31, 2015.

In November 2015, the registered capital of BSJ Nanjing was increased to US$14,000,000 by BSJ HK. The increase in registered capital of BSJ Nanjing was for the expansion of its production capacity.

(4) Incorporation of Legend Cayman, Legend BVI and Legend HK

Legend Cayman

On May 27, 2015, Legend Cayman was incorporated in the Cayman Islands with limited liability, with an authorized share capital of US$50,000 divided into 50,000,000 ordinary shares of par value US$0.001 each. On May 27, 2015, one ordinary share of par value US$0.001 was allotted and issued fully-paid as subscriber's shares to Reid Services Limited, an Independent Third Party, which in turn transferred such one share to our Company at par. On the same date, 49,999,999 shares of Legend Cayman were allotted and issued to our Company credited as fully-paid. Legend Cayman is an investment holding company. Upon completion of the 2015 Reorganization, Legend Cayman remains a wholly owned subsidiary of our Company.

Legend BVI

Legend BVI was incorporated in the BVI as a company limited by shares on June 2, 2015 and is authorized to issue a maximum of 10,000,000 shares of a single class with a par value of US$0.001 each.

On the same date, 10,000,000 ordinary shares of par value US$0.001 each of Legend BVI (representing the then entire issued shares of Legend BVI) were allotted and issued to Legend Cayman at par at incorporation. Legend BVI is an investment holding company. Upon completion of the 2015 Reorganization, Legend BVI remains a wholly owned subsidiary of Legend Cayman.

Legend HK

Legend HK was incorporated in Hong Kong with limited liability on June 3, 2015 with one issued share issued to the subscriber, GRL15 Limited, an Independent Third Party. On the same date, the one share held by GRL15 Limited (representing the then entire issued shares of Legend HK) was transferred to Legend BVI at the nominal consideration of HK$1.00. Legend HK is an investment holding company. Upon completion of the 2015 Reorganization, Legend HK remains a wholly owned subsidiary of Legend BVI.

(5) Transfer of the Entire Equity Interests in Legend Nanjing and Increase in Registered Capital of Legend Nanjing

On June 12, 2015, GS HK entered into an equity transfer agreement with Legend HK, pursuant to which GS HK agreed to transfer the entire equity interests in Legend Nanjing to Legend HK at a consideration of US$500,000, which was determined based on the registered capital of Legend Nanjing.

In November 2015, the registered capital of Legend Nanjing was increased to US$2,500,000 by Legend HK. The increase in registered capital of Legend Nanjing was for the expansion of its production capacity.

(6) Incorporation of GS BVI and Transfer of Shares of GS HK

GS BVI was incorporated in the BVI as a company limited by shares on May 27, 2015 and is authorized to issue a maximum of 10,000,000 shares of a single class with a par value of US$0.001 each. On the same date, 10,000,000 ordinary shares of par value US$0.001 each of GS BVI (representing the then entire issued shares of GS BVI) were allotted and issued to our Company at par. GS BVI is an investment holding company.

On July 23, 2015, GS Cayman transferred 155,000 shares of GS HK, representing the then entire issued shares of GS HK to GS BVI, and in consideration of which our Company allotted and issued 245,170,001 Shares, credited as fully paid, to GS Cayman. Upon the completion of such transfer, the entire issued shares of GS HK was owned by GS BVI.

(7) Transfer of Shares of GS USA

On June 8, 2015, pursuant to the 2015 Reorganization, GS Cayman transferred all the issued and outstanding shares of common stock of GS USA, representing the then entire issued share capital of GS USA, to our Company, and in consideration of which our Company allotted and issued 313,749,999 Shares, credited as fully paid, to GS Cayman. Upon the completion of such transfer, the entire issued and outstanding shares of common stock of GS USA was held by our Company, and GS USA became our wholly owned subsidaries.

(8) Cancelation of Share Option Schemes of GS Cayman and Establishment of Pre-IPO Share Option Scheme of our Company

On 15 July 2015, the Company approved the Pre-IPO Share Option Scheme for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Our Company has granted share options to subscribe for 155,538,420 Shares under the Pre-IPO Share Option Scheme. Immediately after the approval, the Group canceled the options granted under the 2009 and 2012 share option schemes of GS Cayman and replaced them with the new options granted by the Company with same conditions including exercise prices and vesting periods. This was treated as modification to the GS Cayman options granted with incremental fair value being recognized over the vesting period of the replacement options granted by the Company. For details, please refer to "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V to this prospectus.

(9) Deregistration of Nanjing Jinsida

Nanjing Jinsida was deregistered on June 8, 2015, as the development of Nanjing Jinsida was inhibited because the project that Nanjing Jinsida was conducting did not achieve the originally anticipated results and Nanjing Jinsida considered the project to be not commercially viable. As of the date of deregistration of Nanjing Jinsida, there was no litigation, investigation or claim against Nanjing Jinsida.

(10) Capital Contribution by GS Cayman

On July 31, 2015, GS Cayman made a capital contribution to our Company in consideration of which, the allotment and issue of 8,580,000 Shares, credited as fully paid, to GS Cayman.

Our Group has obtained all relevant approvals necessary to effectuate the 2015 Reorganization from the relevant government authorities. As advised by our PRC legal advisor, Fangda Partners, the onshore reorganization described under the subsections headed "— 2015 Reorganization — (3) Transfer of the Entire Equity Interests in BSJ Nanjing and Increase in Registered Capital of BSJ Nanjing" and "— 2015 Reorganization — (5) Transfer of the Entire Equity Interests in Legend Nanjing and Increase in Registered Capital of Legend Nanjing" of this prospectus respectively, complies with the relevant PRC laws and regulations.

GROUP STRUCTURE AFTER 2015 REORGANIZATION AND BEFORE PRE-IPO REORGANIZATION

The shareholding structure of our Group immediately after completion of the 2015 Reorganization but before the Pre-IPO Reorganization was as follows:

Note:

(1) Share options to subscribe for 155,538,420 shares of GS Cayman have been granted under the share option schemes of GS Cayman which were adopted in 2009 and 2012. The share options granted under GS Cayman were canceled upon the adoption of our Company's Pre-IPO Share Option Scheme on July 15, 2015. Our Company has granted share options to subscribe for 155,538,420 Shares under our Company's Pre-IPO Share Option Scheme on July 15, 2015. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, in aggregate accounting for approximately 15.89% of issued Shares immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options that have been or may be granted under the Post-IPO Share Option Scheme). The principal terms and details of the Pre-IPO Share Option Scheme are summarized in the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V of this prospectus.

PRE-IPO REORGANIZATION

In accordance with the Pre-IPO Reorganization Agreement, immediately before the Listing, our Company will conduct the following Pre-IPO Reorganization:

(1) Repurchase, allotment and subscription of Shares by GS Cayman

GS Cayman will subscribe for 586,625,000 newly issued ordinary Shares, credited as fully paid, at a cash consideration of US$617,500. The Company will then repurchase for cancelation from GS Cayman 617,500,000 ordinary Shares at a cash consideration of US$617,500, being the proceeds mentioned herein. Immediately after such subscription and the repurchase, the total issued share capital of the Company will become US$586,625, which comprises of 586,625,000 ordinary Shares.

(2) Conversion of Series A-1 Preference Shares into Ordinary Shares

KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare will convert all Series A-1 Preference Shares into ordinary shares of par value US$0.0001 each of GS Cayman by way of redemption and cancelation of Series A–1 Preference Shares and allotment and issuance of newly issued, fully-paid ordinary shares of GS Cayman.

(3) Subscription of one ordinary share of GS Cayman

Mr. Tsui Po, an Independent Third Party, will subscribe for and GS Cayman will allot and issue one ordinary share of GS Cayman of par value US$0.0001, credited as fully-paid at a cash consideration of US$0.0001.

(4) Second Share Repurchase by GS Cayman

GS Cayman will repurchase and cancel all the ordinary shares of GS Cayman which is held by GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare at par value, in consideration of which, GS Cayman shall transfer 444,125,000, 106,042,800, 7,957,200 and 28,500,000 Shares of the Company to GS Corp, KPCB China Fund, KPCB China Founders Fund and TBIG Healthcare, respectively. Upon completion of the subscription and repurchase, Mr. Tsui Po will be the sole shareholder of GS Cayman, holding one ordinary share of par value US$0.0001 of GS Cayman.

The following chart illustrates our corporate structure immediately after the Pre-IPO Reorganization but prior to the completion of the Global Offering:

Note:

(1) Share options to subscribe for 155,538,420 shares of GS Cayman have been granted under the share option schemes of GS Cayman which were adopted in 2009 and 2012. The share options granted under GS Cayman were canceled upon the adoption of our Company's Pre-IPO Share Option Scheme on July 15, 2015. Our Company has granted share options to subscribe for 155,538,420 Shares under our Company's Pre-IPO Share Option Scheme on July 15, 2015. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, in aggregate accounting for approximately 15.89% of issued Shares immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options that have been or may be granted under the Post-IPO Share Option Scheme). The principal terms and details of the Pre-IPO Share Option Scheme are summarized in the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V of this prospectus.

GROUP STRUCTURE AFTER PRE-IPO REORGANIZATION AND UPON LISTING

The shareholding structure of our Group immediately after the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options that have been or may be granted under the Share Option Schemes) will be as follows:

Note:

(1) The Pre-IPO Share Options to subscribe for 155,538,420 Shares have been granted under the Pre-IPO Share Option Scheme on July 15, 2015. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, representing approximately 15.89% of the total issued Share capital of our Company upon completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme), representing all of the options allowed to be issued under the Pre-IPO Share Option Scheme. If the Pre-IPO Share Options are exercised in full, the shareholding of our Company is approximately 47.76% for GS Corp, approximately 11.40% for KPCB China Fund, approximately 0.86% for KPCB China Founders Fund, approximately 3.06% for TBIG Healthcare, 21.03% for public shareholders and approximately 15.89% for Pre-IPO Share Option holders. The share options granted under GS Cayman will be canceled pursuant to the adoption of the Pre-IPO Share Option Scheme on July 15, 2015 as part of the 2015 Reorganization. The principal terms and details of the Pre-IPO Share Option Scheme are summarized in the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" in Appendix V of this prospectus.

PRC REGULATORY REQUIREMENTS

SAFE Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, the "SAFE Circular 37") on July 4, 2014, which replaced the former circular commonly known as ''SAFE Circular 75'' promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a ''special purpose vehicle''. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. In addition, SAFE Circular 37 also allows PRC residents who failed to fulfill the required initial SAFE registration before July 4, 2014 to apply for the remedial registration with the relevant local branches of SAFE.

On February 13, 2015, SAFE released the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment(《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》, the "SAFE Circular 13"), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37, while the application for remedial registration shall still be submitted to, examined and handled by the relevant local branches of SAFE. However, since the notice was newly adopted, there exist high uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

As various companies within our Group are incorporated outside the PRC and three of our Group's ultimate shareholders, namely Dr. Zhang, Ms. Wang and Mr. Mu, are PRC citizens, they have registered with the local branch of SAFE in 2015 pursuant to SAFE Circular 37 and SAFE Circular 13. Ms. Wu and Dr. Wang, being the other two ultimate shareholders of our Group, are not PRC citizens or overseas individuals who do not hold any PRC identity documents but have habitual residences in the PRC due to the relationship of economic interests, thus they are not required to make registration under SAFE Circular 37 or SAFE Circular 13.

M&A Rules

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the China Securities Regulatory Commission (the "CSRC"), promulgated the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者並購境內企業的規定》)

(the "M&A Rules"), a regulation with respect to the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and revised on June 22, 2009. The M&A Rules, among other things, purport to require that an offshore special purpose vehicle, or a SPV, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such SPV's securities on an overseas stock exchange, especially in the event that the SPV acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

The application of the M&A Rules remains unclear. Based on the understanding on the current PRC laws and regulations and the M&A Rules of our PRC legal advisor, Fangda Partners, prior approval from the CSRC is not required under the M&A Rules for our listing on the Stock Exchange because we did not acquire any equity interest or assets of "a PRC domestic company" as such term is defined under the M&A Rules. However, as advised by our PRC legal advisor, Fangda Partners, as there has been no official interpretation or clarification of the M&A Rules, there is uncertainty as to how this regulation will be interpreted or implemented.

Considering the uncertainties that exist with respect to the issuance of new laws, regulations or interpretation and implementing rules, the opinion of Fangda Partners, summarized above, is subject to change. If the CSRC or another PRC regulatory agency subsequently determines that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. For details, please see the section headed "Risk Factors — Risks Relating to Countries in Which We Operate — Any requirement to obtain prior approval under the M&A Rules (as defined above) and/or any other regulations promulgated by relevant PRC regulatory agencies in the future could delay this offering and failure to obtain any such approvals, if required, could have a material adverse effect on our business, operating results and reputation as well as the trading price of our Shares, and could also create uncertainties for this offering" of this prospectus.

OVERVIEW

We are a well-recognized life sciences research and application service and product provider with comprehensive portfolio coverage in the world, according to the Frost & Sullivan Report. We ranked first in the global gene synthesis service market and ranked third in the global DNA synthesis service market in terms of revenue in 2014, with market share of 25.6% and 10.6%, respectively, according to the Frost & Sullivan Report. The gene synthesis service market is a subset of the global DNA synthesis service market. As gene synthesis is one of the fundamental techniques in synthetic biology and being a global leader in gene synthesis, we have strong technological advantages in the discipline of synthetic biology, and have successfully developed a number of products and services by applying synthetic biology technologies. According to the Frost & Sullivan Report, we are a well-recognized and trusted provider of synthetic biology research and application services and products with a broad portfolio coverage. Our services and products are primarily used by scientists and researchers for conducting fundamental life sciences research, translational biomedical research, and early stage pharmaceutical development. Our synthetic biology products are also used by industry users of industrial enzymes, such as those in the food industry.

Originally founded in New Jersey in the United States in 2002, we have established an extensive direct sales network, reaching over 100 countries in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan), and Japan. As of June 30, 2015, we had established a highly diversified customer base, including over 3,100 pharmaceutical and biotech companies, 1,980 colleges and universities, 680 research institutes, 60 government bodies (including government testing and diagnostic centers), and 30 distributors. For the period ended June 30, 2015, our sales to such categories of customers generated approximately 57.9%, 25.7%, 13.1%, 1.6% and 1.7% of our total revenue, respectively. Over the 13 years of our service, we believe that we have engendered customers' trust and confidence in our Company. As of June 30, 2015, over 14,500 international peer-reviewed journal articles had cited the use of our life sciences research and application services and products, making our Company a frequently cited life sciences research and application service and product provider. These citations also indicated that many users of our services and products are leading scientists and researchers in the life sciences research industries, according to the Frost & Sullivan Report.

We attribute our success to our technological advantages and application experience in the discipline of synthetic biology, and our strong research and development capabilities accumulated over the years. Our competitive advantages are based on the broad and integrated life sciences research and application service and product portfolio of four segments. Under the first three segments, we provide our customers with efficient and cost-effective solutions designed to shorten their discovery and development time in various life sciences research and development activities and preclinical drug development processes. The fourth segment is a new segment growing from the leverage over our technical expertise and experience in gene synthesis and synthetic biology.

(i) *Life sciences research services*: This segment provides comprehensive research services in six key categories, namely, gene synthesis, oligonucleotide synthesis, DNA sequencing, protein production, peptide synthesis, and antibody development. These services and associated products are widely used and are fundamental to life sciences research and application, such as basic biology studies, disease and pharmaceutical research, drug discovery, agriculture, environmental studies, and food industry. For the six months ended June 30, 2015, we generated approximately US$36.8 million, representing approximately 89.6% of our total revenue for that period, under this segment.

(ii) *Life sciences research catalog products*: This segment provides pre-packaged, ready-to-use, and off-the-shelf products such as antibodies, recombinant proteins, reagent products, and small equipment for protein expression and analysis. Examples of products offered by this segment include but are not limited to, cytokines and antibodies, precast protein separation gels, affinity purification resins, desktop instruments for protein staining and protein transfer, and PCR cloning kits. For the six months ended June 30, 2015, we generated approximately US$1.2 million, representing approximately 2.9% of our total revenue for that period, under this segment.

(iii) *Preclinical drug development services*: This segment provides integrated contract research services in three key categories, namely, antibody and protein engineering, *in vitro* pharmacology service, and *in vivo* pharmacology service. These services are applied in disease studies and drug discovery processes. Our service portfolio in this segment enables us to develop new protein and antibody drugs from the initial target validation to drug candidate engineering and optimization, and all the way to preclinical animal model studies. For the six months ended June 30, 2015, we generated approximately US$2.6 million, representing approximately 6.4% of our total revenue for that period, under this segment.

(iv) *Industrial synthetic biology products*: This new segment grows from the leverage over our technical expertise and experience in gene synthesis and synthetic biology. Our technical experience in gene synthesis facilitates the construction of non-pathogenic microbial strains to produce high-quality industrial enzymes through outsourced suppliers which can be used in a variety of industries, such as the food processing, feed, pharmaceutical, and chemical industries. Our first focus in this segment is industrial enzymes used in the food industry. For the six months ended June 30, 2015, we generated approximately US$0.5 million, representing approximately 1.1% of our total revenue for that period, under this segment.

According to the Frost & Sullivan Report, there are three markets within the global life sciences research service and product market, namely, the global molecular biology service market, the global research-based protein- and antibody-related service and product market, and the global life sciences research reagent market. We provide services and products in each of these markets. All of these markets are closely related to synthetic biology research and application services and products. The global molecular biology service market is primarily involved in the synthesis, analysis and engineering of DNA, the fundamental materials on which synthetic biology is based. The global research-based protein- and antibody-related service and product market is primarily involved with the production of proteins and antibodies, which are another category of subject matter that synthetic biology studies and utilizes. The global life sciences research reagent market provides the research reagents used in synthetic biology research and applications.

Our world leadership in gene synthesis and our technological advantages in the discipline of synthetic biology have become a driving force that benefit the development of each of our business segments. For example, our capability of *de novo* synthesis of DNA molecules encoding novel or optimized proteins has enriched our protein and antibody-related services and products. The contract research services provided by our preclinical drug development service segment also grew from the leverage over our technical expertise and experience in gene synthesis and protein production.

We have made significant investments in developing and protecting our proprietary technologies for the production of our services and products. We have a series of patented or patent-pending proprietary technologies that are frequently used in our research and development of synthetic biology related services and products. Our OptimumGene™ gene design system optimizes gene sequences to achieve increased levels of production in subsequent protein expression using a software system. Our CloneEZ® cloning system provides a quick and efficient DNA cloning system including techniques and reagent kits. Our other self-developed core technologies include (i) protein A variants with desired properties used for antibody purification, (ii) compositions and methods for increasing protein half-life in a serum, which are valuable for biologics drug development, (iii) pullulanase variants with desired properties and the microbial strains that can secrete them, and (iv) methods and devices for rapid electrophoresis, staining, and membrane transferring of proteins. We have entered into certain in-licensing agreements of advanced technologies with international players that we believe would be complementary to or promote our existing business and on the basis of which we have further developed our service and product portfolio.

We believe the global presence of our life sciences research and application services and products is an important differentiating factor that sets us apart from our peers. Since our inception in 2002, we have grown from ground zero in New Jersey in the United States to a well-recognized life sciences research and application service and product provider. Currently, we centrally manage our entire business in Nanjing, China. GS China is our principal research and development base, and also where our major production facility is situated. GS USA is primarily responsible for sales and marketing functions targeting the North and South American markets. We also operate a facility for certain express gene synthesis and DNA sequencing service at GS USA. GS Japan conducts sales and marketing in the Japanese local market. Our Netherlands representative office acts as a communication channel with our customers in Europe.

We acquire market intelligence during the course of providing customer services, and analyze and predict customers' needs and market trends based on the acquired market intelligence. With market intelligence from such world-leading markets as the U.S. and Japan, we strategize our overall research and development plan and carry out specific research and development projects to better serve our customers. For the six months ended June 30, 2015, we had generated approximately US$21.6 million, US$8.4 million, US$6.0 million, US$2.7 million, and US$1.8 million from our sales to customers in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan), and Japan, representing approximately 52.5%, 20.5%, 14.6%, 6.7%, and 4.5% of our total revenue, respectively.

We also attribute our success to our teams of well-trained sales and marketing specialists as well as to our around-the-clock customer and consultation services. As of June 30, 2015, nearly 90% of the members of our U.S. sales and marketing team have attained doctoral or master's degrees in life sciences-related disciplines. They are dedicated to understanding customers' needs and solving their research problems. Furthermore, we have established an interactive online quotation and ordering system. A significant number of our worldwide customers navigate directly to our websites at www.genscript.com and www.bestzyme.com and can place orders for most of our services and products 24 hours a day. For the years ended December 31, 2012, 2013, and 2014, and the six months ended June 30, 2015, the number of purchase orders we had received through our online quotation and ordering system represented approximately 57.0%, 38.0%, 39.0%, and 43.0% of the total number of purchase orders, respectively.

We have made outstanding contributions to life sciences research in both the international academic and commercial fields. In 2012, we were selected as the first pure commercial entity to participate in the Synthetic Yeast Genome Sc2.0 Project initiated and organized by Dr. Jef Boeke, who was then a scientist and professor at Johns Hopkins University School of Medicine. The ultimate goal of this large-scale project was to generate an ideal model organism, and to design a synthetic biological system and be eventually applied for the production of drugs, fuels, and other materials for the well-being of human society. In this project, we successfully completed the synthesis of DNA segments of a total length of 170 kb of a special yeast chromosome arm using our technology platform within three months. The progress of Sc2.0 Project has been reported and published in industry journals and magazines. As a major international collaborative project in synthetic biology, we being selected as the first pure commercial entity to participate is an example of our recognition and trusted position in the field of synthetic biology.

We also value corporate social responsibilities. Recognizing the security concerns associated with synthetic DNA, we implement self-regulation initiatives and play an active role in preventing the misuse of gene synthesis technology and in safeguarding biosecurity. In 2009, we cofounded the International Gene Synthesis Consortium ("IGSC") with four other major global gene synthesis providers. IGSC-member companies screen synthetic gene orders to identify pathogenic sequences and other potentially dangerous sequences. By screening the sequences of ordered genes, we and the other IGSC-member companies aim to ensure the proper utility of and to prevent the misuse of the gene synthesis technology.

We believe our life sciences research and application services and products have significant growth potential. According to the Frost & Sullivan Report, the spending on research and development worldwide has indicated an increasing general trend, led by the United States, which was estimated to have spent approximately US$410.9 billion on domestic research and development in 2014. The PRC has also shown a significant increase in research and development spending in recent years. This trend is expected to lead to a direct increase in demand for life sciences research and application services and products. Among others, the growing demand for revolutionizing therapies for major diseases is a key growth driver. As population ages and life expectancy increases, there is a rising demand for therapies for major diseases dominant in senior population such as cancers and diabetes. Life sciences research and application services and products can help identify new practicable therapies. Please see the section headed "Industry Overview" for a detailed discussion on the growth drivers of the life sciences research and application service and product industry beginning on page 95 of the prospectus.

Our revenue increased from US$53.0 million for the year ended December 31, 2012 to US$60.1 million for the year ended December 31, 2013, and further to US$70.0 million for the year ended December 31, 2014, representing a 2012-2014 CAGR of 14.9%. Our revenue increased by US$7.6 million, or 22.7%, from US$33.5 million for the six months ended June 30, 2014 to US$41.1 million for the six months ended June 30, 2015. Please see the section headed "Financial Information — Description of Certain Combined Income Statement Items — Revenue" for a discussion on our revenue growth, beginning on page 295 of this prospectus.

OUR COMPETITIVE STRENGTHS

We provide differentiated life sciences research and application services and products to our customers based on our key competitive strengths set forth below:

We have achieved world market leadership in the global gene synthesis service market with recognized stature in synthetic biology, and we offer a broad and integrated life sciences research and application service and product portfolio.

We ranked first in the global gene synthesis service market and ranked third in the global DNA synthesis service market in terms of revenue in 2014 with market share of 25.6% and 10.6%, respectively, according to the Frost & Sullivan Report. The gene synthesis service market is a subset of the global DNA synthesis service market. Our global leadership in gene synthesis puts us in a favorable position to develop and offer synthetic biology services and products. In 2012, we were selected as the first pure commercial entity to participate in the Synthetic Yeast Genome Sc2.0 Project initiated and organized by Dr. Jef Boeke, who was then a scientist and professor at Johns Hopkins University School of Medicine. The ultimate goal of this large-scale project was to generate an ideal model organism, and to design a synthetic biological system to be eventually applied for the production of drugs, fuels, and other materials for the well-being of human society. In this project, we successfully completed the synthesis of DNA segments of a total length of 170 kb of a special yeast chromosome arm using our technology platform within three months. The progress of Sc2.0 project has been reported and published in industry journals and magazines. As a major international collaborative project in synthetic biology, we being selected as the first pure commercial entity to participate is an example of our recognition and trusted position in the field of synthetic biology.

Our broad and integrated life sciences research and application service and product portfolio allows us to address the needs of scientists and researchers from pharmaceutical and biotech companies, colleges and universities, research institutes, and government bodies (including government testing and diagnostic centers). For the six months ended June 30, 2015, our sales to such categories of customers generated approximately 57.9%, 25.7%, 13.1% and 1.6% of our total revenue, respectively. Under our three principal segments, namely, life sciences research services, life sciences research catalog products, and preclinical drug development services, we provide our customers with access to a comprehensive portfolio of over 4,000 services and products with a range of applications, additional complexity, and sophistication tailored for each customer's order as of June 30, 2015. Our full suite of services and products facilitates the performance of a wide range of life sciences related research workflows, in areas such as disease studies, drug discovery, agricultural and environmental research.

Our proven research and development competency enhances our ability to expand our addressable market and gain market share leading to incremental net sales and profits. We have recently expanded our product offerings to address the needs of the industrial enzymes market by launching our industrial synthetic biology product segment. This segment grew from the application and leverage over our technical expertise and experience from our principal business segments. Our technical expertise in gene synthesis facilitates the construction of non-pathogenic microbial strains which are used to produce high-quality industrial enzymes. Our current products under this segment can be directly utilized by industrial companies in the food industry in their production. We believe our growing life sciences research and application service and product portfolio integrates us with our customers' critical research and industrial processes and further differentiates our value proposition from that of our competitors.

We are a well-known and trusted brand underpinned by our high quality life sciences research and application services and products.

GenScript is a well-recognized and trusted brand in the life sciences industry in the world. As of June 30, 2015, we had over 2,510, 1,760, 430, 620, and 370 customers in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan), and Japan, respectively, reaching over 100 countries. Many users of our services and products are well-known scientists and researchers in industry as well as in the academia. During each of the years ended December 31, 2012, 2013, 2014 and the six months ended June 30, 2015, we had offered our services and products to 19 of the top 20 pharmaceutical companies in terms of revenue in the world, according to the Frost & Sullivan Report.

We believe that our broad, integrated, and quality service and product portfolio and around-the-clock customer and consultation services have engendered customers' trust and confidence in our Company. As a landmark example of our achievements in better serving the needs of scientists and researchers from universities, we have been listed as a preferred contract supplier of life sciences products by a top university in Pennsylvania, United States, since 2010. As of June 30, 2015, over 14,500 international peer-reviewed journal articles had cited the use of our life sciences research and application services and products, making our Company a frequently cited life sciences research and application service and product provider in the world. These citations also indicated that many users of our services and products are leading scientists and researchers in the life sciences research industries, according to the Frost & Sullivan Report. In 2014, we won the CRO Leadership Awards awarded by *Life Sciences Leader* magazine in four categories: quality, productivity, innovation, and reliability. The awards were based on a survey of 10,000 pharmaceutical and biopharmaceutical executives measuring their perception of service suppliers based on services rendered. The customers surveyed selected our Company as among the leaders that ensure a high level of customer satisfaction. We believe that our trusted brand will continue to drive our business forward.

We maintain a strong sales and marketing team and operate an interactive online quotation and ordering platform to support our global sales.

We attribute our success to our teams of well-trained sales and marketing specialists, as well as around-the-clock customer and consultation services. As of June 30, 2015, nearly 90% of the members of our U.S. sales and marketing team have attained doctoral or master's degrees in life sciences-related disciplines. They are dedicated to understanding customers' needs and solving their research problems. On top of our strong sales and marketing team on the ground in the United States and the PRC, we have established an interactive online quotation and ordering system to maintain and expand our international market reach. A significant number of our customers navigate directly to our websites at www.genscript.com and www.bestzyme.com to browse online information about most of our services and products. To cater to the diverse and varying needs of customers, our system allows for specification and customization of each order through the option to choose features and components from an online menu. Our platform outlines almost all possible scenarios and allows standardization of our communication with clients to avoid mistakes. It also provides customers with fast quotation results. Our personal consultation service runs parallel to our online ordering system. We employ Ph.D.-level and master level technical account managers on shifts to understand customers' needs and help to solve their research problems around-the-clock.

We believe that our interactive online ordering system facilitates information and data transfer between customers and us to complete e-commerce with efficiency. Our information system allows

customers to trace information on order specifics, such as delivery status. The development of our IT platform has minimized our reliance on third-party commercial software, reduced our operating costs, and given us the flexibility to innovate and rapidly scale up our business. Owing to our stringent security management of commerce and data protection, we have gained a high degree of customer confidence in the measures taken by our Company. For the years ended December 31, 2012, 2013, and 2014, and the six months ended June 30, 2015, the number of purchase orders we had received through our online quotation and ordering system represented approximately 57.0%, 38.0%, 39.0%, and 43.0% of the total number of purchase orders, respectively.

We possess strong research and development capabilities, with a proven track record and a robust service and product pipeline.

Our research and development competency has successfully enabled us to attain our leading market position in gene synthesis. We are committed to understanding and anticipating market demand, improving our existing portfolio based on customers' specifications, and developing new life sciences research and application services and products. Each of our four business segments has its own research and development team. Together, our facility and laboratories housed over 120 research and development staff as of June 30, 2015. Over 13.0% of our research and development staff possesses doctoral degrees in life sciences-related disciplines.

Through our in-house research and development efforts, we have successfully developed life sciences research and application services and products into commercial production. We have launched and upgraded many services, such as Monoexpress™ antibody production and GenPlus™ gene synthesis services. Our products also include eStain® protein staining related products, eBlot® protein transfer related products, ExpressPlus PAGE gel, Monoaffinity Protein A resins, antibodies, and cytokines. We continue to seek to enhance the performance of our services and products and to develop our portfolio to meet customer demands. As of June 30, 2015, examples of our active research and development projects included (i) microbial knock-out and knock-in technology development, (ii) next-generation high-throughput gene synthesis technology development, and (iii) industrial microbial strain generation and process development. Please see the section headed "Business — Research and Development — Research and Development Pipeline Projects" on page 223 of this prospectus for details.

We have made significant investments in proprietary technologies in order to support our growing life sciences research and application service and product portfolio. Our substantial investment in research and development has resulted in self-developed technologies, proprietary technical know-how, and new service and product lines. Our OptimumGene™ gene design system optimizes gene sequences to achieve increased levels of production in subsequent protein expression using a software system. Our CloneEZ® cloning system provides a quick and efficient DNA cloning system including techniques and reagent kits. Our other self-developed core technologies include (i) protein A variants with desired properties used for antibody purification, (ii) compositions and methods for increasing protein half-life in a serum, which are valuable for biologics drug development, (iii) pullulanase variants with desired properties and the microbial strains that can secrete them, and (iv) methods and devices for rapid staining, and membrane transferring of proteins. We have entered into certain in-licensing agreements of advanced technologies with international players that we believe would be complementary to or promote our existing business and on the basis of which we have further developed our service and product portfolio.

Our research and development efforts have also translated into a growing intellectual property portfolio. As of the Latest Practicable Date, we had registered a total of 19 patents and had submitted 9

patent applications that are material to our business in the United States and the PRC. Our key patents include patents in gene synthesis and synthetic biology, patents in drug development, and patents directed to our key products. In particular, in gene synthesis and synthetic biology areas, we have obtained U.S. patents directed to improvements in gene sequence optimization methods, optimized signal peptide coding sequences for enhanced expression and secretion of protein, and methods and compositions for sequence-independent DNA cloning, and we have also filed Chinese patent applications directed to a series of protein A mutants and methods of improving the expression of glucoamylase. In the drug development area, we have filed Chinese patent applications directed to methods of generating humanized antibodies or antigen-binding fragments and monoclonal antibody mutants and their applications. We have also obtained U.S. and Chinese patents directed to some of our catalog products. Please see the section headed "Statutory and General Information — 6. Further Information about our Business — B. Our Intellectual Property Rights" in Appendix V to this prospectus on page V-12 for details.

Our research and development expenses were approximately US$5.5 million, US$6.1 million, US$5.6 million, and US$2.4 million for the three years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, representing 10.4%, 10.1%, 8.0%, and 5.9% of our revenue, respectively. In the next five years, we intend to maintain levels of investment in research and development similar to those during the Track Record Period in exploring and developing new services and products to keep abreast of the new directions of the life sciences research and application service and product industries. We intend to continue to leverage our technology and research and development capabilities to broaden our life sciences research and application service and product portfolio as well as to develop novel and enhanced production technologies.

We have an experienced and professional management team supported by a strong talent base.

Our management team's clear vision and long-term commitment to facilitating life sciences research have been central to our successful track record. Our management team has been remarkably stable. We were jointly founded by Dr. Zhang, Dr. Wang, and Ms. Wang. They currently serve as our chief executive officer, non-executive Director, and chief operating officer, respectively. They have built our business organically from one business segment to four business segments in approximately 10 years. Dr. Zhang worked as an associate principal scientist at Schering-Plough from 1995 to 2002. He obtained a Doctor of Philosophy degree from Duke University in 1995. Dr. Wang was a senior principal scientist at Schering-Plough Research Institute from 1996 to 2003. He obtained a Doctor of Philosophy degree from Rutgers University in the United States in 1996. Ms. Wang was an environmental monitoring engineer at the Shenzhen Futian Environmental Protection Surveillance Station* (深圳市福田區環境保護監測站) from July 1993 to July 2000. She obtained a Master of Science degree from Wuhan University* (武漢大學) in August 1990. One of our executive directors, Mr. Meng, has over 25 years of experience in finance and accounting. He obtained his Bachelor of Engineering degree from Changsha Communications Institute* (長沙交通學院) (currently known as Changsha University of Science Technology* (長沙理工大學)) in July 1990. Our management team has led us in reaching a clear domestic and international leadership position in the global gene synthesis and DNA synthesis markets within the life sciences research and application service and product industries, with a proven track record of executing development plans, delivering stable revenue growth, and achieving market expansion.

By fostering a culture of technological innovation and business entrepreneurship, we have successfully pooled a strong talent base to support our business operations. As of June 30, 2015, approximately 7.6% of the total number of our employees possesses doctoral degrees in life

sciences-related disciplines. We have implemented a performance appraisal system to ensure that all employees with capabilities and potentials are recognized. We have also been able to attract a group of international experts, including scientists and professor with work experience at world-leading pharmaceutical companies and universities to constitute our advisory board and consultant team. We believe our corporate culture contributes to a highly motivated team with a favorable mix of complementary skills.

OUR STRATEGIES

Our objective is to continue to attain profitable growth, strengthen, and consolidate our leadership position in the life sciences research and application industries. To this end, we intend to implement the following key strategies.

Increase investment in research and development projects to expand our research and application service and product portfolio.

Our global leadership in gene synthesis puts us in a favorable position to develop synthetic biology services and products under our four segments.

(i) *Life sciences research services*: We intend to (a) maintain and extend our leadership position in gene synthesis through increasing our research and development force, developing in-house and in-licensing new technologies, and implementing novel instruments for the faster provision of gene synthesis services, (b) build upon our success in gene synthesis service and provide more diverse synthetic biology services and products, including developing novel genome-editing technology to complement our synthetic biology expertise for genome modification applications, and expanding the applications of synthetic biology technology in pathway assembly, microbial knock-out and knock-in, genome modification, and protein/antibody engineering for biologics drug development application, (c) develop cutting-edge technologies and improve production processes for industry cell line engineering and the antibody and protein production, and (d) invest in strengthening our technical capabilities in providing such services and products thereby enhancing our competitiveness in the life sciences research and application service and product markets. According to the Frost & Sullivan Report, the global DNA synthesis service market showed a stable historical growth, and with wider applications of gene synthesis technology and the rising demand for such technology in synthetic biology, the gene synthesis segment is expected to experience a significant growth. Our development strategies in the life sciences research service segment are in line with the industrial development trend. Our leadership position in gene synthesis puts us in a favorable position to build upon such success and develop more diverse synthetic biology applications.

(ii) *Life sciences research catalog products*: Our mission is to provide convenient and affordable life sciences research products. We intend to (a) expand our off-the-shelf products by leveraging the strength of our life sciences research service segment and build on our current growing product lines in protein expression and analysis, including precast gels, protein purification reagents, and recombinant proteins, and (b) invest in new product development to differentiate from other competitors by offering cutting-edge products. According to the Frost & Sullivan Report, the global life sciences research service and product market is expected to continue to grow primarily due to growing demand in the market. We believe our product

diversification strategies in the life sciences research catalog product segment will help us meet the growing demand in the market.

(iii) *Preclinical drug development services*: We are upgrading our capability in biologics drug discovery to keep abreast of the standards of global pharmaceutical community for target validation, lead identification and optimization, and candidate recommendation. We are also constantly acquiring cutting-edge technologies to strengthen our service platform. For example, in addition to humanization of rodent antibodies, we are pursuing technologies that allow us to generate human antibodies directly. In addition, we will continue to extend our platform to multi-targeting therapies with our single domain antibody technology. Furthermore, we are building comprehensive capability in cancer immunotherapy, including the construction of libraries of antibodies and cell lines, and the development of well-validated *in vitro* and *in vivo* assays. We believe that such immunotherapy has significant potential in clinical cancer therapeutics. According to the Frost & Sullivan Report, the global drug development service market, including the preclinical drug development services market, is expected to continue to grow, due to the rising emphasis placed on drug development and the technological advancement in this market. We believe our strategies to upgrade our technological capabilities and to maintain our competitive advantage over a number of cutting-edge technologies such as single domain antibody technology will put us in a favorable position to capture the growth opportunities in the drug development service market.

(iv) *Industrial synthetic biology products*: We intend to apply synthetic biology principles and techniques to modify and improve the industrial enzyme producing microorganisms, such that the microbes are able to produce industrial enzymes with a higher yield and/or better performance properties. We intend to continue our research and development on industrial enzymes applied in the food industry, as well as to expand into other fields of applications, such as the feed, pharmaceutical, and chemical industries. According to the Frost & Sullivan Report, the global industrial enzyme market has shown a steady rise in recent years, as facilitated by the development in synthetic biology. As a strong player in the development of synthetic biology applications, our strategies to improve industrial enzyme production and to expand into other fields of applications will help us gain an even better position in the global industrial enzyme market.

Please see the subsection headed "— Research and Development" beginning on page 221 of this prospectus for details. We believe that we will be able to capture the anticipated growing market demand in relevant business segments and achieve sustainable development and growth in revenue of our business.

On December 11, 2015, our Company and China Resources Strategic Investment Company Limited ("**China Resources**"), which is a wholly owned subsidiary of China Resources (Holdings) Company Limited ("**CRH**"), entered into a legally binding framework strategic cooperation agreement (the "**Framework Agreement**") on an arm's length basis, in relation to our possible cooperation in our industrial synthetic biology products and antibody drugs businesses on normal commercial terms. CRH, together with its subsidiaries, is a diversified conglomerate in Hong Kong and the PRC with businesses in consumer products, including food and pharmaceutical industries. In compliance with the Guidance Letter HKEx-GL51-13 issued by the Stock Exchange and on condition of the completion of the Listing, among other things, our Company and China Resources agreed to evaluate opportunities to cooperate in the research and development and sales of new industrial enzymes and new antibody drugs in any fields

of applications through all possible modes of cooperation to be negotiated by our Company and China Resources or its designated affiliated company within 12 months from the date of the Framework Agreement. We believe that the cooperative relationship, when implemented, will allow us to gain access to external expertise in the fields of industrial enzymes and antibody drugs, supplementing internal research efforts and resources, leveraging both parties' strengths, and enhancing our business prospects. Please see the section headed "Cornerstone Investor" for details on page 282 of this prospectus.

Enhance production capacity to capitalize on the strong demand for our life sciences research and application services and products.

To meet the increasing demand for our life sciences research and application services and products, we intend to continue to invest in our existing production facilities for life sciences research services, life sciences research catalog products, and preclinical drug development services. We intend to upgrade our production equipment and raise the automation level in production systems in order to improve our overall productivity in gene synthesis, protein production, and antibody production. We also intend to upgrade some of our existing manufacturing facility into Good Laboratory Practice ("GLP") and Good Manufacturing Practice ("GMP") standards in order to provide value-added antibody and protein production services to meet the clinical development needs of our customers in the pharmaceutical industry. We also intend to build more laboratories and production facilities to accommodate the increasing scale of life sciences research services and preclinical drug development services.

To meet the increasing demand for our industrial synthetic biology products, we plan to expand our current laboratory-scale fermentation capacity to industry-scale fermentation capacity in-house. This expansion will accommodate our growing product portfolio for a wider range of industries such as the feed, pharmaceutical, and chemical industries.

Increase penetration into the overseas and PRC markets by expanding and strengthening our sales and marketing team.

To support our expansion, we intend to significantly increase the geographic coverage of our sales and marketing forces for all four business segments. We intend to recruit more experienced sales and marketing talents and provide them with more structured training on our services and products. In particular, in order to expand our PRC customer base of the industrial synthetic biology products, we intend to build a separate sales and marketing team due to the different profile of our customers of this segment compared to that of other business segments. We plan to build up our team of talents for providing interactive technical support to our PRC customers of industrial enzymes and further personalize our technical solutions to each customer in order to bolster our position in the campaign to capture market share. The sales and marketing team for our industrial synthetic biology product segment shall first target customers in the PRC market, and gradually expand to the North American and European markets.

To provide greater value to our customers, we aim to increase our direct selling effort. For the years ended December 31, 2012, 2013, 2014 and the six months ended June 30, 2015, our direct sales generated US$52.2 million, US$59.0 million, US$69.0 million and US$40.4 million, representing approximately 98.6%, 98.1%, 98.6% and 98.3% of our total revenue, respectively. For the same periods, our sales to distributors generated US$0.7 million, US$1.1 million, US$1.0 million and US$0.7 million, representing approximately 1.4%, 1.9%, 1.4% and 1.7% of our total revenue, respectively. We intend to increase our direct sales force to expand our addressable market and provide better services to our customers. We also

intend to enhance our active presence in trade shows, symposia, conventions, seminars, and other notable events in the PRC to promote and maintain our brand at the forefront in the industry. We are dedicated to offer new and continuously upgraded service and product portfolio to maintain our existing PRC customer base. We shall also target to establish new long-term relationships with both leading and budding scientists and researchers in the pharmaceutical and biotech companies by reinforcing our sales and marketing team and sales channels to better serve their needs and help to solve their research problems. We also intend to expand our sales coverage in the PRC and overseas markets to provide more efficient logistic support to our customers. Moreover, we plan to streamline our online quotation and ordering platform to boost our transaction efficiency and lower transaction costs, and strengthen our PRC online presence. We intend to integrate all online purchasing activities such that our PRC customers shall have an enhanced one-stop online purchasing experience. We believe that through implementing the aforementioned development steps, we can strengthen our market position and expand our sales network in overseas and the PRC markets. Additional features, such as sophisticated recommendation engines that can offer preferred services and products based on customer preferences, may also be introduced to allow upselling and cross-selling opportunities.

Pursue strategic acquisitions to complement organic growth.

We have built our business today from the organic growth of our operations. We intend to combine our organic growth of operations with the strategy of selectively making acquisitions in attractive segments of the industry to complement our existing operations, to align those acquisitions with our expansion strategies, and to increase our revenues and profits. There are significant acquisition opportunities in the life sciences research service and industrial synthetic biology product segments. Among these opportunities, we will focus on products and technologies that would complement our existing service and product portfolio. We will also consider opportunities outside our current portfolio if the growth prospects and profitability are sufficiently attractive.

Our key selection criterion is whether the acquisitions would strengthen our world market leadership in gene synthesis and in the overall field of synthetic biology. We will also select acquisition targets based on each candidate's respective market share, research and development capabilities, and reputation in the markets that we seek to enter or where we have not yet established a strong presence. We plan to leverage the strengths of potential targets to underline our existing market position or establish a presence in a new market. We also believe that our relationships with many industry participants and our knowledge of, and experience in, the life sciences research and application service and product industries will attract potential acquisition targets to work with us. We believe we will be able to identify attractive acquisition targets that complement our existing capabilities and businesses and allow us to continue to grow.

As of the Latest Practicable Date, we did not have any specific acquisition plans or targets and had not entered into any definitive agreements with any potential targets.

SERVICE AND PRODUCT PORTFOLIO

Our competitive advantages are based in the broad and integrated research and application service and product portfolio of four segments, namely, life sciences research services, life sciences research catalog products, preclinical drug development services, and industrial synthetic biology products. The table below sets forth the revenue generated from each of our four business segments during the Track Record Period.

	For the years ended December 31,						For the six months ended June 30,	
	2012		2013		2014		2015	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
	(US$ in thousands, except percentages)							
Life sciences research services	48,571	91.6	55,354	92.1	63,220	90.3	36,775	89.6
Life sciences research catalog products	1,793	3.4	1,527	2.5	2,044	2.9	1,181	2.9
Preclinical drug development services	2,626	5.0	3,223	5.4	4,382	6.3	2,641	6.4
Industrial synthetic biology products	–	–	–	–	348	0.5	453	1.1
TOTAL	**52,990**	**100.0**	**60,104**	**100.0**	**69,994**	**100.0**	**41,050**	**100.0**

Life Sciences Research Services

We provide our customers with life sciences research services under six key identifiable but interrelated categories, namely, gene synthesis, oligonucleotide synthesis, DNA sequencing, protein production, peptide synthesis, and antibody development. Our life sciences research services are certified by ISO 9001:2008. It assures our customers that we have a reliable quality management system in place and demonstrates our ability to meet customer expectations with stability and precision.

Key Service	Applications	Sample Picture
Gene synthesis	Synthesized gene products are used for functional research of genes and protein production for synthetic biology, life science research, and biologics drug discovery.	
Oligonucleotide synthesis	Synthesized oligonucleotide products are used as basic materials for PCR-based gene synthesis and for nucleic acid amplification, detection, and analysis.	
DNA sequencing	Services for identification and verification of DNA sequences, which are subsequently used for various life science applications.	

Key Service	Applications	Sample Picture
Protein production	Proteins produced are used for functional studies of proteins, such as *in vivo* and *in vitro* biochemical and immunological studies, and as antigens for antibody development.	
Peptide synthesis	Synthesized peptides are used for protein structural studies, protein-protein interactions studies, and as antigens for antibody development.	
Antibody development	Antibodies developed are used for immunology experiments and assays and preclinical antibody drug lead generation.	

We synthesize genes and oligonucleotides according to the sequences provided by our customers and we sequence DNA samples and output their sequence information as a report for our customers. We synthesize peptides according to the sequences provided by our customers, and provide protein expression and purification services to our customers. We also produce custom antibodies according to the needs and specifications of our customers. Oligonucleotide synthesis is the synthesis of relatively short single-stranded DNA sequences, which can be used as building blocks for gene synthesis, the synthesis of longer and double-stranded DNA sequences. The synthesized DNA molecules must then be subject to DNA sequencing in order to verify their sequences. DNA molecules with defined sequences and encoding proteins can be introduced into expression vectors, which can then be introduced into proper protein expression systems to produce proteins of the desired sequences. While proteins are produced this way, shorter peptides can be chemically synthesized. Purified short peptides may be used as antigens in the development of antibodies. Therefore, the six key categories of life sciences research services are interrelated.

Gene Synthesis

Gene synthesis is a process by which long, double-stranded DNA molecules with particular sequences are artificially made. The process usually involves the assembly of short DNA molecules by a series of enzymatic reactions, or via biological means.

Gene synthesis technology has advanced human's understanding of how DNA functions as the blueprint of life, and how to apply DNA for experimental, medical, and industrial purposes. It enables powerful solutions for molecular cloning, creating fusion proteins, or achieving sufficiently high protein expression levels. Commercialized high-throughput gene synthesis services have become more prevalent and powerful than traditional synthesis methods, owing to its low cost, high efficiency and reliability. Industries will increasingly rely upon gene synthesis to solve problems related to new antibody and protein drug development, environmental protection, and food supplies.

We offer customized gene synthesis services. By leveraging our technological advantages in designing and assembling segments of the desired final sequence, we can also synthesize long or complex sequences, such as sequences over 100 kb and highly GC-rich sequences. We deploy modern equipment for the rendering of our gene synthesis service and we utilize our self-developed gene synthesis technology platform. Distilled from years of research and development, we have developed proprietary technologies, such as GENE-ON-DEMAND® gene synthesis technology, GenPlus™ Next-Generation Platform for high-throughput gene synthesis, OptimumGene™ codon optimization technology, and CloneEZ® seamless cloning technology.

Oligonucleotide Synthesis

Oligonucleotide synthesis is a process by which short, single-stranded DNA molecules with particular sequences are chemically synthesized.

Oligonucleotides are widely used in most life sciences laboratories, and they are well-suited for various applications in molecular biology and medical research. Both DNA sequencing and DNA amplification require the application of oligonucleotides. High-quality oligonucleotide synthesis also provides the necessary building blocks for gene synthesis.

We use DNA synthesizers to synthesize oligonucleotides by adopting the solid-phase phosphoramidite method. This is currently a mature and mainstream oligonucleotide synthesis method. We are capable of synthesizing oligonucleotides using not only the basic DNA components, such as deoxynucleosides and ribonucleosides, but also chemically modified nucleosides, such as fluorescence-labeled deoxynucleosides.

DNA Sequencing

DNA sequencing is a method by which composition and sequence of DNA molecules are analyzed. It is a process to "read" sequence information of DNA.

DNA sequencing has a wide range of applications in life sciences research and medical research. It has enabled scientists to map the genomes of many organisms, including humans, and can be applied in medicine, forensics, and agriculture. It is widely used in the study of diseases and in the detection, diagnosis, and prognosis of diseases, and it provides a promising tool in the research of personalized medicine. For example, in medical research, DNA sequencing can be used to detect gene mutations or variants that are associated with certain diseases. DNA sequencing has been applied in forensics to identify a particular individual. In agriculture, the mapping and sequencing of the whole genome of plant species have been useful for the study of food plants.

We offer our customers high quality DNA sequencing services. Our DNA sequencing services are performed by our professionally trained staff, and our sequencing results are analyzed with modern bioinformatics tools.

Protein Production

Protein expression technology is also called recombinant protein technology, and refers to a process to obtain target proteins by using recombinant DNA technology to clone the gene sequence of a target protein into an expression plasmid and then express the target protein in a defined host cell system.

Recombinant proteins can be applied in various areas of research, such as diagnostic analysis, drug discovery and development, and protein functional and structural studies.

Our protein production service includes both expression and purification of the target protein. We are able to deliver high-quality recombinant proteins in four expression systems, namely, bacterial, insect, mammalian, and yeast cells. During the Track Record Period, we had successfully delivered more than 5,300 high-quality proteins. In particular, we had successfully delivered a variety of complex projects, including trans-membrane proteins, protein complex by co-expression, biologically active enzymes, cytokines, growth factors, envelope proteins, nuclear hormone receptors, and recombinant antibodies to our customers worldwide.

Peptide Synthesis

Peptide synthesis is the chemical production of peptides, which are organic compounds constituted by multiple amino acids that are linked together via peptide bonds.

Synthetic peptides are widely used in life sciences research. They can replace naturally produced peptides in many instances in both disease diagnosis and drug discovery. For example, certain modified synthetic peptides can be used as diagnostic tools.

We use liquid-phase and solid-phase synthesis methods to manufacture peptides. Through our proprietary FlexPeptide™ synthesis platform, we provide custom peptides consisting of both natural and modified residues with a capacity of 10,000 peptides per month. This integrated platform also facilitates us to secure a high synthesis success rate. We are capable of providing peptides from milligram to kilogram scale, peptides with comprehensive labeling and modification options, as well as customized peptide libraries for high-throughput screening.

Antibody Development

Antibody development is the process in which specific antibodies are obtained by immunizing animals with designed antigens.

Antibodies play a key role in the detection and studies of proteins using biochemical methods. They are used extensively as diagnostic tools in the medical field. Antibody-based immunoassays are the most commonly used corroborative diagnostic assays and are one of the fastest growing technologies for the analysis of biomolecules.

Since 2004, we have provided over 13,000 high-quality polyclonal and monoclonal antibodies to our customers worldwide. We have developed a range of technologies in relation to our antibody services through a combination of our in-house research and development efforts and advanced in-licensed technologies.

Life Sciences Research Catalog Products

Life sciences research catalog products are used by virtually all life sciences laboratories in their biomedical research and development. The table below sets forth the key products we offer under this segment.

Key Products	Applications	Sample Picture
Precast gels	Applicable in protein separation and detection.	
Antibodies	Applicable in immunology experiments and for protein detection and drug research and development.	
Recombinant proteins	Applicable as a life sciences research tool primarily used in biochemistry, structure biology, and immunology studies.	
Affinity resins	Applicable in protein purification and isolation.	

Precast Gels

Precast gels are commonly used for the electrophoretic separation of proteins, and the transfer of the separated proteins to other support media for further analysis.

Polyacrylamide gel electrophoresis (PAGE) has become a routine laboratory tool for protein separation, detection and analysis.

We offer our PAGE gels with large loading volume at a competitive price.

Antibodies

Research antibodies are most commonly used to identify and locate proteins and to examine protein expression levels and to quantify the proteins. Antibodies also play a part in many aspects of today's drug discovery and development. For example, using antibodies for specific detection of an interested biomolecule or pathway is the gold standard method in drug development.

Specific antibodies are usually produced by injecting an antigen into a mammal for antibody generation. With years of efforts in developing antibodies for researchers, our THE™ brand antibodies now is an established brand name representing quality on the market. THE™ Antibodies cover three major categories, namely, tag and cell marker antibodies, loading control antibodies, and assay antibodies. Our antibody catalog products, different from the custom antibody service offered under our life sciences research service segment, are pre-made and application-validated. The guaranteed lot-to-lot consistency and sensitivity minimizes validation time for our clients and makes their research results more reliable. The catalog antibodies are in standard packaging and are shipped in ready-to-use format.

Recombinant Proteins

Recombinant proteins are proteins generated from recombinant DNA, and include cytokines, growth factors, and enzymes. In many cases, recombinant human proteins have replaced the original animal-derived version used in medicine. A much larger number of recombinant proteins are used as reagents to generate antibodies and as tools for drug discovery in research laboratory.

Recombinant proteins are widely used as reagents in laboratory experiments and to generate antibody probes. Many recombinant proteins have also been made into drugs or diagnostic reagents. Purified recombinant proteins are also vital tools for drug discovery.

We offer a wide variety of recombinant proteins to researchers, including cytokines, growth factors, and enzymes. With our expertise and support, our customers of recombinant proteins advance their research and reach their goals. We offer a comprehensive catalog of recombinant cytokines with lot-to-lot consistency, high activity, and significantly low endotoxin levels. Our goal is to provide scientists with an increasing number of high quality recombinant proteins.

Affinity resins

Affinity resins are synthetic solid polymeric materials with various specific ligands attached on the surface that are used in affinity chromatography. Among various protein purification technologies, affinity chromatography is a very important and powerful method because it can offer high selectivity, high resolution, and high capacity for purifying target proteins.

We provides a variety of simple-to-use affinity purification resins including Protein A, Protein G, Protein L, Ni-NTA/IDA, and GST binding resins for batch/gravity purification. Our resins are made with high lot-to-lot consistency for efficient and convenient separation of proteins and antibodies from crude sample for further applications.

Preclinical Drug Development Services

Preclinical drug development services cover the course of drug discovery from target identification through lead identification and optimization, to candidate recommendation. A target is a molecule or a pathway within the human system to which a drug is directed, such that the certain function of the molecule or pathway is inhibited (antagonized) or activated/enhanced (agonized). A lead is a molecule (a small chemical compound, a peptide, or a protein, including an antibody) that has defined pharmacological activity with the potential of being therapeutically useful. Our preclinical drug development services support the advances of various types of lead molecules, with specializations in proteins and antibodies.

In this segment, leveraging our technologies and know-how in life sciences research services, we provide our customers with project-based contract research services and a one-stop solution for their antibody drug discovery and development needs, from custom polyclonal and monoclonal antibody production to antibody drug development. Our one-stop antibody drug development service package starts with antigen production and antibody-producing cell line development and is followed by antibody sequencing, which provides the basis for antibody optimization. We employ a series of technologies to generate therapeutic antibody leads, to reduce immunogenicity of antibodies, and to give the antibodies the desired affinity to achieve their function. For example, we have in-licensed a special type of

transgenic mouse that allows for production of high-affinity and high-specificity antibodies. We also assess biological functions and activities of our customers' antibodies and antigens using both *in vitro* assay and screening and *in vivo* efficacy and safety study. We have developed expertise in such disease areas as inflammatory diseases, fibrosis, oncology, and metabolic diseases. For instance, we have delivered a cytokine monoclonal antibody project to our client for the purpose of the treatment of cancers and eye diseases. This project started from target protein production and lead generation, all the way to pharmacology evaluation after humanization. The table below sets forth the key services we offer under this segment.

Key Service	Applications	Sample Picture
Antibody and protein engineering	Generating biologics drug candidates with optimized efficacy, safety, and pharmacodynamic properties.	
In vitro pharmacology service	Assessing the efficacy and potency of lead molecules in molecule-based assays, such as effects on enzyme activity, and cell-based assays, such as effects on cell growth, cytokine synthesis, cell migration, and cell death.	
In vivo pharmacology service	Evaluating the efficacy, potency, and duration of lead molecules in live animals with artificially induced diseases mimicking human diseases.	

Antibody and Protein Engineering

Protein engineering is the design of proteins (including enzymes) with new or desirable properties and functions. It is based on the use of recombinant DNA technology and bioinformatics analysis to change amino acid sequences and optimize various biophysical or biochemical properties of proteins. When the protein being designed is an antibody, the service is called antibody engineering.

The purpose of protein engineering in the preclinical drug development service segment is to introduce certain pharmacological properties to an existing protein such as an antibody, an enzyme, a cytokine, a receptor, or a nuclear protein by replacing amino acids or peptides at specific positions of the protein, or combining two or more proteins or protein domains to form a new protein. The pharmacological properties that may be changed by protein engineering include, but are not limited to, enhanced affinity to drug targets, activity, effector function, stability or extended serum half-life of a therapeutic protein.

Protein engineering has wide applications in basic research and biologics drug development. Antibody engineering techniques have led to the development of antibodies specific for different kinds of

targets, the creation of novel antibody-based modalities, significant improvements in affinity for target antigens, and enhanced ability to engage immune functions. An important part of antibody engineering is the production of the antigen for which the engineered antibody is expected to have an improved affinity. Aided by our OptimumAntigen™ design tool, we are capable of designing and producing various high-quality antigens used in our antibody production.

As part of our preclinical drug development services, we provide certain featured services such as single-domain antibody development, antibody humanization, cell line engineering, biologics assay, anti-tumor drug screening, and primary and secondary tumor studies in model animals. According to the Frost & Sullivan Report, we are a well-recognized life sciences research and application service and product provider offering a fully customized camelid single domain antibody ("sdAb") service, providing our customers with a unique next-generation therapeutic antibody development platform with clear advantages over traditional monoclonal antibody approaches. Leveraging our experience and technologies relating to antibody and protein engineering, for instance, our proprietary antibody humanization technology platform, we are able to offer our customers optimized leads with reduced immunogenicity and that are tailored to their specifications based on the protein sequence of their target.

Since 2010, we have completed the development of more than 20 single-domain antibodies for both China and international customers including pharmaceutical and biotech companies. There are currently nearly 30 projects in progress.

In Vitro Pharmacology Service

In vitro pharmacology is the process of establishing *in vitro* models of human disease and assessing the efficacy of novel drug candidates using the established models.

In vitro pharmacology service provides analytical and bioanalytical services for drug lead discovery and lead optimization, and biomarkers detection in biopsy samples collected from animal studies. Such services include biochemical, biophysical, and cell-based assays of drug candidates.

Through our *in vitro* pharmacology service, the efficacy and potency of compounds or biomolecules can be established for further evaluation in live animals. Examples of biochemical analyzes routinely conducted include enzymatic assays, receptor binding assays, and qPCR. Examples of biophysical analyzes include Biacore™ surface plasmon resonance and Octet™ assays, which precisely detect the kinetics of molecular interactions such as ligand-receptor and antibody-antigen binding. The cell-based analytical service covers all major types of assays, including assays for cytokine synthesis, cell proliferation, cell death, and electrophysiology. In addition to the assays, we specialize in cell engineering. Using technologies such as CRISPR-Cas9, we provide cell lines whose genomes are precisely edited to generate phenotypic properties suitable for target validation and drug evaluation with definitive readouts.

In Vivo Pharmacology Service

In vivo pharmacology service uses a variety of animal models to evaluate compounds and biomolecules to provide proof-of-principle pharmacology, in particular, data on drug efficacy, drug mechanism, pharmacokinetics, and drug safety.

In vivo pharmacology provides valuable data for designing clinical studies of drug candidates.

We are able to generate a variety of disease models in-house. We collaborate with our customers in selecting appropriate disease models and post-model analyzes. Our disease specialties include oncology, fibrosis, and various inflammatory diseases such as arthritis, and colitis. Technologies we employ in our *in vivo* pharmacology service include *in vivo* imaging, immunohistochemistry, and many others. Our animal facility and animal handling are AAALAC-accredited and OLAW-assured.

In general, preclinical drug development service orders are placed by our customers on a project basis, and are tailor-made based on our customers' specific requirements and targets of the particular projects. Our scientists and/or researchers are assigned to our customers to render preclinical drug development services on time basis. The full charge for the services vary depending on our scientists' and researchers' qualifications, experiences and level of commitment required.

Industrial Synthetic Biology Products

The production of industrial synthetic biology products involves the utilization of microorganisms in the production of biological materials such as industrial enzymes to be used in the manufacture of a wide range of products, including food, beverages, chemicals, fuels, and pharmaceuticals, as well as in clean technologies employed for waste treatment and pollution control.

Enzymes are literally everywhere. Every plant, animal, human being, and microorganism on Earth produces them, and their purpose is to speed up biochemical reactions in an extremely efficient way, according to the Frost & Sullivan Report. Industrial enzymes are applicable to the food industry, such as the sugar and brewing industry and for primary food processing. They may also serve as biological detergents and be used in laundry businesses.

Growing from the leverage over our technical expertise and experience in gene synthesis and synthetic biology, we launched the industrial synthetic biology product segment in 2013. We have invested in the research and development of industrial synthetic biology products, in particular industrial enzymes, which led to the establishment of BSJ Nanjing in 2013. Since then, we had developed product lines for a number of enzymes in the past two years under our Bestzyme brand. For example, through multiple generations of improvements on our experimental products, we successfully created a series of industrial enzyme products to meet the wide demands and stringent requirements in the starch processing industry. Our customer can navigate directly to our website at www.bestzyme.com to browse online information about our industrial synthetic biology products. Currently, we maintain the design and laboratory-scale production of our industrial synthetic biology products in-house, and outsource the large-scale industrial production and formulation processes to third-party outsourced suppliers under our on-site technical supervision and according to our specifications. We plan to expand our laboratory-scale production to industry-scale production in-house and also to expand our industrial synthetic biology product lines into other areas of the food industry and the feed, pharmaceutical, and chemical industries.

Key Product	Application	Sample Picture
Industrial enzymes	Useful for speeding up biochemical reactions in many industries such as the food industry.	

CUSTOMERS

We have established a highly diversified customer base. As of June 30, 2015, we had over 2,510, 1,760, 430, 620, and 370 customers in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan), and Japan, respectively, reaching over 100 countries. Many users of our services and products are leading scientists and researchers in the life sciences research industries from over 3,100 pharmaceutical and biotech companies, 1,980 colleges and universities, 680 research institutes, 60 government bodies (including government testing and diagnostic centers), and 30 distributors. During each of the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, we had offered our life sciences research and application services and products to 19 of the top 20 pharmaceutical companies in terms of revenue in the world, according to the Frost & Sullivan Report.

Under our industrial synthetic biology product segment, we primarily sell our industrial synthetic biology products to industrial companies in the food industry located in the PRC through independent third-party distributors. As a development strategy, we plan to further expand our customer base in respect of our existing products, and target new industrial companies in the feed, pharmaceutical, and chemical industries with an expanded product portfolio.

The table below sets forth a breakdown of the revenue according to various establishments for the periods indicated.

	For the years ended December 31,						For the six months ended June 30,			
	2012		2013		2014		2014		2015	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(Unaudited)			
	(US$ in thousands, except percentages)									
Pharmaceutical and biotech companies	29,927	56.5	34,106	56.7	37,650	53.8	18,527	55.3	23,787	57.9
Colleges and universities	13,900	26.2	15,667	26.1	18,821	26.9	9,184	27.4	10,562	25.7
Research institutes	7,504	14.2	8,462	14.1	11,491	16.4	5,034	15.0	5,374	13.1
Government bodies	914	1.7	728	1.2	1,043	1.5	478	1.4	640	1.6
Distributors	745	1.4	1,141	1.9	989	1.4	298	0.9	687	1.7
Total	**52,990**	**100.0**	**60,104**	**100.0**	**69,994**	**100.0**	**33,521**	**100.0**	**41,050**	**100.0**

During the Track Record Period, our five largest customers together accounted for approximately 7.1%, 8.2%, 9.3%, and 10.4% of our total revenue for the three years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, respectively. As of June 30, 2015, our five largest customers had maintained a working relationship with us for over nine years on average. To the best of our knowledge, as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to termination of our relationships with any of our major customers. None of our Directors, their respective associates, or Shareholders who own 5% or more of the total issued Shares had an interest in any of our Group's five largest customers during the Track Record Period.

Direct Sales and Distribution

We primarily sell our life sciences research and application services and products through our own direct sales force to our customers worldwide, while we also sell our services and products through independent third-party distributors to expand our market presence and facilitate communication with end users. For the years ended December 31, 2012, 2013, 2014, and the six months ended June 30, 2015, our direct sales generated US$52.2 million, US$59.0 million, US$69.0 million, and US$40.4 million, representing approximately 98.6%, 98.1%, 98.6% and 98.3% of our total revenue, respectively. For the same periods, our sales to distributors generated US$0.7 million, US$1.1 million, US$1.0 million, and US$0.7 million, representing approximately 1.4%, 1.9%, 1.4% and 1.7% of our total revenue, respectively.

The following table sets forth a breakdown of our revenue by sales region for the periods indicated.

	For the years ended December 31,						For the six months ended June 30,			
	2012		2013		2014		2014		2015	
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*
							(Unaudited)			
	(US$ in thousands, except percentages)									
North America	27,120	51.2	31,367	52.2	36,473	52.1	17,067	50.9	21,565	52.5
Europe	11,994	22.6	12,396	20.6	14,714	21.0	7,464	22.3	8,426	20.5
The PRC	5,390	10.2	7,145	11.9	8,676	12.4	3,645	10.9	5,993	14.6
Asia Pacific (excluding the PRC and Japan)	4,198	7.9	4,857	8.1	5,602	8.0	2,761	8.2	2,746	6.7
Japan	3,684	7.0	3,523	5.9	3,582	5.1	2,103	6.3	1,842	4.5
Others (including South America and Africa)	604	1.1	816	1.3	947	1.4	481	1.4	478	1.2
TOTAL	**52,990**	**100.0**	**60,104**	**100.0**	**69,994**	**100.0**	**33,521**	**100.0**	**41,050**	**100.0**

During the Track Record Period, we generated over half of our revenue from sales in North America, reaching approximately 52.5% of our total revenue for the six months ended June 30, 2015. According to the Frost & Sullivan Report, the life sciences research service and product market in North America grew at a CAGR of 4.4% from 2010 to 2014, and it is projected to continue to grow at a CAGR of 5.3% from 2015 to 2019. Whereas in the PRC, our revenue from sales in the PRC out of our total revenue grew from 10.2% for the year ended December 31, 2012 to 14.6% for the six months ended June 30, 2015. According to the Frost & Sullivan Report, the life sciences research service and product market in the PRC grew at a CAGR of 23.6% from 2010 to 2014, and it is projected to continue to grow at a CAGR of 17.8% from 2015 to 2019.

Direct Sales and Marketing

We attribute our success to our teams of well-trained sales and marketing specialists, as well as around-the-clock customer and consultation services. As of June 30, 2015, nearly 90% of the members of our U.S. sales and marketing team have attained doctoral or master's degrees in life sciences-related disciplines. They are dedicated to understanding customers' needs and helping to solve their research problems. We have also established an active online presence through our interactive online quotation and ordering system. A significant number of our worldwide customers navigate directly to our websites at www.genscript.com and www.bestzyme.com and can place orders for most of our life sciences research and application services and products 24 hours a day. We generally do not enter in long term agreements with our customers.

For the years ended December 31, 2012, 2013, and 2014, and the six months ended June 30, 2015, the number of purchase orders we had received through our online quotation and ordering system represented approximately 57.0%, 38.0%, 39.0%, and 43.0% of the total number of purchase orders, respectively. During the same period, the number of purchase orders we had received through our offline direct sales represented approximately 43.0%, 62.0%, 61.0%, and 57.0% of the total number of purchase orders, respectively.

As a landmark of our achievements in serving the needs of scientists and researchers from universities, as of June 30, 2015, over 14,500 international peer-reviewed journal articles had cited the use of our life sciences research and application services and products, making our Company a frequently cited life sciences research and application service and product provider in the world. These citations also indicated that many users of our services and products are leading scientists and researchers in the life sciences research industries, according to the Frost & Sullivan Report. We conduct regular visits to our existing and potential key customers. From time to time, we advertise our life sciences research and application services and products on popular Internet search engines. In light of our specialized customer base, user referrals and word-of-mouth marketing of our technical excellence have been an effective means of acquiring new customers.

We conduct promotional activities in the form of volume discounts from time to time to increase sales. We launched a customer loyalty program to reward repeat purchases. We also actively attend trade shows, symposia, conventions, seminars, and other notable events to promote and maintain our brand at the forefront in the industry. We frequently conduct technical seminars at well-recognized academic institutes and pharmaceutical companies to promote our services and products.

Although our business is not generally seasonal, we typically experience an increase in our revenue growth rate during the fourth quarter prior to holiday vacations and a slight decrease in new business in the first quarter due to our customers' budgetary cycles and vacations during the year-end holiday period.

As advised by our PRC legal advisor, Fangda Partners, based on our confirmation and to its knowledge, the existing sales of life sciences research and application services and products by our PRC subsidiaries to state-owned institutions, including our customers from colleges and universities, research institutes, hospitals, and government testing centers and diagnostic centers in China, generally do not trigger the mandatory public tender requirement under the Bidding Law of the PRC* (中華人民共和國招標投標法) issued by the Standing Committee of the National People's Congress of the PRC on August 30, 1999.

Pricing Strategy

In pricing our life sciences research and application services and products, we take into consideration the market positioning of our services and products, prices of comparable products offered by our competitors, degree of saturation of the current market, market trends, and production costs.

In general, we adopt a uniform pricing policy for each of our business segments. Volume discounts may also be available. Owing to the nature of drug discovery processes and the trial-and-error approach of certain of our life sciences research services and preclinical drug development services, we have also adopted a full-time equivalent pricing mechanism and set our prices primarily based on the international market prevailing rate of our scientists assigned to the relevant customers under these two business segments. Under this full-time equivalent pricing mechanism, the assigned scientists exclusively serve the needs and attend to the research requests of the relevant customers on a full-time basis.

Under our three principal segments, namely, life sciences research services, life sciences research catalog products, and preclinical drug development services, we provide our customers with access to a comprehensive portfolio of over 4,000 services and products, of which our life sciences research service segment contributed approximately 89.6% of our total revenue for the six months ended June 30, 2015. Under this segment, certain prices of our services showed a downward trend. For instance, during the Track Record Period, the average selling price of our gene synthesis service decreased from US$0.38 to US$0.34 per base pair, representing a decrease of approximately 10.5%. We believe that such decrease was in line with market trend. According to the Frost & Sullivan Report, the price of gene synthesis are expected to remain stable in the future, with a slight downward trend primarily due to the decreasing costs of raw materials and advancement of production technology. Meanwhile, for instance, the prices of our peptide synthesis and protein production remained relatively stable during the Track Record Period. We do not anticipate any significant price fluctuation of any of our major services and products in the future. Our life sciences research and application services and products are not subject to price controls in China or overseas.

Payment Terms

Our terms of payment include prepayment, upfront payment, payment on delivery, and payment within 30 to 90 days upon delivery. We generally enter into prepayment agreements with certain of our customers from colleges, universities, and research institutes in China. We also occasionally enter into similar prepayment agreements with our customers in the United States and Europe. Pursuant to the prepayment agreements, some of our customers make a lump sum prepayment and pay for the products or services purchased at a later time. We deduct payments from the respective customers' designated prepayment accounts each time services and products are delivered. We do not require our customers to spend the full prepayment amount within a specified period. According to the Frost & Sullivan Report, some academic customers make advance payment to enjoy deeper discounts and save cost for frequent invoice settlement by deducting the amount from advance payments and increasing the efficiency of payment management.

Where our services or products are experimental in nature, we may also request an upfront payment covering the production costs of our services prior to commencement of production where the projects involve complex trial-and-error procedures and discovery research. Such terms of payment also apply depending on the credibility of certain customers and our business relationship with them. The remaining contract price is typically payable within 30 to 60 days upon delivery of our services or products. With

respect to customers from less-developed countries or regions, we generally request full upfront payment prior to delivery of services or products. We request payment on delivery in relation to most of our other services and products. We typically grant our customers a credit period ranging from 30 days to 60 days from the date of our invoice. A longer credit period of 90 days may also be available to certain reputable customers with whom we have established good business relationships.

Re-Performance of Services and Reproduction of Products

We produce or provide our life sciences research and application services and products in accordance with customers' specifications where applicable. We provide the majority of our services in accordance with customers' specifications, industry standards, or our own guaranteed specifications. For instance, where a customer of our gene synthesis and oligonucleotide synthesis services provides us with the sequences of the desired DNA products, we perform the services and deliver the end products with the exact sequences specified by such customer. In the event that we fail to meet the specifications, we will re-perform the relevant services at no additional cost to our customer.

For our services that are experimental in nature and inevitably involve trial and error, we generally set for goals and delivery criteria with our customers and faithfully record all of the data obtained and report such data and any results to our experimental services customers.

During the Track Record Period, we had not received any material customer complaints requesting for reproduction of products and re-performance of services. Moreover, during the same period, we had not incurred material additional costs resulting from the reproduction of products and re-performance of services.

Distribution

We leverage the established network of independent third-party distributors to expand the breadth and depth of our market presence and facilitate communication with end users. We believe that the use of distributors is generally in line with industry practice, according to the Frost & Sullivan Report. As of June 30, 2015, we had sold our services and products to over 30 international distributors located across North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan), and Japan.

As for the industrial synthetic biology product segment, it is still in its infancy, so we strive to enhance our market presence and position in this market by primarily leveraging the well-established network of our independent third-party distributors in our target markets. As of June 30, 2015, we had five distributors for the sales of our industrial synthetic biology products. In the future, we plan to further develop direct business relationships with certain end-users that prefer to have direct communication with us owing to the complexity of their projects or they require comprehensive technical and customer support services.

The following table sets forth the movements of our distributors as of December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, respectively.

	For the years ended December 31,			For the six months ended June 30,
	2012	2013	2014	2015
Distributors at the beginning of the period	13	24	30	31
Addition of new distributors	12	8	5	4
Termination of distributors *(note)*	1	2	4	1
Net increase (decrease) in distributors	11	6	1	3
Distributors at the end of the period	24	30	31	34

Note:

The termination was primarily due to (i) expiration of the distribution agreements, (ii) change of regional sales strategy, and (iii) unsatisfactory performance of distributors.

We select local distributors based on their business qualifications and marketing capabilities, such as distribution network coverage, quality, number of personnel, cash flow conditions, creditworthiness, logistics, and transport capabilities, and their capabilities in customer management. As of June 30, 2015, we had relationships with our five largest distributors for an average of six years. Our sales personnel generally conduct ongoing evaluations of each distributor's performance including their service quality and whether they are able to provide accurate service and product information to end customers. We evaluate and appraise the performance of our distributors and their compliance record with the terms and conditions under the distribution agreements. We monitor the sales activities of our independent third party distributors from time to time, including whether our distributors would be selling the services and products at very low prices. As of the Latest Practicable Date, we were not aware of any potential abuses or improper use of our name by our distributors which could adversely affect our reputation, business operation, and financial condition. During the Track Record Period, we had not relied on any single distributor for the distribution of our products.

We generally enter into written distribution agreements. We have a seller-buyer relationship with our distributors and revenue is recognized when the significant risks and rewards of ownership have been transferred to the distributors. We retain no ownership control over the products sold to our distributors, and all significant risks and rewards associated with the products are generally transferred to the distributors upon delivery to and acceptance by the distributors. The key terms of a typical distribution agreement include the following:

Term. The distribution agreements generally have a term of one year, which may be renewed upon negotiation, provided that the sales performance of the relevant distributors are satisfactory. The agreements may be terminated with 60 days' notice to the other party in writing.

Non-exclusivity. The distributor may distribute our services and products in a specified territory on a non-exclusive basis. The distributor shall not distribute our services and products outside the specified territory.

Pricing. We may provide suggested retail prices for our services and products. Our distributors retain the discretion to determine the retail prices with reference to local market conditions, competition, and customer demands in the regions where they operate. We may offer distributors a discount rate of 5% to 10% on our services depending on the technical complexity in each case and 15% to 30% on our services and products depending on the production cost and market position, based on prices available through direct sales. A minimum purchase amount is generally not applicable.

Payment terms. We typically grant a credit term of up to 30 days to our distributors from date of invoice.

Delivery. Risk of loss or damage to any products will generally be passed to the distributor on delivery of products to the freight forwarder appointed by us at the shipping point.

Sales targets. We may require the distributors to achieve minimum sales targets. We may terminate the distribution agreements if our distributors fail to meet the sales targets.

Sales and marketing. Generally, the distributors shall maintain regular contacts with customers and undertake promotional activities.

Returns and exchanges of defective products. We generally do not allow product returns or exchanges and do not make obsolete stock arrangements with our distributors. When our services and products do not conform to the relevant specifications, usually, the distributors shall notify us in writing of such defect within 30 days from delivery. We shall replace such services and products if they are found to be defective at the time of delivery.

The map below illustrates the global presence of our life sciences research and application services and products through direct sales and distribution to our worldwide customers as of the Latest Practicable Date.

All of our distributors are independent third parties of our Company. None of our Directors owning more than 5% of the issued share capital of our Company, have any interest in any of our top five distributors. During the Track Record Period, sales to our distributors generated approximately US$0.7 million, US$1.1 million, US$1.0 million, and US$0.7 million, which approximately accounted for 1.4%, 1.9%, 1.4% and 1.7% of our total revenue for the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, respectively. During the same periods, sales to our five largest distributors generated US$733,000, US$996,000, US$880,000 and US$585,000, which approximately accounted for 1.4%, 1.7%, 1.3% and 1.4% of our total revenue, respectively. During the Track Record Period, we had not experienced any material request for product reproduction or service re-performance from our distributors.

SALES TO SANCTIONED COUNTRIES

The United States, the European Union, Australia, the United Nations Security Council and Hong Kong, collectively, have broad economic sanctions targeting the Sanctioned Countries. In addition, the United States and other jurisdictions have certain sanctions that target Sanctioned Persons regardless of whether they are located in Sanctioned Countries. For details on relevant sanctions laws, please see the section headed "Regulations — Descriptions of Sanctions Laws". During the Track Record Period, we

made certain sales of our products and services to customers in the following Sanctioned Countries: Belarus, Egypt, Iran, Iraq, Lebanon, Libya, Russia, Serbia and Ukraine. Our revenue derived from sales made to these Sanctioned Countries in aggregate amounted to approximately US$106,813.0, US$58,780.4, US$85,104.7 and US$43,251.0 for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively, accounting for approximately 0.20%, 0.10%, 0.12% and 0.10% of our revenue across the respective period.

During the Track Record Period, all of our sales activities involving the Sanctioned Countries were conducted on commercial terms in the ordinary course of our business. The counterparties to all our sales involving the Sanctioned Countries were Independent Third Parties. Our sales to customer in the Sanctioned Countries were made and fulfilled by GS China. All scientific or technical work for the fulfillment of the order was undertaken by GS China. None of the activities related to the supply of products and services to customers in the Sanctioned Countries were undertaken or facilitated through persons who are U.S. persons, Australian persons, E.U. nationals or E.U. residents. To our knowledge, none of the counterparties to our sales involving the Sanctioned Countries are specifically identified on the list of SDN maintained by OFAC or other restricted parties lists maintained by the E.U., Australia or UNSC. All of these sales activities do not involve industries or sectors that are currently subject to specific sectorial sanctions imposed by the U.S., E.U., Australia or UNSC.

As of the Latest Practicable Date, all of our sales to customers in Sanctioned Countries have been completed and we have received all sales sums. We have no present intention to undertake any future business or make any future sales to the Sanctioned Countries.

The following outlines the specific terms of our sales of products and services to customers in the Sanctioned Countries during the Track Record Period and up to the Latest Practicable Date:

Iran

For the year ended December 31, 2012, we had 22 sales transactions with customers in Iran, primarily for the provisions of gene synthesis service, with total sales of US$47,163.0. Among these sales transactions, a replacement product for one of the sales transactions was shipped by us to the customer in November 2013. This replacement shipment was made without charge to the customer in Iran and had a cash value of US$1,650.0. The revenue derived from our sales to customers in Iran during the year ended December 31, 2012 contributed to approximately 0.09% of our total revenue for the year ended December 31, 2012.

Belarus

In February 2015 and July 2015, we made sales of our gene synthesis service to two customers in Belarus, with sales amount of US$560.8 and US$544.6, respectively.

Egypt

For the year ended December 31, 2012, we had ten sales transactions with customers in Egypt for the provisions of gene synthesis and peptide synthesis services, with total sales amount of US$9,803.8. For the year ended December 31, 2013, we had 13 sales transactions with customers in Egypt for the provisions of gene synthesis, peptide synthesis and anti-body development and protein production services, with total sales amount of US$14,390.4. For the year ended December 31, 2014, we had 12 sales

transactions with customer in Egypt for the provisions of gene synthesis, peptide synthesis, customized animal model services, antibody development services and oligonucleotide synthesis services, with total sales amount of US$65,826.4. The revenue derived from our sales to customers in Egypt contributed to approximately 0.02%, 0.02% and 0.09% of our revenue for the years ended December 31, 2012, 2013 and 2014, respectively.

Iraq

For the year ended December 31, 2012, we had two sales transactions with customers in Iraq for the provisions of gene synthesis service and sales of reagent products, with total sales amount of US$3,440.2. For the year ended December 31, 2013, we had five sales transactions with customers in Iraq for the provisions of oligonucleotide synthesis service and sales of antibody-related products, with total sales amount of US$1,026.6. For the year ended December 31, 2014, we had four sales transactions with customers in Iraq, with total sales amount of US$2,859.8. In March 2015, we made one sale to a customer in Iraq for the provisions of DNA sequencing services with sales amount of US$915.0.

Lebanon

For the year ended December 31, 2012, we had three sales transactions with customers in Lebanon for the provisions of customized antibody development service, with total sales amount of US$3,940.1. For the year ended December 31, 2013, we had one sales transaction with a customer in Lebanon for the provision of customized antibody development service with sales amount of US$240.0. For the year ended December 31, 2014, we had three sales transactions with customers in Lebanon for the sales of reagent kits, the provision of gene synthesis and peptide synthesis services, with total sales amount of US$1,131.7. For the six months ended June 30, 2015, we had two sales transactions with customers in Lebanon for the sales of reagent kits and the provision of gene synthesis service, with total sales amount of US$673.2.

Libya

In May 2013, we made one sale of gene synthesis service to a customer in Libya with sales amount of US$317.1.

Russia

For the year ended December 31, 2012, we had five sales transactions with customers in Russia for the provisions of gene synthesis service, with total sales amount of US$40,458.7. For the year ended December 31, 2013, we had 16 sales transactions with customers in Russia, with total sales amount of US$40,792.0. The products and services supplied pursuant to these sales transactions included the provisions of gene synthesis, custom cloning and plasmid preparation services as well as sales of reagent products. For the year ended December 31, 2014, we had eight sales transactions with customers in Russia, with total sales amount of US$12,823.0. The services and products supplied pursuant to these sales transactions included the provisions of gene synthesis and antibody drug candidate activity testing services as well as sales of reagent kits. For the six months ended June 30, 2015, we had seven sales transactions with customers in Russia for the provisions of gene synthesis and plasmid preparation services, with total sales amount of US$39,390.3. The revenue from our sales in Russia accounted for 0.08%, 0.07%, 0.06% and 0.10% of our total revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively.

Serbia

For the year ended December 31, 2012, we had one sales transaction with a customer in Serbia for the provisions of gene synthesis service, with sales amount of US$595.2. For the year ended December 31, 2013, we had one sales transaction with a customer in Serbia for the provisions of gene synthesis service, with sales amount of US$865.1. For the year ended December 31, 2014, we made three sales transactions with customers in Serbia for the provisions of gene synthesis and peptide synthesis services, with total sales amount of US$1,082.8. For the six months ended June 30, 2015, we made one sales transaction with a customer in Serbia for the provision of gene synthesis service, with sales amount of US$275.6.

Ukraine

For the year ended December 31, 2012, we had two sales transactions with customers in Ukraine for the provisions of peptide synthesis service, with total sales amount of US$1,411.9. For the year ended December 31, 2013, we made two sales transactions with customers in Ukraine for the provisions of gene synthesis service, with total sales amount of US$1,149.3. For the year ended December 31, 2014, we made five sales transactions with customers in Ukraine for the provisions of gene synthesis and sequencing services, with total sales amount of US$1,381.1. In July 2015, we made one sales transaction with a customer in Ukraine for the provisions of peptide synthesis service, with sales amount of US$891.5.

Sanction Risks

United States sanctions

On advice of our International Sanctions Legal Advisors, on August 25, 2015 (as supplemented by further information on October 30, 2015), we made a voluntary self-disclosure ("VSD") to OFAC because three U.S. dollar payments that we received from Iran after March 8, 2013 and one replacement shipment to a customer in Iran in November 2013 appeared to be violations of the U.S. sanctions. In the VSD, we provided OFAC with full details and relevant documents regarding those three payments and that shipment. In addition, we filed an interpretive guidance request with OFAC requesting OFAC's guidance as to whether U.S. dollar payments that we received in connection with our sales in Iran during the Track Record Period and before March 8, 2013 were lawful under the U.S. sanctions. We also included details about those payments in the VSD. On November 24, 2015, OFAC responded to the VSD with a Cautionary Letter representing a final enforcement response. In the Cautionary Letter, OFAC informed us that the three U.S. dollar payments that we received from Iran after March 8, 2013 and the single replacement shipment were apparent violations of the U.S. sanctions. However, OFAC indicated that it was not pursuing any civil monetary penalty against us. On November 30, 2015, OFAC also advised our International Sanctions Legal Advisors that, due to the resolution of the VSD through the Cautionary Letter, OFAC considered the underlying question in the interpretive guidance request to have been resolved through the Cautionary Letter and asked us to withdraw the interpretive guidance request from further OFAC consideration. On December 5, 2015, through our International Sanctions Legal Advisors, we withdrew the interpretive guidance request from further OFAC consideration. Accordingly, both we (as advised by our International Sanctions Legal Advisors) and OFAC now consider the possible legal issues raised through the VSD and the interpretive guidance request to be fully closed with the issuance of the Cautionary Letter and without the imposition of any civil monetary penalty.

Based on the above response from OFAC and after consulting with our International Sanctions Legal Advisors and taking into account their views, our Directors believe that the Relevant Persons are unlikely to face U.S. sanctions risk due to their transactions involving our Company.

European Union sanctions

During the Track Record Period, we have made sales to Belarus, Egypt, Iran, Iraq, Lebanon, Libya, Russia and Ukraine, which are subject to UN Security Council and European Union economic and trade sanctions. After consulting with our International Sanctions Legal Advisors and taking into account their views, our Directors believe there is low risk that our business with Sanctioned Countries during the Track Record Period would contravene the UNSC or EU sanctions laws for the following reasons: (i) to our knowledge, our contract counter-parties related to the Sanctioned Countries sales are not on the asset freezing lists of individuals and entities in the Sanctioned Countries; (ii) to our knowledge, the goods and services supplied by us to the customers in the Sanctioned Countries were not purchased for military purposes and could not be used for the development of weapons of mass destruction; (iii) the goods and services we provide to customers in Iran and Russia do not fall under any of the categories shown on the EU 'common military list' and the list of 'dual-use' items in relation to which the EU imposed export bans on Iran and against Russia; (iv) the goods and services we supplied to customers in Iran were not related to Iranian nuclear industry, uranium enrichment or the missiles program, the petrochemical industry or to telecommunications; (v) the goods and services supplied by us to customers in Russia were not related to deep water oil exploration or production, Arctic oil exploration or production, shale oil projects, drilling, well testing, logging and completion services, or in relation to specialized floating vessels; and (vi) the payment that we received for supplies of goods and services to customers in Iran were received by GS HK and that GS Cayman was not involved in the receipt or processing of those payment.

Based on the above and after consulting with our International Sanctions Legal Advisors and taking into account their views, our Directors believe that it is unlikely that we could be deemed to have violated UNSC or EU sanctions as a result of our past business activities in the Sanctioned Countries. Accordingly, we believe that the Relevant Persons are unlikely to face EU sanctions risk due to their transactions involving our Company.

Australia sanctions

During the Track Record Period, we have made sales to Iran, Libya, Russia and Ukraine, which are subject to Australia sanctions law. After consulting with our Australia legal advisors, Clayton Utz, and taking into account their views, our Directors believe there is low risk that our business with Sanctioned Countries during the Track Record Period would contravene Australia sanctions law for the following reasons:

- the transactions do not involve conduct which is proscribed by the Australian sanctions regimes detailed in the preceding section;

- the transactions do not involve any conduct, results of conduct, persons, corporations, aircraft or ships associated with Australia.

Based on the above and after consulting with our Australia legal advisors, Clayton Utz, and taking into account their views, our Directors believe that it is unlikely that we could be deemed to have violated Australia sanctions as a result of our past business activities in the Sanctioned Countries. Accordingly, our Directors believe that the Relevant Persons are unlikely to face Australia sanctions risk due to their transactions involving our Company.

United Nations sanctions

U.N. sanctions are binding on U.N. member states, the domestic laws of which will determine whether further action, such as domestic legislation, is needed to impose their requirements on private parties. Accordingly, the means of implementation, the interpretation and enforcement of U.N. sanctions may differ among U.N. member states, and we are subject not to U.N. resolutions but only to the laws of the PRC and other jurisdictions in which we do business. The risks related to these jurisdictions are discussed elsewhere in this prospectus.

Hong Kong sanctions

After consulting with our International Sanctions Legal Advisors and taking into account their views, our Directors believe we would not be in violations of the U.N. sanctions under the relevant UNSC resolutions applicable in Hong Kong in connection with our activities in the Sanctioned Countries because: (i) our business activities do not involve sectors, industries or products subject to UNSC sanctions and; (ii) the counterparties to our business transactions in the Sanctioned Countries do not appear on the UNSC list of sanctioned persons. Given that our business activities in the Sanctioned Countries do not implicate current UNSC sanctions applicable in Hong Kong, our Directors believe that the Relevant Persons are unlikely to face Hong Kong sanctions risk due to their transactions involving our Company.

Our Directors' Views

On the basis of: (i) the fact that our revenue derived from our business operations in the countries subject to sanctions in aggregate only accounted for approximately 0.20%, 0.10%, 0.12% and 0.10% of our total revenue for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively; (ii) our consultation with our International Sanctions Legal Advisors and Australia legal advisors, Clayton Utz, and their views described above; and (iii) our undertakings to the Hong Kong Stock Exchange and the internal control measures that we have implemented to ring-fence our exposure to sanctions risk in relation to our future potential business activities in Sanctioned Countries, our Directors believe that our Company would be rendered suitable for listing on the Hong Kong Stock Exchange.

Our Undertakings and Internal Control Procedures

We undertake to the Hong Kong Stock Exchange that (i) we will not use the proceeds from the Global Offering, as well as any other funds raised through the Hong Kong Stock Exchange, whether directly or indirectly, to finance or facilitate any projects or businesses in the Sanctioned Countries, (ii) we will not undertake any sanctionable transactions that would expose the Relevant Persons or us to risk of being sanctioned, and (iii) we will make timely disclosure on the Hong Kong Stock Exchange's website and our own website if we believe our business would put Relevant Persons or ourselves at risk of being sanctioned and in our annual reports or interim reports our efforts on monitoring our business

exposure to sanctions risks and our business intention relating to the Sanctioned Countries. If we breach any of these undertakings to the Hong Kong Stock Exchange after the Listing, it is possible that the Hong Kong Stock Exchange may delist our Shares.

We will continuously monitor and evaluate our business and take measures to comply with our undertakings to the Hong Kong Stock Exchange and to protect the interests of our Group and our Shareholders. As of the Latest Practicable Date, all of our sales transactions to customers in the Sanctioned Countries have been completed. We have no present intention to undertake any future business or make any future sales to the Sanctioned Countries or that would otherwise cause us or Relevant Persons to violate or become a target of sanctions laws of the United States, the European Union, Australia, the United Nations Security Council or Hong Kong.

The following internal control measures have been fully implemented as of the date of this prospectus:

- We will monitor and regulate the use of the net proceeds of the Global Offering as well as any other funds raised through the Hong Kong Stock Exchange, and ensure that we will not violate our undertakings to the Hong Kong Stock Exchange. In addition, we will deposit the proceeds from the Global Offering, as well as any other funds raised through the Hong Kong Stock Exchange, in a bank account separated from our other funds.

- We have established a Sanctions Risk Control Committee ("SRC Committee"), headed by our chief executive officer, with our chief operational officer, vice-president of finance, head of our legal department, head of our international business department ("IB Department") and head of our technical support department ("TS Department") as members.

- Our SRC Committee will be responsible for (i) effectively monitoring the activities that may be subject to economic sanctions; (ii) providing guidance on the compliance with the relevant policies and procedures in relation to economic sanctions; (iii) providing guidance on the compliance with contractual covenants including those made in connection with our Global Offering and listing of Shares on the Hong Kong Stock Exchange; and (iv) ensuring the establishment of effective policies in relation to economic sanctions.

- The SRC Committee will ensure that the proceeds from the Global Offering and other funds raised through the Hong Kong Stock Exchange would not be applied to businesses and other activities in the Sanctioned Countries, through internal control measures such as depositing the proceeds from Global Offering and other funds raised through the Hong Kong Stock Exchange into a separate bank account, and shall ensure the adoption of separate books and records to record the deposit and expenditure of the relevant proceeds.

- The SRC Committee retains external international legal counsel with relevant expertise and experience in sanctions laws on an ongoing basis to periodically review our sanctions law matters and provide recommendations and advice as necessary. Based on the advice from the external international legal counsel, the SRC Committee will review and update our internal control policies and procedures with respect to the sanctions risks and will supervise their implementation.

- The sales of our Company are mainly conducted by our IB Department and TS Department. Regular trainings will be conducted by our SRC Committee to the team members of our IB Department and TS Department to ensure that they have the most recent knowledge on sanctions related issues.

- The head of IB Department and the head of TS Department monitors the commercial or other business activities of our Group which may cause us to be exposed to potential sanctions risks or breach of any relevant covenants and undertakings and evaluate whether we should engage in the relevant commercial or other business activities. They will prevent us from engaging in any commercial activities that may expose us to potential sanctions risks, including but not limited to the risk of being sanctioned, or breach of our contractual obligations to the underwriters and undertakings made to the Hong Kong Stock Exchange.

- The head of IB Department and head of TS Department will report to the SRC Committee on any sanctions related risks on our Group's commercial or other business activities on a regular basis. The SRC Committee will hold meeting at least quarterly to discuss sanctions issues.

- The SRC Committee ensures that we will make timely disclosure on the Hong Kong Stock Exchange's website and our own website if we believe our business would put Relevant Persons or ourselves at risk of being sanctioned.

Our International Sanctions Legal Advisors have reviewed and evaluated these internal control measures and are of the views that these measures are adequate and effective for our Company to comply with our undertaking to the Hong Kong Stock Exchange.

Taking into account our International Sanctions Legal Advisors' views above, our Directors are of the views that these measures will provide a reasonably adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to sanctions laws so as to protect the interest of our Shareholders and us. After undertaking relevant due diligence, and subject to the full implementation and enforcement of these measures, the Sponsor is of the view that these measures will provide a reasonably adequate and effective internal control framework to assist the Company in identifying and monitoring any material risk relating to sanctions laws.

SUPPLIERS, RAW MATERIALS, AND INVENTORY

Owing to our vast array of services and products, we procure a wide variety of raw materials for our business segments. For example, gene synthesis service uses various types of restriction endonuclease, oligonucleotide synthesis service uses nucleotide monomers, DNA sequencing service uses BigDye Terminator kit, protein production service uses culture media, peptide synthesis service uses amino acids, and antibody development service uses experimental animals such as rats and rabbits. Our life sciences research catalog product uses gel reagents to cast protein gels. Raw materials used under our preclinical drug development service segment are usually project-specific, such as mice. Raw materials used under our industrial synthetic biology product segment include maltose syrup, which is a common industrial carbon source used for fermentation of enzymes. For each of the three years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, most of our raw materials accounted for less than 5% of the total costs of raw materials.

As of December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, we had a total of over 250, 280, 270 and 210 suppliers of different raw materials for our production, respectively, that are mostly located in China. We have maintained stable relationships with many of our key suppliers. Our relationship with our top five major suppliers remains over seven years on average. The raw materials required for the production of our services and products are generally readily available in the market through many suppliers. We generally retain at least two suppliers for a vast majority of our raw materials. During the Track Record Period, we had not experienced any material return of supplies due to quality defects or any significant delays or shortage of supply of raw materials. We expect to be able to maintain adequate sources of quality supplies in the future.

We carefully select our suppliers based on various factors, including their product quality, pricing, delivery, and overall services. We assess our suppliers based on their customer services, procurement process, inspection of raw materials, production process, packaging and delivery, and quality control management. We collect raw material samples and conduct sample trials to ensure that our suppliers' raw materials meet our stringent quality standards. We also request for documents such as licenses and permits and ascertain whether our suppliers have any competitive relationships with our Company.

We typically enter into one-year binding supply framework agreements with our key suppliers that are mostly located in China, which are renewed annually upon mutual agreement of the parties, whereby parties agree to pricing, method of placing orders, specifications of goods, undertakings in respect of the quality, payment terms, termination terms, and dispute resolution. We were generally not contractually committed to any specific minimum purchase quantity during the Track Record Period. Pursuant to the framework agreements, we place purchase orders from time to time with our suppliers. We perform an acceptance examination of raw materials to ensure that they meet our quality standards. We pay for our purchases of raw materials in cash or on credit. Credit periods granted to us by our suppliers generally range from 30 to 90 days. We review the performance of our suppliers on a semi-annual or annual basis. Our suppliers are generally not responsible for the defects of our finished products.

Our procurement department manages the raw materials inventory level by monitoring our production activities and incoming sales orders in real time, taking into consideration our production plan, purchase orders received, and research and development needs, and places orders with suppliers for any inventory that is expected to decline below targeted levels. We typically procure raw materials on a monthly basis and maintain one month's worth of inventory. Furthermore, we procure raw materials for our customized services and products on an as-needed basis.

During the Track Record Period, the purchase prices of our raw materials were relatively stable. For the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, purchases from our five largest suppliers were approximately US$3.0 million, US$2.3 million, US$3.4 million, and US$2.0 million, accounting for approximately 23.7%, 16.1%, 19.8%, and 23.7% of our total purchases, respectively. During the same periods, our purchases from our largest supplier were US$1.0 million, US$0.7 million, US$1.1 million, and US$0.8 million, accounting for approximately 7.6%, 4.9%, 6.4%, and 9.2% of our total purchases, respectively.

Our cost of sales directly affects our results of operations and profitability. The major components of our cost of sales include costs of raw materials and labor costs in relation to our production and sale of products and rendering of our services to customers. Please see the section headed "Financial Information — Factors Affecting Our Results of Operations and Financial Condition — Cost of Sales — Cost of Raw Materials" on page 291 of this prospectus for details. We have adopted a number of measures

to mitigate the fluctuations in prices of our raw materials, including an annual price search and negotiation with suppliers on price of raw materials. We expected that, subject to general market conditions, we will be able to pass on part or all of any price increases in our raw materials to our customers.

None of our Directors, their respective associates, or any Shareholder who, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company has any interest in any of our top five suppliers. To the best of our Directors' knowledge, all of our suppliers were Independent Third Parties during the Track Record Period.

PRODUCTION

Production Facilities

As of the Latest Practicable Date, we had three production facilities in operation in China and the United States. Our principal research and development base and production facility covers a site area of approximately 71,838.18 sq.m. in Jiangning Science Park located in Nanjing, China* (南京江寧科學園). As of the Latest Practicable Date, we had three five-story research and development and production buildings and two two-story animal housing buildings in Jiangning Science Park in Nanjing, which are AAALAC- and OLAW-accredited facilities. We leased our second production facility located in Pukou, Nanjing, which is used primarily for the production of peptides. We also leased and operated a facility for express gene synthesis and DNA sequencing service at GS US. As of June 30, 2015, we operated a total of 12 key production lines and employed more than 600 production personnel.

The services under our principal business segment, namely our life sciences research service segment, are certified by ISO 9001:2008. It assures our customers that we have a reliable quality management system in place and demonstrates our ability to meet customer expectations with high regularity and precision.

Production Process

The production processes used in the provision and production of our key life sciences research and application services and products are set forth below.

Life Sciences Research Services

The following flowchart illustrates the typical production processes for our key life sciences research services.

Oligonucleotide synthesis, Gene synthesis & DNA sequencing

Step	Specific Work	Approximate Time Required
1. Gene analysis	• Analysis of the sequence of the gene specified in customer's order by our proprietary software	
2. Oligonucleotide design	• Design of oligonucleotides by software	
3. Oligonucleotide synthesis	• Synthesis of the designed oligonucleotides using DNA synthesizer	
4. Oligonucleotide purification	• Purification of the synthesized oligonucleotides from crude products	Typically 1-2 days in total

Step	Specific Work	Approximate Time Required
5. Gene synthesis	• Assembly of synthesized oligonucleotides into gene fragments and then full-length genes	Typically 8-10 days in total
6. DNA sequencing	• Sanger sequencing or next-generation sequencing of positive clones to confirm their sequences	Typically 1 day

Protein production

Step	Specific Work	Approximate Time Required
1. Cloning strategy design	• Design of the strategy to optimize the gene encoding target protein and the expression construct	
2. Gene synthesis and subcloning	• Synthesis of the gene with the designed strategy and insertion of the synthesized gene into expression vector using restriction enzymes	
3. Protein expression	• Expression of the target gene in host cell and verification of the protein expressed	
4. Protein production	• Purification of the target protein from the medium or cells	Typically 2-4 months in total

Peptide synthesis

Step	Specific Work	Approximate Time Required
1. Peptide synthesis	• Synthesis of peptides using amino acids on solid support (resin)	
2. Peptide cutting	• Cleavage of the synthesized peptides from resin and removal of side-chain protecting groups	
3. Peptide purification	• Purification of synthesized peptides using chromatography technology	Typically 2-3 weeks in total

Antibody development

Step	Specific Work	Approximate Time Required
1. Antigen preparation	• Conjugation of peptide antigen with carrier protein or expression of protein antigen	Typically 4-6 months in total for monoclonal antibody development; 2-3 months in total for polyclonal antibody development
2. Animal immunization	• Immunization of experimental animals using the prepared antigen	
3. Antibody development	• Animal serum collection or antibody screening from spleen cells	
4. Antibody purification	• Purification of antibody using antigen affinity chromatography	

Life Sciences Research Catalog Products

The following flowchart illustrates the typical production process for our key life sciences research catalog products.

Antibody Production

Step	Specific Work	Approximate Time Required
1. Antigen preparation	• Conjugation of peptide antigen with carrier protein or expression of protein antigen	Typically 4-6 months in total for monoclonal antibody productions; 2-3 months in total for polyclonal antibody production
2. Animal immunization	• Immunization of experimental animal using the prepared antigen and adjuvant	
3. Antibody development	• Animal serum collection or antibody screening from spleen cells	
4. Antibody purification	• Purification of antibody using antigen affinity chromatography	

Recombinant Proteins Production

Step	Specific Work	Approximate Time Required
1. Gene construct design	• Design of expression gene construct with the aim to maximize the expression of the protein of interest	
2. Gene synthesis and sub-cloning	• Synthesis of the corresponding gene and cloning of the synthesized gene into an appropriate vector	
3. Protein production	• Expression of the protein of interest by the expression vector in an appropriate host cell and purification of the expressed protein	
4. Function confirmation	• Confirmation of expected function of expressed protein using appropriate assay	Typically 4-6 weeks in total

Precast Gel Production

Step	Specific Work	Approximate Time Required
1. Raw material and reagent preparation	• Preparation for gel casting, which often includes preparation of gel reagents in accordance with the customer's specifications	
2. Gel casting	• Casting of the gel using gel cassette and the gel reagents	
3. Packaging	• Inspection and packaging of the wrapped and sealed gel before delivery	Typically 3-4 days in total

Affinity Resin Production

Step	Specific Work	Approximate Time Required
1. Activation of Sepharose	• Cleaning of Sepharose resin with salt and water, and activation of Sepharose resin by adding reaction reagents to Sepharose	
2. Ligand coupling	• Coupling of corresponding active substances with the activated Sepharose resin, such active substances including protein A (a proprietary recombinant protein) and other peptides	
3. Packaging	• Packaging of activated and ligand-coupled Sepharose resin before delivery.	Typically 2-3 days in total

Preclinical Drug Development Services

The following flowchart illustrates the typical production process for our key preclinical drug development services.

Antibody & Protein engineering

Step	Specific Work	Approximate Time Required
1. Experimental design	• Analysis of customer's requirements and design of experiments to modify the protein of interest	
2. Antibody and protein library/variant construction	• Construction of a phage display gene library of proteins or antibodies of interest	
3. High-throughput screening	• Affinity pull-down screening to isolate displayed protein or antibody from the library	
4. Antibody & protein production and characterization	• Production of protein/antibody clones and characterization of the desired properties/functions	Typically 4.5-6 months in total

In vitro pharmacology service

Step	Specific Work	Approximate Time Required
1. Cell preparation	• Preparation of appropriate cell lines and test drug compounds (or antibody drug candidates)	
2. Cell based assay establishment	• Establishment of the cell based assays, which often entails the culturing of cells, measurement of certain properties of the cells in accordance with predetermined parameters to assess whether the test molecules have the expected effect	
3. Assay validation	• Validation of the cell based assays with positive molecules known to have an anticipated effect	
4. Efficacy/potency evaluation on cells	• Evaluation of the efficacy/potency of the test molecules using the validated cell based assays	Typically 3-4 months in total

In vivo pharmacology service

Step	Specific Work	Approximate Time Required
1. Animal model establishment	• Establishment of animal disease model by growing model animals and measuring certain properties of the animals in accordance with predetermined parameters to assess whether test molecules have the expected effect on the disease model	
2. Model validation	• Validation of the animal model experiments with positive molecules known to have anticipated effects on the disease models	
3. Efficacy/potency/ pharmacokinetics evaluation on animals	• Evaluation of the efficacy/potency/ pharmacokinetics of the test molecules using the validated animal model experiments	Typically 4.5-6 months in total

Industrial Synthetic Biology Products

The following flowchart illustrates the typical production process for our industrial synthetic biology products.

Step	Specific Work	Approximate Time Required
1. Strain engineering	• Creation of strain for industrial production of the enzyme or chemical	6-12 months
2. Seed fermentation	• Growing of industrial strain in 10L-1000L fermentors so as to provide enough cells (seeds) for large-scale fermentation*	Typically 2-6 days
3. Large-scale fermentation	• Production of the enzyme or chemical on an industrial scale by inoculation of enough seeds provided at step 2*	Typically 2-6 days
4. Harvest by filtration and ultrafiltration	• Purification of the produced enzyme or chemical using techniques such as filtration, ultrafiltration, or other purification methods*	Typically 1-2 days
5. Product formulation	• Formulation of the final product into concentrated extract, adding stabilizers and preservatives to a proper ratio*	Typically 1-2 days

*: Outsourced under our on-site technical supervision at the production facilities of our outsourced suppliers.

We require all production operators follow our standard operating procedures, and have stringent quality control steps at the end of, and in certain instances, along many or all of the steps of, each of our production processes. Only intermediate products that have passed in-process quality control points will be passed to the next production step, and only final products that have passed all quality control steps would be delivered to our customers. In providing our services, reports are generated and delivered to our customers only after satisfactory quality control results. Some of the quality control steps are automated or otherwise straightforward and take less time. Depending on the nature of the services and products and the customers' specifications, some quality control steps take longer time and involve assays specific to the services and products to be tested. For example, quality control of antibody products involves ELISA and/or Western blotting testing of the specificity of the antibodies produced, and quality control of recombinant protein products involves bioactivity testing of the anticipated activities and/or functions of the recombinant proteins produced. For further details of our quality management, please see the subsection headed "— Quality Control and Quality Assurance" on page 216 of this prospectus.

OUTSOURCING ARRANGEMENT

While we substantially produce almost all services and products at our production facility, we outsource certain steps of production. Under the life sciences research service segment, we outsource certain testing services to independent third-party outsourced suppliers as a means of reducing production costs. Under the life sciences research catalog product segment, we primarily procure precast gel cassette from third-party outsourced suppliers. Under the preclinical drug development service segment, we outsource certain animal breeding, immunization and serum/cell collection to third-party outsourced suppliers as a means of reducing production cost and maintaining animal quality. Since our industrial synthetic biology product segment is still in its infancy, while we maintain the design and

laboratory-scale production within our own facility, we outsource the large industrial-scale production and formulation processes under our on-site technical supervision to third-party outsourced suppliers according to our specifications. We intend to gradually build up our in-house production capability for our industrial synthetic biology products as the key development strategy of this segment. Please see the subsection headed "— Future Expansion" on page 219 of this prospectus for details.

We have adopted strict procedures to ensure that the production qualifications, production facilities, and production processes of our third-party outsourced suppliers comply with the relevant regulatory requirements and our internal guidelines. We select our third-party outsourced suppliers carefully by taking into account a number of factors, including their qualifications, relevant expertise, production capacity, geographic proximity to end-users, market reputation, track record, product quality, internal quality control system, reliability in meeting delivery schedules, and terms offered by such third-party outsourced suppliers. Before we enter into any contract with our third-party manufacturers, we interview potential candidates to ascertain their qualifications, production capacity, and industry experience. We also visit their production facilities to conduct on-site inspections. Our third-party outsourced suppliers are required to provide copies of their business licenses, permits, and approvals for our examination during our selection process. We accept the services from our outsourced suppliers only after we have tested and confirmed that such services meet our quality standards. As of June 30, 2015, we had engaged 15 outsourced suppliers, who are Independent Third Parties and most of them had established business relationships with us for more than three years. During the Track Record Period, there were no disputes with our key outsourced suppliers that had resulted in a material adverse effect for our business operations and financial condition.

We enter into purchase orders or written outsourcing agreements with our outsourced suppliers typically with a specified term. Agreements with outsourced suppliers generally set out terms, including product quality or service details, technical standards or methods, delivery terms, agreed price and payment, and product inspection and acceptance criteria. We are generally allowed to return any products that fail to meet our quality standards. Our outsourced suppliers procure raw materials themselves. The payments we make to our outsourced suppliers reflect service and products quality. Typically, outsourced suppliers request settlement of payment within 30 days from the date of invoice. Either party may terminate the agreements by serving notice to the other party in certain cases.

During the Track Record Period, we had not experienced any quality issues in respect of the services provided and products produced by our outsourced suppliers. For the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, we incurred outsourcing costs of US$42,214, US$79,911, US$816,207, and US$320,605, representing approximately 0.3%, 0.6%, 4.8%, and 3.9% of our total cost of production, respectively.

OEM ARRANGEMENT

We produce a substantial portion of our life sciences research and application services and products at our own production facilities, while we engage independent third-party OEM contractors in the PRC to expand and diversify our product offerings under the life sciences research catalog product segment. These products primarily include recombinant proteins, endotoxin assay products, and plasmid miniprep products. The products are produced in factories operated by our OEM contractors, and the final products are sold under our "GenScript" brand once the products pass our quality control inspection. As of December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, we had engaged five, seven, seven, and six OEM contractors, respectively, and most of them had established business relationships with us for more than three years.

We select our OEM contractors based on stringent criteria, including historical performance, production facilities, management competency, quality control, technical know-how, and financial status. In addition, all of our OEM contractors are subject to an annual evaluation since 2014, which includes an assessment on their product quality, price, and product delivery time.

Typically, we enter into master OEM agreements with our OEM contractors with a term of one year. Such agreements, together with the relevant orders placed with OEM contractors, generally set out terms, including product details, product inspection and acceptance criteria, agreed price and payment, and delivery terms. The payments we make to our OEM contractors reflect the relevant costs of production, including raw materials, labor, processing, and other production costs, as well as a fee in relation to the OEM services provided. Typically, OEM contractors request settlement of payment within 30 days from the date of invoice.

For the years ended December 31, 2012, 2013, 2014, and the six months ended June 30, 2015, purchases from our OEM contractors were approximately US$135,600, US$258,800, US$349,800, and US$88,180, representing approximately 1.1%, 1.8%, 2.0%, and 1.1% of our total purchases, respectively. For the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, purchases from our five largest OEM contractors accounted for approximately 100.0%, 96.2%, 94.1%, and 99.8%, respectively, of our total purchase from OEM contractors, and purchases from our largest OEM contractor accounted for approximately 66.2%, 41.1%, 44.8%, and 63.1%, respectively, of our total purchase from OEM contractors for the corresponding periods. Our Directors confirmed that none of our Directors, or their respective associates, or any Shareholder (who to the knowledge of the Directors) holding more than 5% of the issued Shares had any interests in any of these five largest OEM contractors throughout the Track Record Period.

As of the Latest Practicable Date, we had not encountered any material disruption to our business as a result of failure to obtain OEM-supplied products, and we had not experienced and do not envisage that we will experience any material difficulties in obtaining the required OEM products. Our continued use of OEM contractors is subject to certain risks. Please see the section headed "Risk Factors — Risks Relating to Our Business — We depend on OEM contractors to manufacture a portion of our products. Our brand image and business may be negatively affected by the performance of or disruption in supply of our OEM contractors" on page 59 of this prospectus. As of the Latest Practicable Date, we were not aware of any violation by our OEM contractors of material laws and regulations applicable to them.

QUALITY CONTROL AND QUALITY ASSURANCE

We believe that an effective quality management system is critical to ensure the quality of our services and products and maintain our reputation and success. We seek to ensure that our services and products consistently meet high industry standards and requirements.

Under each of our business segments, we have dedicated in-process production personnel who carry out the stringent quality control steps subsequent to each production process. In addition, we have established a corporate-level quality assurance management team. As of June 30, 2015, we maintained a quality control and quality assurance team comprising of 53 employees with biology, chemistry, or related educational backgrounds. The team is led by management personnel experienced in the quality management field.

We undertake quality inspections and document our quality control procedures at different stages of our production process from the procurement of raw materials to the delivery of our services and products to our customers.

Raw Material Quality Control

We purchase raw materials only from approved suppliers. All approved suppliers are selected by our quality management department and procurement department, which conduct background checks on supplier candidates. Upon receiving satisfactory results of those checks, we collect raw material samples and conduct sample trials to ensure that our suppliers' raw materials meet our stringent quality standards. For each supply of raw materials, we request accompanying quality reports from our supplier, which usually contain various quantitative analyzes, such as the moisture content and purity in acetonitrile, a raw material for the production of oligonucleotides and peptides. We also perform our own inspection of raw materials in accordance with quality requirements requested by our client or by our internal standards. We also assess our suppliers by carrying out on-site audits or off-site assessments to ensure they comply with the relevant requirements.

Outsourced Services and Products Quality Control

While we substantially produce almost all services and products at our production facility, we outsource certain steps of production. We have adopted strict procedures to ensure that the production qualifications, production facilities, and production processes of our third-party outsourced suppliers comply with the relevant regulatory requirements and our internal guidelines. Please see the subsection headed "— Outsourcing Arrangement" for details of our quality control measures implemented on page 214 of this prospectus.

Final Service and Product Quality Control

Our services and products are subject to sample inspection by the quality control group of the production department. Before we deliver our final services and products to customers, we inspect the documentation relating to the quality of the services and products, including laboratory control records, production process records, and other information that may impact service and product quality. Our authorized quality personnel review documents relating to our services and products prior to their release for sale.

The services under our principal business segment, namely, the life sciences research service segment, are certified by ISO 9001:2008, certifying that our quality management system meets the requirements of ISO 9001: 2008 by application. Such certification is subject to renewal every three years and we obtained our renewal in 2013.

PRODUCTION EQUIPMENT AND MAINTENANCE

We purchase production equipment from major suppliers from China and overseas. The table below sets forth a summary of the key production equipment we deploy under each of our business segments.

Segments	Key Production Equipment
Life Sciences Research Services	• Oligonucleotide synthesizer • Chromatography system • Flow cytometer • Thermal cycler • DNA analyzer
Life Sciences Research Catalog Products	• Akta Avant system • Ultracentrifuge • Automatic fermentation system • WAVE bioreactor
Preclinical Drug Development Services	• Bimolecular interaction analysis system • Liquid handler • High-throughput cellular screening system • IVIS imaging system • Flow cytometer
Industrial Synthetic Biology Products	• Fermentation system

As of June 30, 2015, we had an equipment maintenance team of 15 employees who perform routine maintenance on our production equipment to ensure proper functioning. Our equipment and technology department is responsible for executing our periodic maintenance. We replace or upgrade our production equipment and machinery after they have been utilized for a certain period of time (which depends on the specific type of equipment and machinery) according to our relevant internal policy and production plan. We own all of our production equipment, with respect to which we have obtained all required permits, licenses, and approvals that are material to our business operations. During the Track Record Period, we had not experienced any material failure in the operation of our equipment. Please see the subsection headed "— Permits, Licenses and Approvals" on page 226 of this prospectus for further details.

The following table sets forth the designed annual production capacity, actual production volume, and utilization rates of our key services and products under the segments of life sciences research services, life sciences research catalog products, and preclinical drug development services for the

periods indicated. Utilization rate for industrial synthetic biology products is not calculated in the table below as the current production in-house remains at laboratory scale.

		For the years ended December 31,									For the six months ended June 30, 2015		
		2012			2013			2014					
Production line	Unit	Designed Annual Production Capacity[1]	Production Volume	Utilization Rate[2] (%)	Designed Annual Production Capacity [1]	Production Volume	Utilization Rate[2] (%)	Designed Annual Production Capacity[1]	Production Volume	Utilization Rate[2] (%)	Designed Annual Production Capacity[1]	Production Volume	Utilization Rate[2] (%)
Life Sciences Research Services	Number of orders	28,750	25,547	88.9	32,340	28,728	88.8	36,540	32,281	88.3	19,468	16,555	85.0
Life Sciences Research Catalog Products	Number of orders	14,000	11,944	85.3	14,000	11,474	82.0	14,500	12,860	88.7	7,250	6,172	85.1
Preclinical Drug Development Services	Number of orders	390	307	78.7[3]	505	416	82.4	621	519	83.6	328	299	91.2

Notes:

1. Production capacity relates to the designed annual production capacity of our production facilities in operation at the end of the period, which may not be a constant variable throughout the period. Our annual production capacity is generally calculated based on number of production personnel x designed production rate.

2. Utilization rate is calculated as the production volume for the relevant period as a percentage of the production capacity as adjusted for changes in production capacity as of each month-end and period length.

3. Under the preclinical drug development service, the utilization rate was relatively low for the year ended December 31, 2012 owing to the early development stage of this business segment in 2012.

FUTURE EXPANSION

We believe that demand for our services and products will continue to increase. According to the Frost & Sullivan Report, the spending on life sciences research and development worldwide has indicated an increasing general trend, led by the United States, which was estimated to have spent approximately US$410.9 billion on domestic research and development in 2014. Please see the section headed "Industry Overview" for a discussion on the key growth drivers of the life sciences research and application service and product industries, beginning on page 95 of this prospectus.

Leveraging on our market leadership position, we believe we are well-positioned to capture the growth opportunities by (i) expanding research and application service and product portfolio, (ii) enhancing production capacity, (iii) expanding and strengthening sales and marketing team, and (iv) making strategic acquisitions.

Expanding Research and Application Service and Product Portfolio

- Developing novel genome-editing technology;

- Expanding the applications of synthetic biology technology in pathway assembly, microbial knock-out and knock-in, genome modification, and antibody engineering;

- Expanding our off-the-shelf product offerings in protein expression and analysis and investing in new product development;

- Upgrading our capability in biologics drug discovery, acquiring cutting-edge technologies to strengthen our service platform, pursuing generation of human antibodies directly, extending our platform to multi-targeting therapy, and building a comprehensive capability in cancer immunotherapy; and

- Expanding our research and development on industrial enzymes into other fields of applications such as the feed, pharmaceutical, and chemical industries.

Enhancing Production Capacity

- Upgrading our production equipment and raising the automation level in production systems;

- Enhancing our existing manufacturing facility into GLP and GMP standards;

- Building more laboratories and production facilities to accommodate the increasing scale of our services and products and our revenue. To expand the production capacity of our business segments, we intend to construct two additional production lines in respect of our life sciences research services and one additional production line in respect of each of our life sciences research catalog products, preclinical drug development services, and industrial synthetic biology products;

- Expanding our production capacity of our life sciences research services, life sciences research catalog products, and preclinical drug development services by approximately 20%, 30%, and 30%, respectively; and

- Expanding our fermentation capacity with respect to industrial synthetic biology products from laboratory-scale fermentation capacity to industrial-scale fermentation capacity in-house.

Expanding and Strengthening Sales and Marketing Team

- Increasing the geographic coverage of our sales and marketing forces;

- Recruiting more experienced sales and marketing talents and providing them with more structured training of our services and products;

- Building a separate sales and marketing team for the sales and marketing of our industrial synthetic biology products with an aim to target customers in the PRC market and gradually expanding to the North American and European markets;

- Increasing our direct sales force to expand our addressable market;

- Expanding our sales coverage in the PRC and overseas markets to provide more efficient logistic support to our customers; and

- Streamlining our online quotation and ordering platform.

Making Strategic Acquisitions

- Combining our organic growth of operations with the strategy of selectively making acquisitions in attractive segments of the industry.

We intend to apply approximately 30%, 30%, and 15% of our net proceeds for expanding of our service and product portfolio, expanding production capacity, and expanding and strengthening sales and marketing team, respectively, between 2015 and 2018. In addition, we intend to apply approximately 15% for making strategic acquisitions. As of the Latest Practicable Date, we did not have any specific acquisition plans or targets and have not entered into any definitive agreements with any potential targets.

RESEARCH AND DEVELOPMENT

We believe research and development are critical to our future growth and our ability to remain competitive in each of our business segments. Each of our four business segments has its own dedicated research and development team. We maintained a total of over 120 research and development staff as of June 30, 2015. Over 13.0% of our research and development staff possess doctoral degrees in life sciences-related disciplines in biology, molecular biology, genetics, biological engineering, immunology, and other related areas. Most of them received their doctoral degrees from prestigious academic institutions overseas.

Our life sciences research service segment maintained a research and development team with 33 employees under its internal Biotechnology Research Institute as of June 30, 2015. The mission of the research and development team of this business segment is to upgrade our technology to improve the competitiveness and the quality of our services including all bio-reagents, such as oligonucleotides, genes, proteins, peptides, and antibodies. As many of the services of this segment are fundamental to biomedical research, a major goal of the life sciences research service research and development team is to increase efficiency, reduce cost, and increase throughput. The research and development team of the life sciences research service segment is also tasked with the development of new technologies so that the segment can offer new services to our customers. For example, in the context of synthetic biology technologies, the team developed a high-throughput gene synthesis technology in 2014 and combinatorial pathway assembly technologies in 2015. The team is also applying gene knock-in technology to produce premium antibody and protein products. In addition, the research and development team also provides technological support to the production team within the segment to solve problems encountered in the production process.

Our life sciences research catalog product segment maintained a research and development team with 28 employees as of June 30, 2015. The mission of the research and development team of this business segment is to develop life sciences research catalog products, primarily those commonly used in life sciences research in both academia and the industry. The team also cooperates with the life sciences research service segment in the development of reagents.

Our preclinical drug development service segment focuses its research efforts on expanding its service and production capacity in relation to biologic drug discovery. The research and development team was staffed with 15 employees as of June 30, 2015. The mission of the research and development team of this business segment is to upgrade our technology platform and to improve the quality of our drug discovery services and products, our production capacity, and the efficiency of our services. In addition, the team also collaborates with global pharmaceutical companies on certain project

developments and provides contract-based research services which are experimental in nature and involve complex trial-and-error procedures and discovery research. During the Track Record Period, we had gained substantial experience and identified some valuable drug leads, for example, therapeutic single domain antibody drug leads and innovative technologies that facilitate the drug discovery. One important goal of the research and development team in this segment is to improve our competitiveness by developing proprietary technologies. The team is working to build the intellectual property portfolio of these new technologies and products, which primarily target the biopharmaceutical market.

Our industrial synthetic biology product segment maintained a research and development team with approximately 46 employees under its internal Molecular Biology Research Institute as of June 30, 2015. The mission of the research and development team of this business segment is to design and develop new products and to optimize the production process. Our current research and development focus is on designing, developing, and optimizing new products in grain processing and starch processing, and our top priority is developing those industrial enzymes with high added value in the market. During the Track Record Period, we had developed and launched a series of industrial enzyme products. Our research and development team lends strong support to our product team in providing technical solutions and value-creating production plans to our customers.

The table below sets forth our major achievements in research and development activities during the Track Record Period.

Segment	Year	Research and Development Achievements
Life Sciences Research Services	2013	• We developed a high-affinity monoclonal antibody development technology platform to offer custom monoclonal antibody drug development services to our global customers.
Life Sciences Research Services	2013	• We established a comprehensive biosimilar development service platform including high-yielding stable cell line development, upstream and downstream process development and optimization, and bioanalytical method development and validation.
Life Sciences Research Services	2014	• We developed GenPlus™ next-generation gene synthesis technology and started to provide GenPlus™ high-throughput gene synthesis services.
Life Sciences Research Services	2014	• We established a CRISPR-Cas9-based genome editing technology platform and started to provide custom gene knock-out and knock-in services.
Life Sciences Research Services	2014	• We developed a full monoclonal antibody portfolio to deliver new services generating antibody fragments or full-length monoclonal antibody in appropriate hosts such as *E. coli*, yeast, insect, and mammalian cells.

Segment	Year	Research and Development Achievements
Life Sciences Research Services	2015	• We developed and are continuing to improve our combinatorial pathway assembly technology and are able to provide combinatorial assembly and truncation variant library services.
Preclinical Drug Development Services	2013	• We successfully developed our half-life extension technology for single domain antibody drugs.
Industrial Synthetic Biology Products	2014	• We have established capability of engineering enzyme-producing microbes and have developed industrial-leading composite glucosydase products (named HighDEX series), which have been launched.

Research and Development Pipeline Projects

We have a proven track record of developing and commercializing life sciences research and application services and products.

The table below sets forth a number of areas for ongoing research that we believe may have significant impact on our long-term success as of the Latest Practicable Date.

Segment	Research Project	Application	Status	Development Goal	Expected Launch Year/ Continuous Project
Life Sciences Research Services	Next-generation gene synthesis technology upgrade	Low cost large-scale gene synthesis	Service launched and ongoing upgrade	Shorten the turnaround time and reduce production cost	mid-2016
Life Sciences Research Services	Combinatorial pathway assembly technology	Synthetic biology, protein engineering, gene expression regulation	Service launched and ongoing upgrade	Establish a highly efficient and cost-effective, method for simultaneous assembly of multiple genetic elements	mid-2016

Segment	Research Project	Application	Status	Development Goal	Expected Launch Year/ Continuous Project
Life Sciences Research Services	Industry cell line development service	Biologics development	Ongoing	Develop high yielding industry cell line	Ongoing
Life Sciences Research Services	Codon optimization technology platform upgrade	Heterologous protein expression, gene expression regulation	Ongoing	Develop a newer version of codon optimization algorithm	January 2016
Industrial Synthetic Biology Products	Advanced Thermo/ acid-stable alpha-amylase	Starch processing industry	First generation product launched	Develop a market competitive product	mid-2016

Throughout our years of operation, we have always been encouraging our research and department teams to research and invent new technologies, and we have made efforts in identifying, acquiring, and in-licensing technologies. We believe that inward technology licensing from industry-leading international players can serve as a springboard for our further internal technological developments. It represents an important means for us to get access to external technology and help us maintain at the industry frontier. Integrating licensed technology into our own knowledge bases not only provides a learning opportunity of the cutting-edge technologies but also yields a positive effect on our subsequent innovation performance.

Our research and development expenses were approximately US$5.5 million, US$6.1 million, US$5.6 million, and US$2.4 million for the three years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, representing 10.4%, 10.1%, 8.0%, and 5.9% of our revenue, respectively. In light of our research and development strategies, the amount of research and development expenses varies slightly with the number and scale of projects each year. Our research and development expenses grew from approximately US$5.5 million to US$6.1 million primarily due to the launch of the industrial synthetic biology product segment in 2013. We have invested in the research and development of industrial synthetic biology products, in particular industrial enzymes, which led to the establishment of BSJ Nanjing in 2013. In 2013, we increased research and development resources in gene synthesis, such as for the development of GenPlus™ next-generation gene synthesis technology. Since our presentation currency of our combined financial statements is USD while we incurred our research and development expenses mainly in RMB, we translated those research and development expenses incurred in RMB into USD when preparing our combined financial statements. As a result, the decrease in the percentage of revenue spent in research and development during the Track Record Period was also due to the depreciation of RMB against US dollar to a certain extent. In the next five years, through, among others, the internal resources and the proceeds of the Global Offering, we intend to increase our levels of investment in research and development in exploring and developing new services and products to keep

abreast of the new directions of the life sciences research and application service and product industries. We intend to continue to leverage our technology and research and development capabilities to broaden our life sciences research and application service and product portfolio as well as to develop novel and enhanced production technologies. We intend to invest approximately 8% of our total revenue each year on exploring and developing new services and products to keep abreast of the new directions of life sciences research and application needs in the market.

INTELLECTUAL PROPERTY

We develop and use a number of proprietary methodologies, analytics, systems, technologies, and other intellectual property in the conduct of our business. As of the Latest Practicable Date, we had 17 registered trademarks, 3 pending trademark applications in the PRC and the United States, 19 registered patents, 9 pending patent applications, and three registered domain names in the PRC and the United States, which are material to our business. Please see the section headed "Statutory and General Information — 6. Further Information about Our Business — B. Our Intellectual Property Rights" in Appendix V to this prospectus on page V-12 for further details of our material intellectual property rights.

The protection of our technologies, products, and processes is essential to our businesses. In order to protect our trade secrets and other proprietary know-how, we take the key measures, including (i) entering into standard employment contracts with confidentiality clauses that prohibit our employees from disclosing trade secrets, (ii) entering into confidentiality agreements with our employees, pursuant to which all intellectual properties developed by our employees during their course of employment with us and utilizing our Company's resources or in connection with their scope of work shall become our intellectual properties, (iii) using codes in our research and development materials to prevent disclosure of confidential information and granting access to research and development information only to a limited scope of employees, (iv) confidential filing of all research and development results and granting access to the entire research and development process of certain proprietary technologies only to a limited scope of employees, (v) keeping written records for the entirety of our research and development process, and (vi) pursuing legal proceedings and claims against infringement of our intellectual property rights.

We closely monitor industry developments and the new services, products and technologies of our competitors to identify potential infringement of our intellectual property rights. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement of our intellectual property rights that had a material adverse effect on our business. We are, however, subject to risk in the protection of our intellectual property. Please see the section headed "Risk Factors — Risks Relating to Our Business — Any failure to protect our intellectual property rights could harm our business and competitive position" on page 46 of this prospectus.

In addition to protecting our intellectual property, our success also depends on our ability to mitigate the risk that any of our products, services, or production infringe the intellectual property of others. We take the following key measures in avoiding patent infringement, including (i) identifying potential infringement issues at an early stage, (ii) conducting patent search related to our technology, (iii) reviewing competitor's services and products and understanding their rights, and (iv) in-licensing relevant technologies, which we believe would benefit our research and development activities. Save as otherwise disclosed in the subsection headed "— Legal Proceedings and Compliance" beginning on page 237 of this prospectus, during the Track Record Period and up to the Latest Practicable Date, we were not

aware of any material claims against us relating to our alleged infringement of intellectual property owned by third parties. Please see the subsection headed "— Research and Development — Research and Development Pipeline Projects" on page 223 of this prospectus for our in-licensed technologies.

PERMITS, LICENSES, AND APPROVALS

The life sciences research and application service and product industries are regulated in the PRC, and life sciences research and application service and product providers are required to obtain the requisite permits, licenses, and approvals from the relevant government authorities. Please see the section headed "Regulations" beginning on page 119 of this prospectus for more details of all the material licenses, permits and approvals required for our business operations in the PRC.

Our Directors, as advised by our PRC legal advisor, Fangda Partners, and U.S. legal advisor, Dorsey & Whitney, respectively, confirm that up to the Latest Practicable Date, our PRC subsidiaries and subsidiaries in the United States have obtained all required permits, licenses, and approvals from the relevant government authorities that are material for our operations in the PRC and the United States, and all of such permits, licenses, and approvals are within their respective effective periods, except in relation to (i) the discharge of pollutants prior to obtaining pollutants discharge permits, and (ii) failure to obtain construction work commencement permit, inspection and acceptance on completion of construction, and building ownership certificate in relation to certain construction projects and buildings during the Track Record Period as disclosed in the section headed "Business — Historical Non-compliance Incidents" beginning on page 238 of this prospectus. Our PRC subsidiaries and subsidiaries in United States had not experienced any material difficulty in renewing such permits, licenses, and approvals during the Track Record Period, and currently do not expect to have any material difficulty in renewing them when they expire, if applicable. We were also not penalized by the relevant government authorities for any material non-compliance in connection with our business operation.

The following table sets forth the key licenses, permits, and certificates relating to our business and operations, the issuing authority, and the expiry date.

Permit/Licence/Certificate	Issuing Authority	Issue Date	Expiry Date
Experimental Animal Use Permit (conventional condition: conventional grade (rabbit))* (實驗動物使用許可證) (普通環境：普通級（兔）)	Jiangsu Province Science and Technology Bureau* (江蘇省科學技術廳)	December 10, 2012	December 9, 2017
Experimental Animal Use Permit (blocked condition: clean grade, SPF grade (rats and mice))* (實驗動物使用許可證) (屏障環境：清潔級、SPF級（大鼠、小鼠）)	Jiangsu Province Science and Technology Bureau	December 10, 2012	December 9, 2017
ISO9001:2008 Certification for Quality Management System	SGS United Kingdom Ltd.	January 1, 2013 (effective date)	January 25, 2016

Permit/Licence/Certificate	Issuing Authority	Issue Date	Expiry Date
AAALAC Certification for the Animal Order and Experiment	Association for Assessment and Accreditation of Laboratory Animal Care International	March 12, 2013	March 12, 2016
OLAW Certification for the Animal Welfare Assurance	Office of Laboratory Animal Welfare of the National Institutes of Health of the United States	November 9, 2010	November 9, 2015
Radiation Safety Permit* (輻射安全許可證)	Nanjing Municipal Bureau of Environmental Protection* (南京市環境保護局)	July 10, 2014	August 3, 2019
Business Registration Certificate for the Production, Processing and Storage of Export Animals and Non-edible Animal Products* (出口動物及其非食用性動物產品生產、加工、存放企業註冊證)	Jiangsu Province Entry-Exit Inspection and Quarantine Bureau* (江蘇省出入境檢驗檢疫局)	N/A	June 30, 2018
The PRC Customs Declaration Registration Certificate* (中華人民共和國海關報關單位註冊登記證書)	Jinling Customs of the PRC * (中華人民共和國金陵海關)	N/A	N/A
Medical Waste Generator Registration Certificate	State of New Jersey, Department of Environmental Protection	August 1, 2012	N/A

AWARDS AND RECOGNITION

During the Track Record Period, we had received numerous awards and recognition in respect of the quality of our products, popularity of our brand, and our social contributions. The table below sets forth the major awards and recognition we have received since 2012.

Award Date	Award/Recognition	Awarding Institution/Authority
2012	2012 CRO Leadership Award — Productivity	*Life Science Leader* Magazine
	Recognition Certificate of High and New Technology Enterprises* (高新技術企業證書)	Jiangsu Province Science and Technology Bureau* (江蘇省科學技術廳) Jiangsu Province Finance Department* (江蘇省財政廳) the State Administration of Taxation of Jiangsu Province* (江蘇省國家稅務局) Local Taxation Bureau of Jiangsu Province* (江蘇省地方稅務局)

Award Date	Award/Recognition	Awarding Institution/Authority
2013	Top 10 CRO Enterprise with High Investment Value in China* (2013中國最具投資價值的十大CRO企業)	Pharmaceutical Industry Innovation Evaluation Committee* (醫藥行業創新力評價組委會)
	Recognition from One Foundation* (壹基金感謝函)	One Foundation
	Recognition Certificate of Advanced Technology Service Enterprises* (技術先進型服務企業證書)	Nanjing Municipal Science and Technology Committee* (南京市科學技術委員會) Nanjing Municipal Bureau of Commerce* (南京市商務局) Nanjing Municipal Finance Bureau* (南京市財政局) the State Administration of Taxation of Nanjing City of Jiangsu Province* (江蘇省南京市國家稅務局) Local Taxation Bureau of Nanjing* (南京市地方稅務局) Nanjing Municipal Commission of Development and Reform* (南京市發展和改革委員會)
2014	2014 CRO Leadership Awards — Quality, Reliability, Productivity and Innovation Awards	*Life Science Leader* Magazine
	High and New Technology Product Certification for Primer, Plasmid and Antibody* (高新技術產品認定證書（引物，質粒及抗體）)	Jiangsu Province Science and Technology Bureau

COMPETITION

We face intense competition from other providers both in the PRC and overseas in the life sciences research and application service and product industries. In particular, the top five players in the global gene synthesis market segment dominate the market segment with a 74.2% market share in terms of revenue in 2014, according to the Frost & Sullivan Report. We compete based on service and product quality, industry reputation, technical capabilities, pricing, payment terms, delivery speed, and customer service. We face competition mainly from multinational corporations and, to a lesser extent, from PRC domestic companies.

Our core competitive edge is the provision of high-quality life sciences research and application services and products at affordable prices for daily research purposes, coupled with our commitment to technical excellence and customer satisfaction.

We believe that we are able to maintain our services' and products' competitiveness by leveraging our established position in the life sciences research and application service and product industries among overseas and domestic providers. We are also of the view that a wide product and service portfolio and quality assurance are critical to the continuing success of our business.

In terms of entry barriers, according to the Frost & Sullivan Report, the life sciences research and application service and product industries generally require (i) accumulation of professional know-how to increase efficiency of research experiments and decrease the time required for conducting the experiments, (ii) assembly of a sufficient quantity of talents to keep up with emerging new technologies, (iii) substantial capital investment to allow high-throughput processing and to achieve economies of scale, (iv) development of a widely and deeply expanded sales network to improve market presence and to capture a fragmented customer base, and (v) brand reputation that represents an integrated performance appraisal for hardware condition, know-how accumulation, and talent recruitment. Well-recognized suppliers are more popular for large-scale and technically demanding projects. Therefore, our Company, as an early entrant and large-scale participant in the industry that has gained experience and market reputation across the regions in which we operate, achieves a competitive advantage over new entrants.

Please see the section headed "Industry Overview" for details of the life sciences research and application service and product industries, including the size, market trends, and prospects, beginning on page 95 of this prospectus.

INSURANCE

We maintain different types of insurance policies to cover our operations. We carry property insurance policies covering our inventory equipment and facilities that are material to our business operations, personal accident insurance for our full-time staff, and the compulsory environmental pollution liability insurance. We also maintain product liability, professional liability insurance as well as business property, commercial general liability and employees benefits liability for our laboratory operations in the United States. We believe that the coverage of the insurance obtained by us is adequate and consistent with the market practice in the PRC and the U.S. for our business and operations.

During the Track Record Period, we had not made, and had not been the subject of, any material insurance claims.

HUMAN RESOURCES

We believe that the long-term sustainable growth of our Company depends on the knowledge, experience, and development of our employees. We had 1,159, 1,133, 1,203, and 1,187 full-time employees as of December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, respectively. As of June 30, 2015, over 63.3% of our employees had obtained a bachelor's or higher degree, with over 7.6% holding Ph.D.s.

The table below sets forth a breakdown of our total number of full-time employees by function as of June 30, 2015.

Function	Number of employees	Percentage of total (%)
Production	619	52.1
Sales and marketing	174	14.7
Administration	188	15.8
Research and development	122	10.3
Management	84	7.1
Total	1,187	100.0

The following table sets forth the number of full-time employees by geographic location as of June 30, 2015.

Geographic location	Number of employees	Percentage of total (%)
The PRC	1,078	90.8
United States	99	8.4
Japan	4	0.3
Hong Kong	6	0.5
Total	1,187	100.0

The level of competition among employers in the PRC and overseas for skilled personnel is high. We believe that our remuneration package, brand recognition, and multinational presence are advantages that attract qualified candidates.

Our goal is to provide employees with an environment that encourages them to develop their career with us. During the Track Record Period, we had primarily adopted a direct recruitment policy that was aimed at attracting qualified employees. We had also recruited employees by referrals. We provide orientation and continuous on-the-job training to our employees. Our orientation process covers subjects such as corporate culture and policies, work ethics, major production processes, quality management, and occupational safety. Our on-the-job cross-training covers technical know-how of various business segments, environmental, health and safety management systems, and mandatory training required by applicable laws and regulations. We also provide training for managers and manager candidates.

The remuneration package of our employees includes a base salary, a bonus, and other cash subsidies. In general, we determine the remuneration package based on the qualifications, position, and performance of our employees. Pursuant to our annual review system, we appraise the performance of our employees and consider their eligibility for promotion. In respect of employees employed by our PRC subsidiaries, we are required to make contributions to social insurance fund, including basic pension insurance, medical insurance, unemployment insurance, childbirth insurance, work-related injury insurance funds, and housing reserve fund. We believe the remuneration package of our employees is competitive when compared with the prevailing market rates.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the Track Record Period, we had generally maintained a harmonious relationship with our employees. As of the Latest Practicable Date, no significant labor disputes that adversely affected or were likely to have an adverse effect on the operations of our business had occurred. Our Directors believe that our human resources have been improving both in terms of quantity and quality, and we have not experienced a high rate of turnover or attrition since our inception.

Our labor costs mainly include salaries, wages and social insurance costs for our production and service employees, which represented approximately 42.5%, 42.8%, 42.6%, 43.5% and 45.1% of our total cost of sales for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively. Although we have from time to time been involved in and may in the future be involved in certain labor disputes, we have not experienced any significant labor dispute that has adversely affected or is likely to have an adverse effect on our business operations.

OCCUPATIONAL HEALTH AND SAFETY MATTERS

We regard maintaining occupational health and safety of our employees as an important corporate social responsibility. We monitor and ensure the effective implementation of our health and safety measures in compliance with laws and regulations related to work safety. Our various occupational health and safety measures include (i) adopting protective measures at our production facilities, (ii) providing guidelines on proper operation procedures of equipment and instruments to all employees, (iii) inspecting our equipment and instruments regularly to identify and eliminate safety hazards, (iv) providing regular safety awareness training to our employees, and (v) maintaining a system of recording and handling accidents and implementation of relevant policies and health and work safety compliance record.

Our Directors confirm that our business operations are in compliance with applicable PRC laws, rules, and regulations with respect to occupational health and work safety in all material respects, except in relation to (i) failure to attend to "Occupational Health Three Simultaneities" procedures and "Safety Facilities Three Simultaneities" procedures in relation to certain construction projects, (ii) failure to file information of projects posing occupational disease and to conduct a testing of factors in connection with occupational disease and assessment on the current status of occupational disease, and (iii) failure to undertake the design examination and acceptance procedures of the fire prevention inspection in relation to a leased property during the Track Record Period as disclosed in the section headed "Business — Historical Non-compliance Incidents" beginning on page 238 of this prospectus. During the Track Record Period and up to the Latest Practicable Date, we had not been subject to any material penalties associated with any material violation of applicable laws or regulations in the PRC and had not experienced any material personal injury or fatality of our employees during the course of employment. We are subject to various laws and regulations in respect of occupational health and safety matters in the PRC. Please see the section headed "Regulations" on page 119 of this prospectus for details.

PROPERTIES

PRC Properties

Land Use Rights

Owned land

As of the Latest Practicable Date, we held land use rights and had obtained land use right certificates for two parcels of land located in Nanjing with an aggregate site area of approximately 71,838.18 sq.m.

As advised by our PRC legal advisor, Fangda Partners, under the terms specified in the land use right certificates, and subject to the terms and conditions under the land use right grant contracts in relation to these parcels of land, we are entitled to legally occupy, use, transfer, lease, mortgage, or otherwise dispose of the rights to use these parcels of land in accordance with applicable PRC laws and regulations.

As of the Latest Practicable Date, we were also applying for the land use right certificate for one parcel of land located in Nanjing with a site area of approximately 60,762.4 sq.m. We entered into a contract for the grant of state-owned land use right* (《國有建設用地使用權出讓合同》) with Jiangning Branch of Nanjing Land and Resource Bureau* (南京市國土資源局江寧分局) on July 15, 2014, pursuant to which we had paid the full amount of consideration for the relevant land use right. As advised by our PRC legal advisor, Fangda Partners, the contract for the grant of land use right is valid, and the terms and conditions of it are binding on us and the relevant authority. Upon obtaining the land use right certificate for this parcel of land, we will be entitled to obtain the land use right of such parcel of land.

Buildings

Our headquarters is located at 28 Yongxi Road, Moling Jie Dao, Jiangning District, Nanjing, China* (中國南京市江寧區秣陵街道雍熙路28號). As of the Latest Practicable Date, we owned and leased nine buildings and premises in the PRC with an aggregate gross floor area of approximately 34,000 sq.m.

Owned buildings

As of the Latest Practicable Date, we owned seven buildings, with a total gross floor area of approximately 31,180.09 sq.m., we have obtained the relevant building ownership certificates for these seven buildings and the land use right certificates for the parcels of land on which such properties were built. We use these buildings primarily for our offices, research and production facilities, and warehouses. As advised by our PRC legal advisor, Fangda Partners, we possess legal ownership of the properties for which we hold valid title certificate, and we are entitled to occupy, use, benefit, and dispose of such properties in accordance with relevant land use right grant contracts and relevant PRC laws and regulations.

Leased premises

As of the Latest Practicable Date, we leased two premises, with a total gross floor area of approximately 2,800 sq.m. for our offices and research and development use.

In addition, as of the Latest Practicable Date, the lessor of one of our leased premises had not registered the lease agreement with the relevant competent government authority. Our PRC legal advisor, Fangda Partners, is of the view that the failure to register the lease agreement solely will not affect the validity of such lease agreement.

Overseas Properties

The United States

As of the Latest Practicable Date, we leased premises in a building with approximately 23,533 rentable square feet for our office and laboratory operations in the State of New Jersey in the United States.

Japan

As of the Latest Practicable Date, we leased premises in a building with approximately 82 sq.m. for office use in Tokyo, Japan.

ENVIRONMENTAL MATTERS

The production and sale of our life sciences research and application products and the provision of our services are subject to general environmental protection laws, rules, and regulations pertaining to, among other things, sewage disposal and disposal of hazardous substances, waste, and air pollutants. Please see the section headed "Regulations" on page 119 of this prospectus for details of environmental laws and regulations applicable to our business operations.

During our daily operations, we assess our compliance with the applicable laws, rules, and regulations and identify any changes in government regulations and requirements through our environment, health, and safety management system in order to take timely and effective measures. Pollution control equipment has been installed at our production facilities to control water, waste, and air emissions. In order to reduce sewage discharge, we have installed a sewage treatment system to remove contaminants from wastewater and adjust the pH to a neutral range in our major operating facilities. The wastewater treatment process consists of precipitation and other pollutant removal procedures. Regarding air emission, we have a transverse ventilation system with activated carbon absorbers and fume hoods to deal with air pollutants produced during production and packaging of our products.

In addition, we ensure our safe business operations and prevent any production accidents through the development of a set of rules and regulations, organization of trainings for our employees, and close supervision on the safety conditions of our production. In particular, we have set up written procedures, systems, and regulations on how to use and dispose of hazardous and toxic substances. All hazardous and toxic substances are stored and disposed of separately with caution. We have engaged professional waste management firms to manage the disposal of hazardous solid wastes. We have also developed an environmental contingency plan to deal with emergencies.

During the Track Record Period, we had obtained all material permits and environmental approvals for our production facilities and had complied with applicable environmental laws and regulations in all material respects, except in relation to the discharge of pollutants prior to obtaining pollutants discharge permits and the discharge of waste gas beyond the permitted level during the Track Record Period as disclosed in the section headed "Business — Historical Non-compliance Incidents" beginning on page 238 of this prospectus. The requirements of environmental protection imposed by relevant laws and regulations apply to all of our construction projects. We had implemented internal control measures and procedures in order to comply with such regulations by submitting applications and supporting documents and designing and constructing environmental protection facilities that meet the standards set out by the regulations. We have purchased the compulsory environmental pollution liability insurance. As of the Latest Practicable Date, we had not received any fines or penalties in relation to any breach of any applicable environmental laws and regulations that have materially adversely affected our operation.

For the years ended December 31, 2012, 2013, and 2014 and the six months ended June 30, 2015, our total cost of compliance with environmental protection laws and regulations was approximately US$25,000, US$112,000, US$107,500, and US$101,000, respectively. These costs did not include historical capital expenditures for property, plants, and equipment that may be attributable to

environmental compliance. We will devote more operating and financial resources to further environmental compliance whenever we are required by applicable laws and regulations in the future.

CORPORATE GOVERNANCE, INTERNAL CONTROLS, AND RISK MANAGEMENT

Our Directors are responsible for ensuring that our Company maintains sound and effective internal controls and for reviewing their effectiveness. We have adopted a series of internal control policies, procedures, and programs designed to provide reasonable assurance for achieving objectives, including effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

- *Code of conduct*. Our employees' code of conduct sets out our values, acceptable criteria for decision making, and our ground rules for behavior. We have implemented mechanisms for our staff to whistleblow, carry out internal controls, file whistleblowing reports, or report on other misconduct, as well as a mechanism for making independent and fair investigations on reported matters and taking appropriate actions.

- *Anti-corruption compliance*. We are subject to the anti-corruption laws of the PRC, which prohibit companies and their intermediaries from making improper payments to public officials or other industry players for the purpose of obtaining or retaining business and/or other benefits, along with various other anti-corruption laws and regulations. Our corporate governance, internal control, and risk management measures are designed to ensure that we, our employees, and other parties with whom we have business relationships comply with applicable anti-corruption laws of the PRC and overseas jurisdictions. As part of our risk management and internal control measures, our Group has established the following internal policies against corruption and fraudulent activities.

  – We have established a set of internal regulations to prevent bribery and corrupt and fraudulent activities. We carry out our internal policy regarding avoidance of conflicts of interests and anti-fraudulent activities* (利益衝突回避及反舞弊制度), which provides that all of our employees are strictly prohibited from taking bribes and kickbacks during the course of their employment.

  – We also have implemented internal anti-corruption administrative rules* (反腐敗行為管理制度) applicable to all of our employees, as well as business partners, including agents, consultants, and distributors, which strictly prohibit (i) paying bribes to any government officials, any person whose activities are carried out on behalf of the government, and any private consultants employed at any governmental organization and state-owned enterprises to retain business opportunities and acquire any improper benefits; (ii) offering to pay kickbacks or pay any fees or offering any goods of value to business partners or any other personnel; and (iii) any business partners, distributors, or consultants from carrying out any such activities on behalf of us.

  – To avoid the occurrence of paying bribes, kickbacks or any other illegal payment, our financial department is responsible for (i) ensuring that all payments be made in accordance with applicable laws and regulations, (ii) inspecting the accuracy of all records and accounts, and (iii) checking that all submitted receipts for reimbursement can reflect the details of the payments, including the responsible personnel, detailed

explanations for the purpose of the receipts, and corresponding payment amount. In addition, our senior management shall monitor the effectiveness of our anti-corruption measures on a timely basis and implement any necessary supplemental control measures to prevent other types of improper and illegal payment. Further, our internal audit department shall also perform random auditing of our business and financial records to verify that receipts submitted by our employees are legitimate and eligible for reimbursement according to our internal rules.

– We have implemented procedures for handling complaints against our Directors, senior management, employees, distributors, and other business partners, as well as for conducting further internal investigations. Through our whistleblower hotline and emails, our internal audit department follows up on complaints (either with claimant identified or anonymously) relating to bribery, corruption, and fraudulent activities. As of the Latest Practicable Date, we had not received any material complaint relating to such activities.

– Before we commence business with our customers and suppliers, we may require certain suppliers and customers ("Business Partners") to sign a letter of trade in good faith* (誠信交易約定書) or agreements for similar purposes, which sets out, among other things, that (i) our Business Partner must undertake to prohibit its employees from providing cash, gifts, and other benefits in any form to our employees, (ii) we are entitled to terminate the relevant commercial contract with our Business Partner at default where bribery activities are identified and our Business Partner shall pay us damages, and (iii) our Business Partner shall immediately inform us if our employees are found to be conducting bribery activities.

– We emphasize the compliance requirement with anti-corruption laws and regulations at employee training sessions on a regular basis. In addition, we require our employees to undertake compliance with our internal anti-corruption administrative rules* (反腐敗行為管理制度) and our internal policy regarding avoidance of conflicts of interests and anti-fraudulent activities. Employees who violate any of the relevant internal policies and rules would be subject to penalties, including termination of employment.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, they had not engaged in, and were not aware of, any bribery, corruption, or fraudulent practice carried out by our Directors, employees, or distributors. Our Directors further confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group had not been involved in any monetary or non-monetary bribery activities and had not been subject to any anti-corruption claims or investigations by the relevant authorities. As such, our Directors consider that our anti-corruption policies and procedures and relevant internal control measures have been sufficient and effective to ensure our compliance with the relevant anti-corruption laws and regulations, as well as to prevent the occurrence of bribery, corruption, or fraudulent practice by our Directors or employees.

- *Compliance with Hong Kong securities laws and regulations*. We have appointed Haitong International Capital Limited as our compliance advisor in effect from the date of Listing to advise us on ongoing compliance with the Listing Rules and other applicable securities laws and regulations in Hong Kong. We have also appointed Ms. Wong Wai Ling (黃慧玲), our company secretary, who satisfies the requirements under Rule 3.28 of the Listing Rules, to advise our Company on the relevant requirements of the Listing Rules, as well as other applicable laws and regulations of Hong Kong.

- *Compliance with PRC laws and regulations*. We have discussed with and sought assistance from our PRC legal advisor, Fangda Partners, for the purpose of rectifying our historical non-compliances with PRC laws. We will continue to arrange various trainings to be provided by external legal advisors from time to time when necessary and/or any appropriate accredited institution to update our Directors, senior management, and relevant employees on the latest PRC laws and regulations.

- *Internal control and risk management policies and procedures*. We have established a three-tier corporate structure in implementing our internal control and risk management policies and procedures.

  – Our Board and senior management oversee and manage the overall risks associated with our business operations.

  – We have established an audit committee comprised of three Independent Non-Executive Directors as part of our measures to improve corporate governance. The primary duty of the audit committee is to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal controls, and risk management system of our Group. Our audit committee is chaired by Mr. Dai Zumian, who has more than 14 years of experience in finance and audit. Please see the section headed "Directors and Senior Management — Directors and Senior Management — Independent Non-executive Directors" on page 266 of this prospectus for details.

  – Our internal audit department supervises the implementation of our risk management policy at the corporate level by bringing together each operating department, such as our financial and sales teams, to deliberate on risk issues among different functions. Our internal audit department consists of three dedicated employees and is headed by our internal audit manager, Ms. Hua Jingjing (華京京), who has accumulated over eight years of experience in establishing procedures for monitoring and reviewing risks, identifying and assessing risks, and verifying risks treatment and effectiveness in different industries. She is a qualified certified internal auditor. Prior to joining our Group in 2013, she worked as a senior internal control specialist in China Sunergy Co., Ltd.* (中電電氣(南京)光伏有限公司), a NASDAQ-listed manufacturer of solar cells and modules, from August 2009 to May 2013; and an auditor in Nanjing Branch of Deloitte Touche Tohmatsu Certified Public Accountants LLP from July 2007 to July 2009. She received a bachelor's degree in internal auditing from Nanjing Audit University* (南京審計學院) in June 2006. Other dedicated employees also received their bachelor's degrees in accounting and information management and information system and have accumulated over six years of relevant working experience. We believe that the composition of our internal control team is effective with the sufficient knowledge on auditing and relevant industry experience.

  – Our financial department reviews the financial risks on a regular basis, including recoverability of accounts receivables and subsequent settlement of the balance. For details of accounts receivables and turnover days, please refer to the section headed "Financial Information" on page 285 of this prospectus.

Our risk management process starts by identifying the major risks associated with our corporate strategies, financial risks, operation risks, and legal risks. Based on the assessment of our risks in terms of their likelihood and potential impact, we would prioritize and pair each risk with a mitigation plan. We encourage an all-embracing culture of risk management that ensures all employees are aware of and responsible for managing risks. Each of our operating departments is responsible for identifying and analyzing risks associated with its respective function, maintaining a comprehensive risk register, preparing risk mitigation plans, measuring effectiveness of such risk mitigation plans, and reporting the status of risk management. Our internal audit department performs regular evaluation on the effectiveness of risk control measures taken by each operating department and issues an appraisal report which shall be submitted to our audit committee for approval.

We believe that the effectiveness and efficiency of our corporate management and internal control systems are critical to the success of our growing business. We will continuously assess and streamline our internal control mechanisms to ensure that the relevant procedures are adequate and effective.

LEGAL PROCEEDINGS AND COMPLIANCE

We are from time to time involved in certain legal proceedings arising in the ordinary course of our business, either as plaintiff, defendant, or a third party in litigation or arbitration proceedings. On September 15, 2011, we initiated legal proceedings against one of our competitors and one of our former employees in the United States, primarily due to their infringement of our intellectual property rights. On July 30, 2015, the court has entered a judgment in our favor in relation to our claims and the counter-claims initiated by the defendants. The court awarded us damages from the defendants in the amount of approximately US$10 million. On September 4, 2015, the defendants filed a notice of appeal to the court. On November 11, 2015, we and the relevant defendants entered into a settlement agreement to settle the dispute, among other things. Under the settlement agreement, instead of the full amount of damages awarded to us by the court, we agreed to accept a sum that we considered and negotiated primarily based on the amount of damages payable by the relevant defendants under the court order and that will represent a substantial gain of the Group for the year ending December 31, 2015. In September 2015, a competitor filed a civil complaint before the Intermediate People's Court of Suzhou City* (蘇州市中級人民法院) alleging that our production of gene synthesis services had infringed its patent registered at the State Intellectual Property Office of the People's Republic of China* (中華人民共和國國家知識產權局). We believe that such claims are ungrounded and lack strength and credibility. In connection with the Suzhou Lawsuit, we and the plaintiff agreed to settle the dispute under the same settlement agreement as abovementioned with respect to the US Lawsuit. As of the Latest Practicable Date, we were not aware of any current, pending, or threatened material litigation, arbitration proceedings, or administrative proceedings against us, any of our subsidiaries, or any of our Directors that could have a material adverse effect on our financial condition, results of operation, or reputation.

HISTORICAL NON-COMPLIANCE INCIDENTS

Set out below is a summary of certain incidents of our systemic non-compliance with applicable laws and regulations during the Track Record Period.

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
1.	According to the Environmental Protection Law of the PRC* (中華人民共和國環境保護法), entities shall discharge pollutants within the requirements of the pollutants discharge permit. Entities that fail to obtain the necessary pollutants discharge permit shall not discharge pollutants. During the periods from April 2014 to May 2015 and December 2010 to January 2015, respectively, GS China and Nanjing Jinsikang discharged pollutants prior to obtaining the relevant pollutants discharge permits. On December 20, 2013, GS China was fined by Nanjing Environmental Protection Bureau* (南京市環境保護局) in the amount of RMB37,000 for discharging waste gas, the odor concentration of which was beyond the permitted level, and was ordered to rectify the non-compliance incident. Such non-compliance incident was mainly caused by our designated staff's unintended and inadvertent oversight of the relevant PRC laws and regulations and their inadvertence for not actively communicating with the relevant authorities and applying for and obtaining the relevant permits.	Pursuant to the Measures of Jiangsu Province for the Administration of Pollutants Discharge License* (江蘇省排放水污染物許可證管理辦法), we may be ordered to seal the pollutant discharge outlets in the event that no rectification actions were carried out as requested and we might be required to pay the associated fees.	On February 14, 2014, GS China made payment of the fine. GS China had also rectified the non-compliance incident and had passed the environmental trial production and the environment protection completion acceptance. On May 22, 2015 and January 1, 2015, GS China and Nanjing Jinsikang obtained the Jiangsu Province Pollutants Discharge Permit* (江蘇省排放污染物許可證), respectively, and duly paid the pollutants discharge fees. On June 26, 2015, the Sole Sponsor, our PRC legal advisor, Fangda Partners, and the Sole Sponsor's PRC legal advisor, Junhe Law Offices, conducted an interview with Nanjing Jiangning District Environmental Protection Bureau* (南京市江寧區環境保護局) who provided an oral confirmation that (a) the bureau was aware of the fact that GS China had discharged pollutants prior to obtaining the pollutants discharge permit, and the bureau had not imposed any administrative penalties, (b) GS China had actively taken rectification measures pursuant to applicable laws and regulations, duly obtained the pollutant discharge permit, and duly paid the pollutants discharge fees, (c) in respect of discharging waste gas beyond the permitted level, GS China had duly paid the fines, completed the rectification, and passed the environmental trial production and the environment protection completion acceptance, and (d) the bureau does not intend to impose administrative penalties for such non-compliance incident.	• Our environment, health and safety department ("EHS") in charge of our compliance with environmental protection, occupational health and safety matters has prepared a checklist setting out all permits, certificates and approvals required for environmental protection, and instructed a designated personnel to ensure that relevant requirements have been fulfilled, including obtaining all necessary permits, certificates and approvals before we discharge any pollutants and discharge of our pollutants is in compliance with applicable environmental protection laws and regulations. • Our operations management department ("OMD") has collected such checklist from our EHS department for its review and is responsible for ensuring that our EHS department can effectively communicate with relevant authorities and obtain all necessary permits, certificates and approvals in a timely manner, and is responsible for maintaining a record of and renewing such permits, certificates and approvals. • Our legal department in charge of our overall legal compliance has set up internal legal compliance policies to ensure that our EHS department is in compliance with the relevant laws and regulations and that we have obtained the requisite permits, certificates and approvals for environmental protection in a timely manner. • Our internal audit department shall be responsible for performing audit over the performance of our EHS department in respect of the timeliness of application for, and completeness of our record of permits, certificates and approvals.

Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
		On July 6, 2015, the Sole Sponsor, our PRC legal advisor, Fangda Partners, and the Sole Sponsor's PRC legal advisor, Junhe Law Offices, conducted an interview with Nanjing High and New Technology Industrial Development Zone Environmental Protection Bureau* (南京市高新技術產業開發區環境保護局), who provided an oral confirmation that (a) the bureau was aware of the fact that Nanjing Jinsikang had discharged pollutants prior to obtaining the pollutants discharge permit, (b) Nanjing Jinsikang had actively taken rectification measures pursuant to applicable laws and regulations, duly obtained the pollutants discharge permit, and duly paid the pollutants discharge fees, and (c) the bureau does not intend to impose administrative penalties for such non-compliance incident. Our Directors, after taking into consideration various factors including the above interviews with the competent authorities and advice from our PRC legal advisor, Fangda Partners, are of the view that the likelihood that the relevant authorities will impose any administrative punishment or penalty on us is low. Accordingly, we had not made any provision for such non-compliance incidents. Our PRC legal advisor, Fangda Partners, has further advised us that Nanjing Jiangning District Environmental Protection Bureau and Nanjing High and New Technology Industrial Development Zone Environmental Protection Bureau are competent local authorities regulating environmental protection in their respective districts.	• We have discussed with and sought suggestions from our PRC legal adviser, Fangda Partners, for the purpose of preventing this type of non-compliance in the future. We will also consult our PRC legal adviser or other legal advisor, if necessary, to provide assistance in legal and compliance matters relating to the environmental protection. • We will engage third party inspectors from time to time to conduct periodic inspection of the level of emission, including waste gas, if necessary.

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
2.	According to the Interim Measures for Supervision and Administration of the "Three Simultaneities" for Occupational Health Construction Projects* (建設項目職業衛生"三同時"監督管理暫行辦法), occupational health facilities of a construction project that may likely cause occupational disease shall be designed, constructed and put into operation and use simultaneously with the main part of the construction project ("Occupational Health Three Simultaneities"). During the periods from March 2010 to August 2014 and September 2009 to August 2015, respectively, GS China and Nanjing Jinsikang did not attend to the Occupational Health Three Simultaneities procedures for the prevention and control of occupational disease during the construction of certain manufacturing facilities that may cause occupational disease. Such non-compliance incident was mainly caused by our designated staff's unintended and inadvertent oversight of the relevant PRC laws and regulations.	According to the Interim Measures for the Supervision and Administration of "Three Simultaneities" for Occupational Health Construction Projects, we may be issued a warning and ordered to rectify within a prescribed time. In case of failure to rectify within the prescribed time, we may be imposed a fine ranging from RMB100,000 to RMB500,000. Where the circumstances are serious, we may be ordered a discontinuation of the operation that poses an occupational disease, cessation of construction, or a shutdown of the production plant.	On August 28, 2014 and August 10, 2015, GS China and Nanjing Jinsikang had completed relevant assessments on the current status of occupational disease and the relevant assessments had been filed with the respective relevant authorities, respectively. On June 12, 2015 and August 11, 2015, GS China and Nanjing Jinsikang obtained separate written confirmations from Nanjing Jiangning District Administration of Work Safety* (南京市江寧區安全生產監督管理局) and Nanjing High and New Technology Industrial Development Zone Administration of Work Safety* (南京高新區安全生產監督管理局), confirming, in relation to GS China and Nanjing Jinsikang, that GS China and Nanjing Jinsikang (a) completed assessments on August 28, 2014 and August 10, 2015, and relevant assessments had been filed with the bureaus, respectively, and (b) completed the necessary rectifications and would not be ordered to cease operation or shut down owing to the failure to attend to the Occupational Health Three Simultaneities procedures. On July 9, 2015, GS China obtained a written confirmation from Nanjing Jiangning District Administration of Work Safety, confirming that during the Track Record Period, GS China was not subject to any administrative penalties due to any safety production accident or violations of any applicable laws. On July 15, 2015, Nanjing Jinsikang obtained a written confirmation from Nanjing High and New Technology Industrial Development Zone Administration of Work Safety, confirming that during the three preceding years of the date of confirmation, Nanjing Jinsikang had not experienced any material safety production accident and was not subject to any administrative penalties. Our Directors, after taking into consideration various factors, including the above written confirmations issued by the competent authorities and advice from our PRC legal advisor, Fangda Partners, are of the view that the likelihood that the relevant authorities will impose any administrative punishment or penalty on us is low. Accordingly, we had not made any provision for such non-compliance incidents. Our PRC legal advisor, Fangda Partners, has further advised us that Nanjing Jiangning District Administration of Work Safety and Nanjing High and New Technology Industrial Development Zone Administration of Work Safety are competent local authorities regulating the occupational health in their respective districts.	• Our EHS department has prepared a checklist setting out all permits, certificates, approvals, assessments and filings required for the prevention of occupational disease at our production facilities, and instructed a designated personnel to ensure that relevant requirements have been fulfilled, including obtaining and filing all necessary permits, certificates, approvals, assessments and filings in relation to the prevention and control of occupational disease and relevant assessments have been conducted. • Our OMD department has collected such checklist from our EHS department for its review and is responsible for ensuring that our EHS department can effectively communicate with relevant authorities to obtain all permits, certificates, approvals, submit filings and conduct relevant assessments required for the prevention and control of occupational disease in a timely manner and is responsible for maintaining a record of and renewing such permits, certificates, approvals, and submitting filings and assessments. • Our legal department in charge of our overall legal compliance has set up internal legal compliance policies to ensure that our EHS department is in compliance with the relevant laws and regulations for obtaining the requisite permits, certificates, approvals, and submitting filings and conducting relevant assessments for the prevention and control of occupational disease in a timely manner. • Our internal audit department shall be responsible for performing audit over the performance of our EHS department in respect of the timeliness of the application for, and maintaining a complete record of the permits, certificates, approvals, filings and assessments. • We have discussed with, and sought suggestions from, our PRC legal advisor, Fangda Partners, for the purpose of preventing this type of non-compliance in the future and will further consult our PRC legal advisor or other legal advisors to understand the relevant laws and regulations in relation to occupational health before the commencement of any construction or production activity for any new construction project if necessary.

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
3.	According to the Measures for the Supervision and Administration of the "Three Simultaneities" for the Safety Facilities of Construction Projects* (建設項目安全設施"三同時"監督管理辦法), and Regulations on the Safety Supervision of Construction Projects Involving Hazardous Chemicals* (危險化學品建設項目安全監督管理辦法), safety facilities of a construction project shall be designed, constructed and put into operation and use simultaneously with the main part of the construction project ("Safety Facilities Three Simultaneities"). During the periods from March 2010 to August 2013 and September 2009 to August 2015, respectively, GS China and Nanjing Jinsikang did not attend to the Safety Facilities Three Simultaneities procedures in respect of certain projects, including the project to construct facilities to produce 200 g of protein products, to create 60 stable cell lines, and to establish 50 drug libraries annually, and the project to construct facilities to produce 12 g of purified antibody products and to generate 100 animal experiment materials annually (excluding the hazardous chemicals storage warehouse project) of GS China, the laboratory innovation project of Nanjing Jinsikang and the hazardous chemicals storage warehouse project of GS China. Such non-compliance incidents were mainly caused by our designated staff's unintended and inadvertent oversight of the relevant PRC laws and regulations.	According to the Measures for the Supervision and Administration of the "Three Simultaneities" for the Safety Facilities of Construction Projects, Regulations on the Safety Supervision of Construction Projects Involving Hazardous Chemicals, and Work Safety Law of the PRC* (中華人民共和國安全生產法), we may be ordered to discontinue the construction process and make rectifications within the prescribed time limit. With respect to project involving hazardous chemicals, we may be fined an amount ranging from RMB500,000 to RMB1,000,000 if we fail to make rectifications within the prescribed time limit. With respect to other projects not involving hazardous chemicals, the fine would range from RMB5,000 to RMB30,000.	On August 25, 2013 and August 10, 2015, GS China and Nanjing Jinsikang had completed assessments on the current status of work safety, respectively, and such assessments had been filed with the respective relevant authorities. On June 12, 2015 and August 11, 2015, GS China and Nanjing Jinsikang obtained separate written confirmations from Nanjing Jiangning District Administration of Work Safety and Nanjing High and New Technology Industrial Development Zone Administration of Work Safety, confirming in relation to GS China and Nanjing Jinsikang, respectively, that GS China and Nanjing Jinsikang had (a) completed assessments on the current status of work safety on August 25, 2013 and on August 10, 2015, respectively, and filed relevant assessments with the bureaus, and (b) completed the necessary rectifications and would not be ordered to cease operation or shut down owing to the failure to attend to the Safety Facilities Three Simultaneities procedures. On July 9, 2015, GS China obtained a written confirmation from Nanjing Jiangning District Administration of Work Safety, confirming that during the Track Record Period, GS China was not subject to any administrative penalties due to any safety production accident or violations of any applicable laws. On July 15, 2015, Nanjing Jinsikang obtained a written confirmation from Nanjing High and New Technology Industrial Development Zone Administration of Work Safety, confirming that during the three preceding years of the date of confirmation, Nanjing Jinsikang had not experienced any material safety production accident and was not subject to any administrative penalties. Our Directors, after taking into consideration various factors, including the above written confirmations issued by the competent authorities and advice from our legal advisor, Fangda Partners, are of the view that the likelihood that the relevant authorities will impose any administrative punishment or penalty on us is low. Accordingly, we had not made any provision for this non-compliance incident. Our PRC legal advisor, Fangda Partners, has further advised us that Nanjing Jiangning District Administration of Work Safety and Nanjing High and New Technology Industrial Development Zone Administration of Work Safety are competent local authorities regulating work safety in their respective districts.	• Our EHS department has prepared a checklist setting out all permits, certificates, approvals and assessments required for the safety facilities of our construction projects, and instructed a designated personnel to ensure that relevant requirements have been fulfilled, including obtaining all necessary permits, certificates, approvals, filing of and assessments for the safety facilities of our construction projects. • Our OMD department has collected such checklist from our EHS department for its review and is responsible for ensuring that the EHS department can effectively communicate with the relevant authorities and obtain all necessary permits, certificates, approvals and file assessments required for work safety in a timely manner, and is responsible for maintaining a record of and renewing such permits, certificates and approvals. • Our legal department in charge of our overall legal compliance has set up internal legal compliance policies to ensure that our EHS department is in compliance with the relevant laws and regulations and that we have obtained the requisite permits, certificates and approvals, and conducting relevant assessments for the safety facilities of our construction projects in a timely manner. • Our internal audit department shall be responsible for performing audit of the performance of our EHS department in respect of the timeliness of the application for, and maintaining a record of the permits, certificates and approvals. • We have discussed with, and sought suggestions from, our PRC legal advisor, Fangda Partners, for the purpose of preventing this type of non-compliance in the future and will further consult our PRC legal advisor or other legal advisors to understand the relevant laws and regulations in relation to safety facilities before the commencement of any construction or production activity for any new construction project if necessary. • We will from time to time inspect and examine the safety facilities of our operation facilities. We will also ensure all of our employees possess the essential safety protection equipment to prevent safety related accident.

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
4.	According to the Construction Law of the PRC* (中華人民共和國建築法) and the Regulations on the Quality Administration of Construction Engineering* (建設工程質量管理條例), prior to commencing construction, the construction work commencement permit* (建築工程施工許可證) shall be obtained, and prior to commencing operation, inspection and acceptance on completion of construction* (竣工驗收) shall be obtained. GS China failed to obtain (i) the inspection and acceptance on completion of construction prior to commencing operation of the facilities constructed under the phase I of our construction projects in Nanjing ("Phase I Construction Project") during the period from December 2011 to July 2015 (from December 2011 to September 2015 for the warehouse), (ii) the construction work commencement permit prior to commencing the construction of the facilities under the phase II of our construction projects in Nanjing ("Phase II Construction Project") in September 2010, and (iii) the inspection and acceptance on completion of construction prior to commencing operation of the facilities constructed under Phase II Construction Project during the period from December 2012 to July 2015. Owing to the failure to obtain the above construction work commencement permit and inspection and acceptance on completion of construction which were prerequisites to obtaining the building ownership certificates, GS China failed to obtain the building ownership certificates for the buildings constructed under the Phase I and Phase II Construction Projects. Such non-compliance incident was mainly caused by our designated staff's unintended and inadvertent oversight of the relevant PRC laws and regulations.	According to the Construction Law of the PRC and the Regulations on the Quality Administration of Construction Engineering, our failure to obtain the construction work commencement permit for the Phase II Construction Project may lead to imposition of ratification orders, suspension of construction, and imposition of fines ranging from RMB51,068.2 to RMB102,136.3, representing 1% to 2% of the contract value of the Phase II Construction Project. In addition, our failure to obtain the inspection and acceptance on completion of construction for the Phase I and Phase II Construction Projects may lead to imposition of ratification orders, and imposition of fines ranging from RMB345,586.2 to RMB691,172.4, representing 2% to 4% of the contract value of the Phase I and Phase II Construction Projects.	On July 22, 2015, we had obtained the construction completion inspection and acceptance filing certificate for our Phase I and Phase II Construction Projects, except for one building used as our warehouse for the storage of reagents, production consumables and office supplies under the Phase I Construction Project. On July 31, 2015, we had obtained the building ownership certificates for the buildings under the Phase I and Phase II Construction Projects, except for our warehouse. On August 19, 2015, we obtained a written confirmation from Nanjing Jiangning District Construction and Engineering Bureau* (南京市江寧區建築工程局) confirming that (a) the Phase I and Phase II Construction Projects of GS China had been completed, and GS China had obtained relevant construction work commencement permit and inspection and acceptance on completion of construction, except for the warehouse, (b) the bureau was aware of the historical rectification actions taken by GS China to rectify the relevant non-compliances, (c) in respect of the warehouse, upon obtaining relevant inspection and acceptance from the relevant fire prevention authority, the application for the inspection and acceptance on completion of construction will be processed, and (d) the bureau does not plan to impose administrative penalties for such non-compliance incidents. On September 15, 2015 and September 17, 2015, we obtained the (a) construction completion inspection and acceptance filing certificate, and (b) the building ownership certificate for our warehouse, respectively. Our Directors, after taking into consideration various factors including the above confirmation issued by the competent authority and advice from our PRC advisor, Fangda Partners, are of the view that the likelihood that the relevant authority will impose any administrative punishment or penalty on us is low. Accordingly, we had not made any provision for this non-compliance incident. Our PRC legal advisor, Fangda Partners, has further advised us that Nanjing Jiangning District Construction and Engineering Bureau is the competent authority regulating construction in the district.	• Our civil engineering department in charge of quality management and inspection and acceptance on completion of construction works has prepared a checklist setting out all permits, certificates and approvals required for all construction works, and instructed a designated person or team of the specific construction project to ensure that relevant requirements have been fulfilled including construction works commencement permits have been obtained before the commencement of any construction works and the inspection and acceptance on completion of construction have been completed after the completion of any construction works. • Our OMD department has collected such checklist from the civil engineering department for record and is responsible for ensuring that the civil engineering department can effectively communicate with relevant authorities and obtain all permits, certificates and approvals required for all construction works in a timely manner and is responsible for maintaining a record of and renewing such permits, certificates and approvals. • Our legal department in charge of our overall legal compliance has set up internal legal compliance policies to ensure that civil engineering department is in compliance with the relevant laws and regulations for obtaining the requisite permits, certificates and approvals before commencing any construction or passing the inspection and acceptance on completion of construction in a timely manner. • Our internal audit department shall be responsible for performing audit over the whole process of our construction work and supervising the quality management procedures and the completion procedures of the inspection and acceptance on completion of construction. • We have discussed with, and sought suggestions from, our PRC legal advisor, Fangda Partners, for the purpose of preventing this kind of non-compliance in the future and will further consult our PRC legal advisor or other legal advisors to understand the relevant laws and regulations before the commencement of any construction or production activity for any new construction project if necessary.

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
5.	According to the PRC Laws on the Prevention of Occupational Diseases* (中華人民共和國職業病防治法), in respect of projects posing occupational disease, information of such projects shall be filed with relevant work safety supervision and administration bureau and a testing of factors in connection with occupational disease and an assessment on the current status shall be conducted. During the period from September 2009 to August 2015, Nanjing Jinsikang failed to file such information with the relevant authority and failed to conduct such testing and assessment. Such non-compliance incident was mainly caused by our designated staff's unintended and inadvertent oversight of the relevant PRC laws and regulations.	According to the PRC Laws on the Prevention of Occupational Diseases, we may be ordered to make rectifications within a prescribed period of time and receive a warning letter. If we fail to make rectifications as requested, we may be imposed a fine ranging from RMB50,000 to RMB100,000 for failing to file such information, and a fine ranging from RMB50,000 to RMB200,000 for failing to conduct such testing and assessment. Under serious circumstances, we may be ordered to cease production or shut down the manufacturing facilities.	On July 15, 2015, Nanjing Jinsikang obtained a written confirmation from Nanjing High and New Technology Industrial Development Zone Administration of Work Safety, confirming that during the three preceding years of the date of confirmation, Nanjing Jinsikang had not experienced any material safety production accident and was not subject to any administrative penalties. Nanjing Jinsikang had filed the regulated information with the relevant authority. On August 11, 2015, Nanjing Jinsikang received the letter issued by Nanjing High and New Technology Industrial Development Zone Administration of Work Safety acknowledging the receipt of the relevant application documents and information relating to projects posing occupational disease filed by Nanjing Jinsikang. In addition, Nanjing Jinsikang had conducted the testing of factors in connection with occupational disease and assessment on the current status of occupational disease in August 2015. On August 11, 2015, Nanjing Jinsikang obtained a written confirmation from Nanjing High and New Technology Industrial Development Zone Administration of Work Safety, confirming that Nanjing Jinsikang had completed the testing of factors and assessment of current status. During the Track Record Period and up to the Latest Practicable Date, our employees had not experienced any material occupational disease during the course of their employment. Our Directors, after taking into consideration various factors including the above written confirmation issued by the competent authority and advice from our legal advisor, Fangda Partners, are of the view that the likelihood that the relevant authority will impose any administrative punishment or penalty on us is low. Accordingly, we had not made any provision for this non-compliance incident. Our PRC legal advisor, Fangda Partners, has further advised us that Nanjing High and New Technology Industrial Development Zone Administration of Work Safety is the competent local authority regulating prevention and control of occupation disease in the district.	• Our EHS department has prepared a checklist setting out all assessments and testings required for the prevention of occupational disease in respect of our production facilities, and instructed a designated personnel to ensure that relevant requirements have been fulfilled • Our OMD department has collected such checklist from our EHS department for its review and is responsible for ensuring that our EHS department can effectively communicate with the relevant authorities to submit filings and conduct relevant assessment required for the prevention of occupational disease in a timely manner and is responsible for maintaining a record of such filings and assessments. • Our legal department in charge of our overall legal compliance has set up internal legal compliance policies to ensure that our EHS department is in compliance with the relevant laws and regulations for the prevention of occupational disease in a timely manner. • Our internal audit department shall be responsible for performing audit over the performance of our EHS department in respect of the timeliness of completing the relevant filings and assessments. • We have discussed with, and sought suggestions from, our PRC legal advisor, Fangda Partners, for the purpose of preventing this type of non-compliance in the future and will further consult our PRC legal advisor or other legal advisors to understand the relevant laws and regulations in relation to occupational health before the commencement of any construction or production activity for any new construction project if necessary.

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
6.	According to the Fire Prevention Law of the PRC* (中華人民共和國消防法), the design examination and acceptance procedures for the fire prevention inspection shall be undertaken prior to commencing operation of any production facilities. During the period from April 2010 till the Latest Practicable Date, Nanjing Jinsikang failed to undertake such design examination and acceptance procedures in respect of the leased property. Such non-compliance incident was mainly caused by our landlord's failure to renew the design examination and acceptance procedures for the fire prevention inspection when the use of the leased property was changed from office use to research and development and production use.	According to the Fire Prevention Law of the PRC, we may be imposed a fine ranging from RMB30,000 to RMB300,000 for our failure to complete the design examination and acceptance procedures for fire prevention inspection. In addition, we may be ordered a suspension of operation.	Nanjing Jinsikang had actively established and taken a series of rectification measures to ensure the fire safety of the leased property. For instance, we had established internal polices in respect of fire prevention applicable to our subsidiaries in Nanjing, setting forth comprehensive control measures to ensure that the fire prevention facilities or equipment have been properly installed, inspected or replaced at our production facilities. In respect of fire prevention measures in Nanjing Jinsikang, it is our policy to perform inspection on the fire prevention safety at regular intervals, provide our employees with fire prevention related training and educate them on relevant knowledge and skills. In addition, we organize fire drills at least each year. On August 5, 2015, the Sole Sponsor, our PRC legal advisor, Fangda Partners, and the Sole Sponsor's PRC legal advisor, Junhe Law Offices, conducted an interview with Nanjing High and New Technology Industrial Development Zone Fire Prevention Bureau* (南京市高新技術開發區消防大隊), who provided oral confirmation that (a) the bureau was aware of the fact that Nanjing Jinsikang failed to obtain the design examination and acceptance procedures regarding the fire prevention measures on a timely manner, (b) since the current scale of the research and production in Nanjing Jinsikang is relatively small, neither the research and production activities have had any adverse effect on the usage of other parts of the property, nor have they imposed any material risks to the usage of the entire property, (c) Nanjing Jinsikang had formulated corresponding policies and actively taken a series of rectification measures to safeguard the fire safety pursuant to relevant PRC laws and regulations, and (d) the bureau will not impose any administrative penalties for the failure of Nanjing Jinsikang to obtain such design examination and acceptance procedures. Our Directors, after taking into consideration various factors including the above interview with the competent authority and advice from our PRC legal advisor, are of the view that the likelihood that the relevant authority will impose any administrative punishment or penalty on us is low. Accordingly, we had not made any provision for this non-compliance incident. Our PRC legal advisor has further advised us that Nanjing High and New Technology Industrial Development Zone Fire Prevention Bureau is the competent local authority regulating fire prevention in the district.	• Our EHS department has prepared a checklist setting out all procedures required for fire prevention measures of our properties, and instructed a designated personnel to ensure that relevant requirements have been fulfilled in respect of fire prevention measures of our properties. • Our OMD department has collected such checklist from our EHS department for its review and is responsible for ensuring that our EHS department can effectively communicate with relevant authorities to conduct design examination and acceptance procedures required for fire prevention measures of our properties in a timely manner and is responsible for maintaining a record of such procedures undertaken. • Our legal department in charge of our overall legal compliance has set up internal legal compliance policies to ensure that our EHS department is in compliance with the relevant laws and regulations for fire prevention measures of our properties in a timely manner. • Our internal audit department shall be responsible for performing audit over the performance of our EHS department in respect of the timeliness of the procedures to be undertaken. • We have discussed with and sought suggestions from our PRC legal advisor, Fangda Partners, for the purpose of preventing this type of non-compliance in the future and will also consult our PRC legal advisor or other legal advisors to provide assistance on legal and compliance matters relating to any leased property if necessary.

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
7.	After ITSR Section 560.215 became effective on October 9, 2012, GS China, as an entity owned or controlled by a U.S. person, became subject to the jurisdiction of the ITSR. ITSR Section 560.206 prohibits the exportation, reexportation, sale or supply, directly or indirectly, to Iran or the Government of Iran, of goods, technology or services. On November 29, 2013, GS China shipped a replacement product to a customer in Iran pursuant to a sales transaction entered into by GS China during the year ended December 31, 2012. Such non-compliance incident was mainly caused by our designated staff's unintended and inadvertent oversight of relevant change in ITSR effective on October 9, 2012. For details of this sales transaction, please see the subsection headed " — Sales to Sanctioned Countries".	Under the relevant U.S. sanctions laws, a maximum criminal fine of up to US$1,000,000 and a maximum civil penalty of an amount based on the greater of twice the value of the underlying transaction and US$250,000 may potentially be imposed for each violation of the ITSR. Individuals may also face imprisonment for up to 20 years for criminal violations. As advised by our International Sanctions Legal Advisors, under the OFAC economic sanctions regime, possible criminal prosecutions and criminal fines are rare and only imposed when the violations are done to clearly and intentionally violate the law and typically only when the violations further nuclear, weapons or military programs of a sanctioned country or otherwise materially impairs U.S. national security. Maximum civil penalties are only imposed when the violation is done to clearly and intentionally violate the law and when there is no voluntary disclosure and no cooperation in any OFAC investigation of the matter.	On advice of our International Sanctions Legal Advisors, on August 25, 2015 (as supplemented by further information on October 30, 2015), we made a voluntary self-disclosure ("VSD") to OFAC because three U.S. dollar payments that we received from Iran after March 8, 2013 and one replacement shipment to a customer in Iran in November 2013 appeared to be violations of the U.S. sanctions. In the VSD, we provided OFAC with full details and relevant documents regarding those three payments and that shipment. In addition, we filed an interpretive guidance request with OFAC requesting OFAC's guidance as to whether U.S. dollar payments that we received in connection with our sales in Iran during the Track Record Period and before March 8, 2013 were lawful under the U.S. sanctions. We also included details about those payments in the VSD. On November 24, 2015, OFAC responded to the VSD with a Cautionary Letter representing a final enforcement response. In the Cautionary Letter, OFAC informed us that the three U.S. dollar payments that we received from Iran after March 8, 2013 and the single replacement shipment were apparent violations of the U.S. sanctions. However, OFAC indicated that it was not pursuing any civil monetary penalty against us. On November 30, 2015, OFAC also advised our International Sanctions Legal Advisors that, due to the resolution of the VSD through the Cautionary Letter, OFAC considered the underlying question in the interpretive guidance request to have been resolved through the Cautionary Letter and asked us to withdraw the interpretive guidance request from further OFAC consideration. On December 5, 2015, through our International Sanctions Legal Advisors, we withdrew the interpretive guidance request from further OFAC consideration. Accordingly, both we (as advised by our International Sanctions Legal Advisors) and OFAC now consider the possible legal issues raised through the VSD and the interpretive guidance request to be fully closed with the issuance of the Cautionary Letter and without the imposition of any civil monetary penalty.	We have established a Sanctions Risk Control Committee and relevant internal control procedures to continuously monitor and evaluate our sanctions risks and take measures to protect the interests of our Group and our Shareholders. For details of our internal control procedures, please see the subsection headed "— Sales to Sanctioned Countries — Our Undertakings and Internal Control Procedures".

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
8.	GS HK and GS International failed to comply with (i) section 111(1) of the Predecessor Companies Ordinance and/or section 610(1) of the Companies Ordinance and (ii) section 122 of the Predecessor Companies Ordinance and/or section 429 of the Companies Ordinance. Neither GS HK nor GS International convened any annual general meetings since their incorporation. In addition, GS HK and GS International failed to lay their respective audited financial statements at annual general meetings since their incorporation. The periods of non-compliance for GS HK and GS International were from September 21, 2012 to August 18, 2015 and December 7, 2013 to August 18, 2015, respectively. The omission was not willful, but due to the inadvertent oversight of our staff responsible for supervision on secretarial matters and financial statements preparation and the absence of timely and professional advice at the material time.	Under section 111(5) of the Predecessor Companies Ordinance and/or section 610(9) of the Companies Ordinance, failing to convene annual general meetings as required would result in the company and every responsible person of the company committing an offense, and each may be subject to a fine. The maximum penalty is a fine of HK$50,000. Under section 122 of the Predecessor Companies Ordinance and/or section 429 of the Companies Ordinance, a director of the company who fails to lay financial statements at the annual general meetings of the company would commit an offense and be liable to a fine. The maximum penalty is HK$300,000 and imprisonment for 12 months.	The audited accounts of the most recent 3 years were laid before the annual general meetings subsequently held. Our Group had also sought legal advice on whether relief can be obtained from the Court. As advised by Mr. Henry Cheng, our Predecessor Companies Ordinance non-compliance legal counsel, any application to the Court for relief would likely be dismissed. As advised by Mr. Henry Cheng, the prosecution in respect of the breach before 2012 is time barred by section 351A of the Predecessor Companies Ordinance. For the breaches in 2012, 2013, and 2014, as further advised by Mr. Henry Cheng, there is not a particularly high risk of prosecution. And in the event of a prosecution and conviction, the maximum penalties and imprisonment are unlikely to be imposed. The likely sentence would be a monetary fine in the range of several thousand to ten thousand Hong Kong dollars. We had not made provisions for the potential payment of the fine because the maximum amount of fine is relatively immaterial.	• We have formulated and adopted an internal control manual which includes the procedures for properly convening annual general meetings. • We will engage our Hong Kong legal advisor to provide advice on ongoing compliance with Hong Kong laws and regulations applicable to us.

	Non-compliance incident and major causes	Legal consequences, potential maximum penalties and other financial liability	Rectification actions taken, potential future impact on our operations and financial conditions, and status as of the Latest Practicable Date	Enhanced internal control measures to prevent non-compliance
9.	GS HK failed to inform the IRD of its respective chargeability to tax within the prescribed time limit of April 30, 2012 for the year of assessment 2011/2012 to the IRD under section 51(2)of the IRO and committed an offense in breach of section 51(2) of the IRO. The delay was not willful but due to the inadvertent oversight of the administrative staff responsible for filing profits tax returns.	According to section 82A of the IRO and in light of the published penalty policy of the IRD and the practice of the profits tax unit of the IRD, there could be imposition of penalty of an amount equating to 10% of the profits tax undercharged as a consequence of the failure to inform the IRD, that is, the maximum penalty to be charged on the Company is around HK$200,000. In any event, the amount of penalty, if any, to be imposed is at the discretion of the IRD.	No further actions need to be taken by GS HK since GS HK had informed the IRD of its chargeability to tax although outside the prescribed time limit. As advised by Mr. Godwin Ng, our tax legal counsel, in light of the fact that GS HK had voluntarily informed the IRD of its chargeability to tax, though not within the prescribed time limit, the chance of GS HK being subject to penalties at the maximum level under civil proceeding or otherwise is small. As advised by Mr. Godwin Ng, our tax legal counsel, GS International suffered a loss for the year of assessment 2011/2012, which is shown in the relevant financial statements; therefore, it had no profit chargeable to tax and has no duty to inform the IRD of its chargeability to tax for that year of assessment.	• We have formulated and adopted an internal control manual which includes the procedures for tax filings and recording to prevent late filing of profits tax return.
10.	GS HK and GS International failed to submit the profits tax returns for the years of assessment 2011/2012 (GS HK only) and 2012/2013 to the IRD within the prescribed time limit of April 4, 2014 under section 51(1) of the IRO and committed an offense in breach of section 51(1) of the IRO. The delay was not willful but due to the inadvertent oversight of the administrative staff responsible for filing profits tax returns.	According to section 80(2) of the IRO, the maximum penalty is a fine of HK$10,000 and a further fine of three times the amount of the tax undercharged.	GS HK was fined a penalty of HK$3,000 for late submission of profits tax return for the year of assessment 2011/2012. On October 16, 2014, GS HK duly paid the penalty imposed on it. GS HK and GS International were each fined a penalty of HK$1,200 for late submission of profits tax return for the year of assessment, 2012/2013. On October 16, 2014, GS HK had duly paid the penalty imposed on it. On December 19, 2014, GS International had duly paid the penalty imposed on it. As advised by Mr. Godwin Ng, our tax legal counsel, in light of the fact that GS HK and GS International have duly paid the penalties imposed on them by the IRD, GS HK and GS International will not be subject to any penalties for late submission of tax returns by them for the year of assessment 2012/2013 and by GS HK for the year of assessment 2011/2012. Accordingly, we had not made any provision for this non-compliance incident.	• We have formulated and adopted an internal control manual which includes the procedures for tax filings and recording to prevent late filing of profits tax return.

Based on the above, our Directors consider that none of the legal and compliance matters mentioned above will have any material adverse effect on our business operation and financial condition. Having considered the facts and circumstances leading to the non-compliance incidents as disclosed above, we have implemented the following specific internal control measures to avoid the future recurrence of such non-compliance incidents in addition to the series of internal control policies, procedures, and programs as disclosed in the section headed "— Corporate Governance, Internal Controls and Risk Management".

- **Training:** It is our policy to provide our Directors, senior management and employees with training, development program and/or update regarding the legal and regulatory requirements applicable to the business operation of our Group on a semi-annual basis which will be provided by our external legal counsel.

- **Internal Audit:** In June 2015, we formulated a written policy pursuant to which our internal audit department regularly monitors key controls and procedures in order to assure our management and Board of Directors that the internal control system is functioning as intended. It shall be responsible for performing audit over the performance of our operating department in respect of the timeliness of the application, and completeness of the recording of the permits, certificates and approvals.

- **Compliance with Applicable Laws and Regulations:** We have taken various measures to comply with applicable laws and regulations. For instance, we have established a system to enhance the accountability of each of our subsidiaries and the designated personnel in charge with regard to due compliance with applicable laws and regulations. In addition, we have discussed with and sought suggestions from our PRC legal advisor, Fangda Partners, for the purpose of preventing non-compliance of the same kind in the future and will also consult our PRC legal advisor or other legal advisors to provide assistance on legal and compliance matters to us.

  In April 2015, our legal department in charge of our overall legal compliance has formulated internal compliance policies to ensure that our operating departments are in compliance with the relevant laws and regulations for obtaining the requisite permits, certificates and approvals, and conducting relevant assessments for our operations in a timely manner. Our legal department is headed by Dr. Dong Nan (東楠), who is responsible for overseeing the legal affairs of the Group and ensuring that our operation is in compliance with relevant laws and regulations. Dr. Dong has accumulated over ten years of experience in handling legal affairs in relation to various matters, such as contract review, litigation, legal opinion review, certification application and intellectual property related issues. Dr. Dong passed the PRC bar examination* (中國法律職業資格考試) in 2004. Prior to joining our Group in 2011, she worked as a legal assistant in Shanghai Nuo Sheng Law office* (上海諾盛律師事務所) from December 2006 to September 2007; an intellectual property manager in Shanghai Allist Pharmaceuticals, Inc.* (上海艾力斯生物醫藥有限公司) from September 2007 to September 2008; and the head of legal department in Shanghai GenePharma Pharmaceuticals, Inc.* (上海吉瑪製藥技術有限公司) from October 2008 to October 2010. She obtained a Doctor of Philosophy degree in Biochemistry and Molecular Biology from Nankai University* (南開大學) in 2005. She joined our Group in 2011 as the vice head of our strategic department first and then became the head of our legal department in 2014. Dr. Dong worked in the strategic development department of our Group from 2011 to 2013. From 2014 onwards, she was transferred to the legal department, when she began to oversee certain legal affairs of our

Group in order to ensure that the operation of our Group is in compliance with relevant laws and regulations. From April 2015, Dr. Dong and the management team of our Company restructured the operation of our Company and centralized the management of all legal matters under the supervision of the legal department. Under the direction of Dr. Dong and with the advice of external legal advisors, we intensively communicated with the appropriate authorities to rectify non-compliance incidents in the past and have taken all necessary actions to rectify the non-compliance. Save for the non-compliance incidents as disclosed under the section headed "Business Historical Non-Compliance Incidents" from pages 238 to 247 of the prospectus, we had not encountered further material non-compliance. Given the experience Dr. Dong has accumulated during the course of her employment as the head of the legal department and her education background and qualification in life sciences in addition to the advice of the external legal advisor as and when appropriate, our Directors believe that she is competent in understanding the technicalities in our business operation and handling the relevant compliance matters.

- **Measures Taken by Operating Department:** We have established a management system in respect of our various production permits, licenses and approvals in April 2015. Our different levels of operating departments have established measures in place to ensure that our operations are in compliance with applicable laws and regulations in various aspects. For instance, we have prepared comprehensive checklists setting out all necessary permits, certificates and approvals required for our business operations. We have also designated personnel to ensure that relevant requirements are fulfilled. In addition, our OMD department has collected checklists from our operating departments for its review and is responsible for ensuring that our operating departments can effectively communicate with relevant authorities and obtain all permits, certificates, approvals required for our operations in a timely manner and for maintaining a record of and renewing such permits, certificates and approvals.

  We have designated Ms. Luo Hui (羅惠), the head of our quality and operation management department and OMD department, to ensure the ongoing compliance of our operation with relevant laws and regulations from quality and operation management perspective. Ms. Luo has accumulated over ten years of experience in the quality management field. Prior to joining our Group in 2009, she worked as the quality control supervisor in Polifarma (Nanjing) Co., Ltd.* (寶利化(南京)製藥有限公司) from September 2008 to March 2009, and the quality assurance and quality control supervisor in Nanjing Ruinian Best Pharmaceutical Co., Ltd (南京瑞年百思特製藥有限公司) from May 2005 to August 2008. She obtained her bachelor's degree in biotechnology from Nanjing Agricultural University* (南京農業大學) in 2001.

  Our historical non-compliance incidents in relation to environment, health and safety were results of the unintended and inadvertent oversight of the PRC laws and regulations and not actively communicating with the appropriate authorities by the then responsible head of department, whose employment contract with us was terminated in May 2015. Ms. Luo Hui was a junior staff in the department when the historical non-compliance incidents first occurred and was not directly involved in such matters. Given (i) the current comprehensive internal control measures encompassing various major aspects of our daily operation, (ii) policies formulated specifically addressing environmental, health and work safety matters which had been enhanced and updated based on latest requirements of the relevant laws and regulations, (iii) advice from external legal advisors, (iv) Ms. Luo's over ten years of experience in the quality management field accumulated during the course of her employment,

(v) her familiarity with the business operation of our Group, and (vi) her sound compliance awareness gained from the rectification process of the past non-compliance incidents, our Directors believe that she is competent to handle compliance matters.

- **Internal Control Measures in respect of the Environmental, Health and Safety Matters:** Our EHS department has prepared a checklist setting out all permits, certificates, approvals, assessments, filings and testing required for the environmental protection, health and work safety, and instructed Mr. Xu Jian (徐堅), the head of our EHS department under the supervision of our quality and operation management department, to ensure that relevant requirements have been fulfilled and our on-going operation are in compliance with applicable environmental protection, health and work safety laws and regulations. Mr. Xu has accumulated over ten years of experience in managing environmental protection, health and work safety matters. Prior to joining our Group in 2015, Mr. Xu worked as an EHS specialist in Nanjing Bovon Power Tools Co., Ltd.* (南京搏峰電動工具有限公司) from February 2012 to May 2015; and an environmental safety coordinator in LG Chem (Nanjing) Information and Electronic Material Co., Ltd.* (LG化學(南京)資訊電子材料有限公司) from March 2005 to February 2012. He received a diploma in business administration from Open University of China* (中央廣播電視大學) in January 2011. In addition to the above internal control measures taken by our EHS department, we have adopted the following additional internal control measures in respect of the environmental, health and safety matters:

  - In January 2013, we established the Production Safety Committee (安全生產委員會) consisting of the chief executive officer, the vice president in charge of the work safety, the vice president in charge of the operation, the head of the logistic service center, the vice president of finance, the head of human resources and the head of the EHS department. The Production Safety Committee is responsible for supervising and monitoring compliance with applicable laws and regulations in relation to production safety, identifying safety issues in production processes, implementing appropriate accident prevention and control measures in production and business activities in order to avoid personal injury so as to ensure the safety of employees, and ensuring that smooth production and business activities could be carried out. To this end, the Production Safety Committee holds meetings on a regular basis to discuss recent material issues relating to production safety, the records of which shall be properly kept.

  - We also have designated specialized production safety management personnel, all of whom have obtained safety qualification permits (安全資格證書), who are responsible for daily management of our production work safety. In addition, we have one production safety management personnel for each of our operating departments.

  - In September 2013, we adopted written policy on appraisal of our production safety which is executed jointly by our EHS department and human resources department, according to which we shall perform regular evaluation on the execution of standard operating procedures, production standardization, safety training, rectification of potential flaws, accident management, occupational health, fire prevention and environmental protection. Subsequent to the initial formulation, we had from time to time enhanced and updated the policy continuously based on, among other things, (i) the latest requirements of the relevant laws and regulations, (ii) communication with the appropriate authorities regarding rectification measures to be undertaken immediately

becoming aware of the non-compliance incidents in relation to production safety, (iii) advices from external legal advisors, and (iv) our experience accumulated thereafter.

- We have also established an internal policy requiring all the employees to attend various safety training programs designed for different personnel on a regular basis and for no less than certain minimum hours. A proper attendance record for all training programs shall be maintained so that our Company could ensure that all the relevant personnel has received the training designed for them.

- We formulated an internal policy regarding the management of occupational health in September 2013. Subsequent to the initial formulation, we had from time to time enhanced and updated the policy continuously based on, among other things, (i) the latest requirements of the relevant laws and regulations, (ii) communication with the appropriate authorities regarding rectification measures to be undertaken immediately becoming aware of the non-compliance incidents in relation to occupational health management, (iii) advices from external legal advisors, and (iv) our experience accumulated thereafter. It is our policy that in respect of projects posing occupational disease, we shall file information of such projects with relevant authorities within 30 days since the inspection and acceptance on completion of such projects construction are completed. In addition, we shall perform periodic measurement on testing factors in connection with occupational disease and install automatic monitoring and alarming devices where needed. The testing report shall be properly kept and reported to the relevant authorities and our employees regularly. Furthermore, corresponding rectification measures shall be taken immediately once the testing factors in connection with the occupational disease have been detected to be inconsistent with applicable laws and regulations. As of the Latest Practicable Date, all non-compliance incidents as disclosed on pages 238 to 247 of this prospectus in relation to occupation health had been rectified. Based on the foregoing, the supervision by the EHS department which is responsible for ensuring our on-going compliance with applicable health and work safety laws and regulations, along with the comprehensive internal control measures encompassing various major aspects of our daily operation, the Directors and Sole Sponsor are of the view that our current internal control measures are effective in preventing similar non-compliances going forward.

Views of the Directors and the Sole Sponsor

During the Sole Sponsor's due diligence process and having taken into account the following matters as confirmed by our Directors, nothing has come to the attention of the Sole Sponsor that would cause it to believe that our internal control is inadequate and insufficient under the Hong Kong Listing Rules to prevent the occurrence of the above non-compliance incidents in the future:

- having considered the reasons for each of the historical non-compliance incidents set out in the section headed "Historical Non-Compliance Incidents";

- having reviewed the enhanced internal control measures of our Group;

- having discussed with the senior management on the rectification actions, status as of the Latest Practicable Date, and progress of its implementation of the newly enhanced internal control measures to prevent recurrence of non-compliance incidents;

- having been given to understand that (i) our Group had established the internal control policies and put in place a number of internal control measures, including a system to enhance the accountability of each of our subsidiaries and the designated personnel in charge with regard to due compliance with applicable laws and regulations and a management system in respect of our various production permits, licenses and approvals, both at the headquarters level and subsidiary level, which are assumed to be fully implemented on an ongoing basis to rectify the deficiencies identified under the scope of the review. While the headquarters level refers to our Company functioning as the administrative head of the whole Group, the subsidiary level refers to key operating subsidiaries of our Group. Our internal control policies and measures aim at preventing the re-occurrence of the historical non-compliance incidents and involve and apply to all staff and personnel both at the headquarters level and the subsidiary level of our Group; (ii) the senior management was not aware of any further deficiency on the internal control systems, including any deficiencies in the business processes which are related to the historical non-compliance incidents, that would render the internal control measures inadequate and ineffective; and (iii) our Group believes that its internal control measures that are currently in place are adequate and effective;

- training session provided to all of our Directors by our Hong Kong legal advisor, Peter Yuen & Associates (in association with Fangda Partners) on August 24, 2015, on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the SFO and the Hong Kong Listing Rules and the Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong; and

- our Company's access to external professionals, such as the compliance advisor and legal advisors, to seek professional advice on legal and compliance guidance and any issues relating to rules, laws and regulations in the PRC and Hong Kong.

Our Directors and the Sole Sponsor are of the view that we have adequate and effective internal control procedures in place and in accordance with the requirements under the Hong Kong Listing Rules, and non-compliance incidents in the past will not affect the suitability of the Directors to act as directors of a listed issuer under Rules 3.08, 3.09, and 8.15 of the Hong Kong Listing Rules and/or the suitability for listing of our Company under Rule 8.04 of the Hong Kong Listing Rules on the following basis:

- the occurrence of the non-compliance incidents was solely due to past inadvertent oversight or unfamiliarity with the relevant rules and regulations and did not involve dishonesty or fraud on the part on our Directors or impugn their integrity or competence. No legal action which may have any material impact on the Group's operations and financial conditions has been or is expected to be instituted by any relevant authorities;

- with the occurrence of these incidents, our Directors are minded and alert to any issues that might result in any non-compliance, and there are in place measures for preventing recurrence of non-compliance as disclosed above, and such measures are considered adequate and effective;

- upon the training sessions provided to our Directors, our Directors are fully aware of the requirements and obligations as directors of a listed issuer pursuant to the Listing Rules and have undertaken to observe and comply with all the relevant rules and regulations; and

- since the implementation of the enhanced internal control policies and measures and up to the Latest Practicable Date, our Directors confirmed that our Group had not been accused of any material breach of rules and regulations other than the non-compliant incidents as disclosed above.

Save as disclosed above, we have obtained and currently maintain all necessary permits and licenses that are material to our business operations, and, during the Track Record Period and up to the Latest Practicable Date, we have been in compliance with the applicable laws and regulations relating to our business operations in all material respects.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Dr. Zhang, together with Dr. Wang and Ms. Wang, who are parties acting in concert with Dr. Zhang (together known as the "Concerted Parties"), hold approximately 75.585% of the shares of GS Corp (which is owned as to approximately 40.59% by Dr. Zhang, 23.235% by Dr. Wang and 11.76% by Ms. Wang) and GS Corp owned approximately 75.71% of the issued share capital of GS Cayman which in turn owned the entire issued share capital of our Company. Therefore, Dr. Zhang, the Concerted Parties, GS Corp and GS Cayman are our Controlling Shareholders. As part of the Pre-IPO Reorganization, GS Cayman will not remain as our Controlling Shareholder after Listing.

Immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options that have been or may be granted under the Share Option Schemes), Dr. Zhang will hold approximately 23.05% of our total issued share capital indirectly through GS Corp (which is owned as to approximately 40.59% by Dr. Zhang and GS Corp owning approximately 56.78% of the issued share capital of our Company). Dr. Zhang has also been conferred the voting rights of Dr. Wang, Ms. Wang and Ms. Wu, who will hold approximately 13.19%, 6.68%, 13.19% of our total issued share capital, respectively, indirectly through GS Corp immediately following the completion of the Global Offering and the Capitalization Issue (which is owned as to approximately 23.235% by Dr. Wang, 11.76% by Ms. Wang and 23.235% by Ms. Wu and GS Corp owning approximately 56.78% of the issued share capital of our Company). Therefore, immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options that have been or may be granted under the Share Option Schemes), Dr. Zhang, the Concerted Parties and Ms. Wu will hold approximately 98.82% of shares of GS Corp and GS Corp will hold approximately 56.78% of the Shares. Dr. Zhang, through GS Corp and the voting proxy conferred by Dr. Wang and Ms. Wang, will beneficially hold more than 30% of the enlarged issued share capital of our Company. Dr. Zhang, the Concerted Parties and GS Corp will continue to be the Controlling Shareholders for the purpose of the Listing Rules. As of the Latest Practicable Date, GS Corp is principally engaged in investment holding. Details of Dr. Zhang's, Dr. Wang's and Ms. Wang's biographies are set out in the section headed "Directors and Senior Management" in this prospectus.

COMPETING INTEREST

Apart from the business of our Group, as of the Latest Practicable Date, none of our Controlling Shareholders and Directors has any interest in any business, which compete or is likely to compete, directly or indirectly, with our business and would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Taking into consideration of the following factors, the Board is satisfied that our Group is capable of carrying out our business independently from the Controlling Shareholders upon or shortly after the Listing. Our Directors are of the view that there will be no significant transactions between our Group and our Controlling Shareholders following the completion of the Global Offering and the Capitalization Issue.

Operational Independence

Our Company is capable of making independent decisions on business operations. Although the Controlling Shareholders retains a controlling interest in our Company after the Listing on the Stock Exchange, it does not prevent us from exercising full rights to carry out our own decisions on the business operations.

Save as disclosed in the sections headed "Risk Factors" and "Business" in this prospectus, our Company has obtained all relevant licenses necessary to carry out our businesses, and has sufficient capital, equipment and employees to operate our business independently from the Controlling Shareholders.

In addition, our organizational structure is well defined to align the day-to-day operation of the business with the organizational aims. Each department in our organizational structure is empowered to determine the modes in which it operates and performs independently, subject to the final confirmation and approval of our chief executive officer or the chief operating officer. We have also established efficient and transparent internal control system to facilitate the effective operation of our business.

Accordingly, our Directors are satisfied that we have been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

Management Independence

Our management and operational decision are made by our Board and senior management. Our Board comprises three executive Directors, three non-executive Directors and three independent non-executive Directors. Dr. Zhang, one of our Controlling Shareholders, is also our chairman, an executive Director and chief executive officer, and directors of all subsidiaries (except for GS Japan) of our Company. Dr. Wang, a party acting in concert with Dr. Zhang and Ms. Wang, one of our Controlling Shareholders, is also a non-executive Director and directors of two subsidiaries of our Company, namely, GS USA and GS HK. Ms. Wang, a party acting in concert with Dr. Zhang and Dr. Wang, one of our Controlling Shareholders, is also an executive Director and chief operating officer of our Company and directors of all subsidiaries of our Company (except for GS Japan, BSJ HK, Legend HK and our PRC subsidiaries). Save for Dr. Zhang, Dr. Wang and Ms. Wang, no Controlling Shareholder holds any directorship in our Group.

Our managerial decision makers are empowered to provide input into and have final approval of development of corporate strategy and performance objectives. Their managerial roles include, among others, independently reviewing, ratifying and monitoring systems of risk management, internal control and legal compliance. Our Directors and senior management are familiar with the fundamentals of our Company's business, its operations and informed about our Company's activities.

Our Group has established an (i) audit committee, (ii) remuneration committee and (iii) nomination committee. Each committee includes independent non-executive Directors so as to monitor the operation of our Group. Further, we believe that our independent non-executive Directors will be able to exercise their independent judgment and will be able to provide impartial opinion and professional advice in the decision-making process of the Board to protect the interests of our Shareholders.

Each Director understands that, he/she owes primary duties to our Company and is aware of his/her fiduciary duties as a Director which requires, among others, that he/she must act for the benefit of and in

the best interests of our Company and shall avoid any conflict between his/her personal interests and those of our Company. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) and their respective associate(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Our Company has also established internal control mechanism to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions. Our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders upon or shortly after the Listing.

Since all of our executive Directors have substantial experience in their respective expertise areas and/or in the industry in which our Group is engaged, we believe that they will be able to make business decisions that are in the best interest of the our Group. In addition, the business of our Group has been operated under substantially the same management throughout the Track Record Period and up to the Latest Practicable Date. Further, the Board acts collectively by majority decisions in accordance with the Articles and applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorized by the Board.

Having considered the above factors, our Directors are satisfied that our Board as a whole together with our senior management team are able to make independent managerial decisions having regard to their own knowledge of the corporation and their experience and skills.

Financial Independence

Our Company is empowered to make independent decision in respect of business financial matters. Our Group has our own internal control, accounting and financial management system, accounting and finance department, independent treasury functions for cash receipts and payment and the ability to operate independently of our Controlling Shareholders from a financial perspective. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, none of the Controlling Shareholders or their respective associates had provided any guarantee to our Group.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

DEED OF NON-COMPETITION

Save as disclosed in this prospectus, each of our Controlling Shareholders has confirmed that none of them nor any of its/his close associates is engaged in, involved in or interested in any business (other than being a director or shareholder of our Group) which, directly or indirectly, competes or may compete with our business. To protect our Group from any potential competition, our Controlling Shareholders have given an irrevocable non-compete undertaking in favor of our Company (for itself and for the benefits of its subsidiaries) pursuant to which each of our Controlling Shareholders has, among other matters, irrevocably and unconditionally undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders shall, and shall procure that their respective associates and/or companies controlled by them (other than our Group):

(i) not, directly or indirectly, either on its own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged

in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes or is likely to compete, directly or indirectly, with the business of our Group referred to in the Prospectus and any other business from time to time conducted, carried on or contemplated to be carried on by any member of our Group or in which any member of our Group is engaged or has invested or which any member of our Group has otherwise publicly announced its intention to enter into, engage in or invest in (whether as principal or agent and whether undertaken directly or through any body corporate, partnership, joint venture, or other contractual or other arrangement) (the "Restricted Activity");

(ii) to provide all information requested by our Company which is necessary for an annual review by our independent non-executive Directors of its compliance with the Deed of Non-Competition and the enforcement of the Deed of Non-Competition;

(iii) to procure our Company to disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-Competition either through the annual report, or by way of announcement(s) to the public; and

(iv) to make an annual declaration on compliance with its undertaking under the Deed of Non-Competition in the annual reports of our Company as our independent non-executive Directors think fit and/or as required by the relevant requirements under the Listing Rules.

Each of our Controlling Shareholders has unconditionally and irrevocably undertaken to us that in the event that it/he or its/his close associate(s) (other than any member of our Group) (the "Offeror") is given or offered or has identified any business investment or commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Activity (the "New Opportunities"), it/he will and will procure its/his associate(s) (other than members of our Group) to refer the New Opportunities to us as soon as practicable in the following manner:

(i) each of our Controlling Shareholders is required to, and shall procure its/his associates (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (a) such New Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the "Offer Notice"); and

(ii) the Offeror will be entitled to pursue the New Opportunities only if (a) the Offeror has received a notice from us declining the New Opportunities; or (b) the Offeror has not received such notice from us within 10 Business Days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above.

Upon receipt of the Offer Notice, we will form an independent board committee (the "Independent Board Committee") which comprises our independent non-executive Directors without the attendance by any Director with beneficial or conflicting interest in such project or business opportunities and seek opinions and decisions from our Independent Board Committee in the manner as to whether (a) such New

Opportunities would constitute competition with the Restricted Activity; and (b) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunities.

Where our Controlling Shareholders and/or their associates (other than our Group) have acquired any business, investment or interest in any entity relating to the Restricted Activity pursuant to the immediately preceding point (ii) above, our relevant Controlling Shareholders and/or their associates (other than our Group) shall provide us with pre-emptive right (the "Pre-emptive Right") to acquire any such Restricted Activity under the same circumstances. Where our Independent Board Committee decides to waive the Pre-emptive Right by way of written notice, our relevant Controlling Shareholders and/or their associates (other than our Group) may offer to sell such business, investment or interest in Restricted Activity to other third parties on such terms which are no more favorable than those made available to our Group. In deciding whether to exercise the above options, our Directors will consider various factors including the purchase price and their values and benefits, as well as the benefit that they will bring to our Group.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of:

(i) the date on which our Controlling Shareholders and their associates, individually or taken as a whole, cease to be our Controlling Shareholders for the purpose of the Listing Rules; and

(ii) the date on which our Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange.

The Deed of Non-competition is conditional on (i) the Listing Committee granting listing of, and permission to deal in, all our Shares in issue and to be issued under the Global Offering and the Capitalization Issue and our Shares which may be issued upon the exercise of the Over-allotment Option and options that have been or may be granted under the Share Option Schemes, and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the Underwriters) and that the Underwriting Agreements not being terminated in accordance with their terms or otherwise.

CORPORATE GOVERNANCE MEASURES TO AVOID CONFLICT OF INTEREST

Our Directors recognize the importance of incorporating elements of good corporate governance in management conducive to the protection of the interests of our Shareholders. In particular, the following corporate governance measures in relation to managing potential conflict of interests arising from potential competing business between our Controlling Shareholders and our Group will be taken:

(i) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors (or their associates), the interested Directors shall abstain from voting at the relevant Board meeting and shall not be counted in the quorum;

(ii) our independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;

(iii) our Controlling Shareholders have undertaken under the Deed of Non-competition to provide all information necessary for the annual review by our independent non-executive Directors

with regard to compliance of the terms of the Deed of Non-competition and the enforcement of undertakings under the Deed of Non-competition;

(iv) our Company will disclose in the annual report of our Company or, where our Board considers is appropriate by way of announcement(s), the decisions with basis on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition;

(v) our Controlling Shareholders have undertaken to us under the Deed of Non-competition to make an annual declaration as to compliance with the terms of the Deed of Non-competition in the annual report of our Company;

(vi) the Independent Board Committee of our Company comprising all independent non-executive Directors will be responsible for deciding and given the authority to decide, without attendance by any Directors with beneficial or conflicting interest in the New Opportunities referred to our Group by our Controlling Shareholders (or their associates other than members of our Group) and the exercise of the Pre-emptive Right under the Deed of Non-competition. We believe that our independent non-executive Directors are of sufficient caliber, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide impartial and professional advice to protect the interests of our Shareholders. For more details of expertise and experience of our independent non-executive Directors, please see the section headed "Directors and Senior Management" in this prospectus. In addition, the Independent Board Committee may, at the costs of our Company and from time to time, engage independent financial advisor and other external professional advisors as they may consider necessary to advise them on the issues which relate to the above matters;

(vii) our Company has established internal control mechanism to identify connected transactions, and will comply with Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting and independent shareholders' approval requirements; and

(viii) our Company has appointed Haitong International Capital Limited as the compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to corporate governance.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and our Group and to protect the interests of our Shareholders, in particular, our minority Shareholders.

DIRECTORS AND SENIOR MANAGEMENT

Our Board of Directors consists of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors. The following table sets out information concerning our Directors and senior management:

Name	Age	Position	Date of appointment/ redesignation as executive/ non-executive/ independent non-executive Director/senior management	Date of joining our Group	Role and responsibilities	Relationships with other Directors or senior management
Executive Directors						
Dr. Zhang Fangliang (章方良)	51	Chairman, executive Director and chief executive officer	Appointed as a Director on May 21, 2015 and redesignated as the executive Director on August 24, 2015	August 15, 2002	Development, positioning and strategy planning of our Group, overseeing the sanction risk control committee, and serving as chairman of the nomination committee	brother-in-law of Mr. Chen Zhiqiang
Ms. Wang Ye (王燁)	47	Executive Director and chief operating officer	Appointed as a Director on May 21, 2015 and redesignated as the executive Director on August 24, 2015	August 15, 2002	Our Group's strategies and overall operational management and serving as a member of the remuneration committee	N/A
Mr. Meng Jiange (孟建革)	47	Executive Director and vice president of finance	August 24, 2015	April 1, 2010	Our Group's financial strategies and financial management	N/A

Name	Age	Position	Date of appointment/ redesignation as executive/ non-executive/ independent non-executive Director/senior management	Date of joining our Group	Role and responsibilities	Relationships with other Directors or senior management
Non-executive Directors						
Dr. Wang Luquan (王魯泉)	46	Non-executive Director	Appointed as a Director on May 21, 2015 and redesignated as a non-executive Director on August 24, 2015	August 15, 2002	Our Group's strategies and operational management	N/A
Mr. Huang Zuie-Chin (also known as James Zuie Huang) (黃瑞瑨)	50	Non-executive Director	August 24, 2015	October 10, 2011	Our Group's strategies and operational management	N/A
Mr. Pan Yuexin (潘躍新)	57	Non-executive Director	August 24, 2015	August 24, 2015	Our Group's strategies and operational management	N/A
Independent Non-executive Directors						
Mr. Guo Hongxin (郭宏新)	52	Independent non-executive Director	August 24, 2015	August 24, 2015	Providing independent advice to our Board, serving as a member of our audit committee and chairman of the remuneration committee	N/A
Mr. Dai Zumian (戴祖勉)	38	Independent non-executive Director	August 24, 2015	August 24, 2015	Providing independent advice to our Board, serving as chairman of our audit committee and a member of the remuneration committee and the nomination committee	N/A

Name	Age	Position	Date of appointment/ redesignation as executive/ non-executive/ independent non-executive Director/senior management	Date of joining our Group	Role and responsibilities	Relationships with other Directors or senior management
Ms. Zhang Min (張敏)	42	Independent non-executive Director	August 24, 2015	August 24, 2015	Providing independent advice to our Board, and serving as a member of our audit committee and nomination committee	N/A
Senior Management (other than Dr. Zhang, Ms. Wang and Mr. Meng, all of whom are executive Directors)						
Dr. Zhu Li (朱力)	66	Vice president of strategy	March 1, 2010	March 1, 2010	Responsible for the strategic planning, technological development and external coordination of our Group	N/A
Dr. Chou Chuan-Chu (周傳初)	61	Department head of the preclinical drug development service business segment	January 1, 2014	October 1, 2012	Responsible for the management of the preclinical drug development services segment	N/A
Mr. Chen Zhiqiang (陳志強)	46	Senior vice president of public relation department	January 1, 2014	August 15, 2004	Responsible for public relations	brother-in-law of Dr. Zhang
Mr. Zhang Chifa (張遲發)	40	Department head of the industry synthetic biology product segment	January 1, 2014	June 5, 2005	Responsible for management of the research and development center and the industrial synthetic biology product segment	N/A

Executive Directors

Dr. Zhang Fangliang (章方良), aged 51, is the co-founder, chairman, an executive Director and chief executive officer of our Company. He was appointed as a Director on May 21, 2015 and redesignated as an executive Director on August 24, 2015. He is primarily responsible for the development, positioning and strategy planning of our Group. He is one of the founders and a director of GS Corp. Dr. Zhang is currently the director of all of our Company's subsidiaries (except for GS Japan), namely, GS China, Nanjing Jinsikang, BSJ Nanjing, BSJ Hubei, Shanghai Jingrui, BSJ Cayman, BSJ BVI, BSJ US, BSJ HK, Legend Nanjing, Legend Cayman, Legend BVI, Legend HK, GS BVI, GS HK, GS

International and GS USA. As at the Latest Practicable Date and before the transfer of GS Cayman to Mr. Tsui Po, Dr. Zhang was also the director of GS Cayman. During the Track Record Period, Dr. Zhang was also the director of Nanjing Jinsida. Dr. Zhang is the chairman of our nomination committee and oversees the sanction risk control committee.

Dr. Zhang has nearly 20 years of experience in the biotechnology industry. Prior to joining our Group, from 1995 to 2002, he worked as a postdoctoral research fellow and an associate principal scientist at Schering-Plough. Dr. Zhang worked in the tumor biology department during his postdoctoral research at Schering-Plough. Dr. Zhang was also one of the key team members for an anti-cancer drug, farnesyl transferase inhibitor. After Dr. Zhang's postdoctoral studies, he was recruited to the department of central nervous system and cardiovascular system at Schering-Plough. He became one of the project leaders focusing on G-protein coupled receptors and led a group of scientists to discover the drug target for a billion-dollar drug. As a result of this discovery, Dr. Zhang won a Presidential Award at Schering-Plough in 2001. From 2002 to the present, Dr. Zhang worked as the chief executive officer of our Group, where he was involved in a variety of key biotechnological research projects and provided guidance and directions to those biotechnological research projects. Dr. Zhang was also awarded the National Thousand Talents Program Distinguished Expert* (國家千人計劃特聘專家) in 2010 and the Jiangsu Province High-Level Creative Talent Strategic Award* (江蘇省高層次創新創業人才引進計劃獎) in 2011. Dr. Zhang has published more than 15 biotechnology related scientific papers in international peer-reviewed journals and has been the inventor for more than five patents in relation to biotechnological products and/or services.

Dr. Zhang obtained a Bachelor of Engineering degree from Chengdu College of Geology* (成都地質學院) (currently known as Chengdu University of Technology* (成都理工大學)) in the PRC in July 1984 and a Master of Science degree from Nanjing University in the PRC in July 1987. He also obtained a Doctor of Philosophy degree from Duke University in the U.S. in September 1995.

Dr. Zhang has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Our Company's corporate governance practices are principally based on principles and code provisions as set out in the Corporate Governance Code ("CG Code") in Appendix 14 to the Listing Rules.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Zhang is the chairman and the chief executive officer of our Company. As Dr. Zhang is one of the co-founders of our Group and has been operating and managing our Group since 2002, our Board believes that it is in the best interest of our Group to have Dr. Zhang taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

As of the Latest Practicable Date, Dr. Zhang is one of our Controlling Shareholders which owns approximately 40.59% of the issued share capital in GS Corp which in turn owns approximately 75.71% of GS Cayman and in turn owns the entire issued share capital of our Company. Immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options that have been or may be granted under the Share Option Schemes), Dr. Zhang will hold approximately 23.05% of our total issued share capital indirectly through GS Corp (which is owned as to approximately 40.59% by Dr. Zhang and GS Corp owning approximately 56.78% of the issued share capital of our Company).

Ms. Wang Ye (王燁), aged 47, is the co-founder, an executive Director and chief operating officer of our Company. She was appointed as a Director on May 21, 2015 and redesignated as an executive Director on August 24, 2015 and is primarily responsible for our Group's strategies and overall operational management. Ms. Wang is currently the director of all of our Company's subsidiaries (except for GS Japan, BSJ HK, Legend HK and our PRC subsidiaries), namely, BSJ Cayman, BSJ BVI, BSJ US, Legend Cayman, Legend BVI, GS BVI, GS HK, GS International and GS USA. As at the Latest

Practicable Date and before the transfer of GS Cayman to Mr. Tsui Po, Ms. Wang was also the director of GS Cayman. Ms. Wang is also a member of our remuneration committee.

She joined GS Corp in August 2002 and served as the sales account manager until January 2005. In our Group, she worked as the sales and marketing director from February 2005 to August 2009, vice-president of operations from September 2009 to August 2011 and executive vice-president of operations from September 2011 to March 2014. She has been the chief operating officer of GS Corp since April 2014. Prior to joining our Group, she worked as the environmental monitoring engineer at Shenzhen Futian Environment Protection Surveillance Station* (深圳市福田區環境保護監測站) from July 1993 to July 2000.

Ms. Wang obtained a Bachelor of Science in Microbiology and a Master of Science degree from Wuhan University* (武漢大學) in the PRC in July 1990 and in August 1993, respectively. She also obtained a Master of Science in Computer Sciences degree from Bridgeport University in the United States in December 2003. She obtained an Executive Master of Business Administration degree from the China Europe International Business School* (中歐國際工商學院) in the PRC in August 2014.

Ms. Wang has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

As at the Latest Practicable Date, Ms. Wang holds approximately 8.91% of our total issued share capital indirectly through GS Corp (which is owned as to approximately 11.76% by Ms. Wang and GS Corp owned approximately 75.71% of the issued share capital of GS Cayman which in turn owned the entire issued share capital of our Company). As at the Latest Practicable Date, she is also interested in 70,075,000 options granted to her under the Pre-IPO Share Option Scheme, entitling her to receive 70,075,000 Shares upon full exercise and subject to vesting. Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Ms. Wang will be interested in 136,178,136 underlying Adjusted Shares under the Pre-IPO Share Options granted.

Mr. Meng Jiange (孟建革), aged 47, was appointed as an executive Director of our Company on August 24, 2015 and is primarily responsible for our Company's finance matters. He was appointed as the vice president of finance of our Group in April 2010 when he joined our Group.

Mr. Meng has over 25 years of experience in finance and accounting. Prior to joining our Group, from July 1990 to October 1997, Mr. Meng worked at CCCC Guangzhou Dredging Co., Ltd.* (中交廣洲航道局有限公司). From January 1999 to May 2000, Mr. Meng worked as the national finance manager at Guangdong Whirlpool Home Appliance Group (廣東惠而浦家電集團). From May 2000 to July 2004, Mr. Meng worked at Schering-Plough China (先靈葆雅中國公司) as a branch finance manager and the accounting and IT manager in the head office. From September 2004 to December 2007, Mr. Meng worked as the Asia finance controller of Saint-Gobain Grains and Powder Division. From March 2008 to March 2010, Mr. Meng worked as the chief financial officer of Quay Magnesium.

Mr. Meng graduated from Changsha Communications Institute* (長沙交通學院) (currently known as Changsha University of Science Technology* (長沙理工大學)) in the PRC with a Bachelor of Engineering degree in July 1990.

Mr. Meng has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

As at the Latest Practicable Date, Mr. Meng is interested in 3,000,000 options granted to him under the Pre-IPO Share Option Scheme entitling him to receive 3,000,000 Shares upon full exercise and

subject to vesting. Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Mr. Meng will be interested in 5,829,960 underlying Adjusted Shares under the Pre-IPO Share Options granted.

Non-executive Directors

Dr. Wang Luquan (王魯泉), aged 46, is a co-founder and a non-executive Director of our Company. He was appointed as a Director on May 21, 2015 and redesignated as a non-executive Director of our Company on August 24, 2015 and is primarily responsible for our Group's strategies and operational management. From 2003 to 2014, Dr. Wang was the president of GS Corp and is still currently a director of GS Corp. Dr. Wang is currently the director of two of our Company's subsidiaries, namely, GS HK and GS USA. As at the Latest Practicable Date and before the transfer of GS Cayman to Mr. Tsui Bo, Dr. Wang was also the director of GS Cayman.

Dr. Wang has nearly 24 years of experience in the biotechnology industry. Prior to joining our Group, from 1991 to 1996, he worked as a graduate research assistant, and from 1995 to 1996, a bioinformatics staff, at Rutgers University in the United States. From 1996 to 2003, Dr. Wang was a senior principal scientist at Schering-Plough Research Institute.

Dr. Wang obtained a Bachelor of Science in Biochemistry degree from Shandong University (山東大學) in the PRC in July 1991 and a Doctor of Philosophy degree from Rutgers University in the United States in October 1996.

Dr. Wang has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

As at the Latest Practicable Date, Dr. Wang holds approximately 17.59% of our total issued share capital indirectly through GS Corp (which is owned as to approximately 23.235% by Dr. Wang and GS Corp owned approximately 75.71% of the issued share capital of GS Cayman which in turn owned the entire issued share capital of our Company). As at the Latest Practicable Date, Dr. Wang is also interested in 2,000,000 options granted to him under the Pre-IPO Share Option Scheme, entitling him to receive 2,000,000 Shares upon full exercise and subject to vesting. Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Dr. Wang will be interested in 3,886,640 underlying Adjusted Shares under the Pre-IPO Share Options granted.

Mr. Huang Zuie-Chin (also known as James Zuie Huang) (黃瑞瑨), aged 50, was appointed as a non-executive Director of our Company on August 24, 2015 and is primarily responsible for our Group's strategies and operational management. Mr. Huang was the designated director of GS Cayman by KPCB China Fund from October 2011 as part of the Pre-IPO investment in 2009, and as at the Latest Practicable Date and before the transfer of GS Cayman to Mr. Tsui Bo, Mr. Huang was the director of GS Cayman.

Mr. Huang has 20 years of experience in the pharmaceutical and biotech industry. He joined Kleiner Perkins Caufield & Byers China (凱鵬華盈中國基金) ("KPCB China") as a managing partner in 2011 and is responsible for the firm's life science practice. Prior to joining KPCB China, he joined Vivo Ventures as a managing partner in 2007. From 2002 to 2007, he served as the president of Anesiva, a biopharmaceutical company. He also worked as the vice-president of the business development unit at Tularik Inc. from 2000 to 2002, the director of sales unit at GlaxoSmithKline LLC from 1995 to 2000, the

senior management of marketing unit at Bristol-Meyers Squibb from 1992 to 1995 and the project manager of the research and development unit at ALZA Corp from 1987 to 1990.

Mr. Huang graduated from University of California, Berkeley in the United States with a Bachelor of Science degree in chemical engineering in May 1988. He obtained a Master of Business Administration degree from the Stanford Graduate School of Business in the United States in June 1992.

Mr. Huang is a director of CASI Pharmaceuticals, Inc. (Nasdaq: CASI), which is listed on Nasdaq in the United States, since April 2013. Save as disclosed above, Mr. Huang has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Pan Yuexin (潘躍新), aged 57, appointed as a non-executive Director of our Company on August 24, 2015 and is primarily responsible for our Group's strategies and operational management.

Mr. Pan graduated from the Zhejiang Branch of the Open University of China (中央廣播電視大學浙江分校) with a Chinese language and literature diploma in July 1985. Mr. Pan graduated from the Chinese Academy of Social Sciences* (中國社會科學院) with a business law post-graduate degree in July 1987,

Mr. Pan has been a partner of Jun He Law Offices (君合律師事務所) from October 1992 to May 2003 and July 2009 to February 2013, and a partner of Shanghai Ridingsheng Equity Investment Services Ltd. (上海日鼎盛股權投資服務有限公司) since March 2013.

Mr. Pan was the committee member and secretary general of the Education Committee of the All China Lawyers Association, PRC (中華全國律師協會) from 2001 to 2003. He was also the director of the Hainan and Shanghai branches of Jun He Law Offices (君合律師事務所) from October 1992 to May 2003, deputy director of the Education Committee of the Shanghai Bar Association (上海市律師協會) from 2000 to 2003.

Mr. Pan was an independent non-executive director of Jiangling Motors Co., Ltd. (江鈴汽車股份有限公司, SZSE:000550), which is listed on the Shenzhen Stock Exchange, from 2005 to 2009, Sinochem International Corporation (中化國際貿易股份有限公司, SHA:600500), which is listed on the Shanghai Stock Exchange, from 2002 to 2003, Shanghai Tunnel Engineering Co., Ltd. (上海隧道工程股份有限公司, SHA:600820), which is listed on the Shanghai Stock Exchange, from 2009 to 2015, Great Wall Movie and Television Co., Ltd. (長城影視股份有限公司, SZSE:002071), which is listed on the Shenzhen Stock Exchange, from 2011 to 2014, and Simei Media Co., Ltd (思美傳媒股份有限公司, SZSE:002712) from 2009 to 2012 before it was listed on the Shenzhen Stock Exchange in 2014.

Save as disclosed above, Mr. Pan has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Independent Non-executive Directors

Mr. Guo Hongxin (郭宏新), aged 52, was appointed as an independent non-executive Director of our Company on August 24, 2015. Mr. Guo is the chairman of our remuneration committee and a member of our audit committee.

From July 1983 to March 1998, Mr. Guo was working at the Nanjing School of Chemical Engineering. Since April 1998, he has been the chairman of the board of Sunpower Group Ltd which was listed on the Singapore Exchange SESDAQ in March 2005 and has been listed on the Singapore Exchange Mainboard since August 2007 (SPWG: Singapore Exchange).

Mr. Guo obtained a Diploma in Chemical Thermal Engineering from Nanjing Chemical Engineering College (南京化工動力專科學校) (currently known as Nanjing Normal University) in the PRC in July 1983. Mr. Guo obtained a senior engineering qualification from Nanjing University of Chemical Technology* (南京化工大學) (currently known as Nanjing Tech University (南京工業大學)) in the PRC in March 1997. He also obtained a Doctor of Philosophy in Geotechnical Engineering degree from the Chinese Academy of Sciences (中國科學院) in the PRC in January 2010. He also obtained an Executive Master of Business Administration degree from Tsinghua University (清華大學) in the PRC in July 2014.

Save as disclosed above, Mr. Guo has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Dai Zumian (戴祖勉), aged 38, was appointed as an independent non-executive Director of our Company on August 24, 2015. Mr. Dai is the chairman of our audit committee, and a member of our remuneration committee and nomination committee.

Mr. Dai is a member of the Chinese Institute of Certified Public Accounts as well as a fellow of Association of Chartered Certified Accountants. From July 1999 to August 2006, he gained over seven years' experience in auditing. His experience in audit includes those gained at PricewaterhouseCoopers Zhongtian Certified Public Accountants (普華永道中天會計師事務所) from February 2005 to August 2006.

Mr. Dai was the qualified accountant and company secretary of Hisense Kelon Electrical Holdings Limited (海信科龍電器股份有限公司, HKSE: 921, SZSX:000921), which is listed on the Main Board of Hong Kong Stock Exchange and the Shenzhen Stock Exchange, from September 2006 to August 2007. Mr. Dai served as the chief financial officer in Shanghai Golden Monkey Food Joint Stock Co., Ltd. (上海金絲猴食品股份有限公司) from February 2009 to April 2012 and in Xiezhong International Holdings Limited (協眾國際控股有限公司, HKSE: 3663), which is listed on the Main Board of Hong Kong Stock Exchange, since May 2012.

Mr. Dai graduated from Shanghai University of Finance and Economics* (上海財經大學) in the PRC with a Bachelor of International Business Administration degree in June 1999. He also holds an Executive Master of Business Administration degree from China Europe International Business School (中歐國際工商學院) in the PRC in October 2013.

Save as disclosed above, Mr. Dai has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Ms. Zhang Min (張敏), aged 42, was appointed as an independent non-executive Director of our Company on August 24, 2015. Ms. Zhang is a member of our audit committee and nomination committee.

Ms. Zhang is currently the chief executive officer of China Lodging Group (Nasdaq: HTHT), which is listed on Nasdaq in the United States. She served as the chief financial officer and president from 2008 to 2015 and from January 2015 to May 2015, respectively. Between 2013 and 2015, Ms. Zhang also assumed the role of the chief strategy officer of China Lodging Group. Ms. Zhang is also a director of Synutra International, Inc. (Nasdaq: SYUT), which is listed on Nasdaq in the United States, since February 2011, and China Quanjude (Group) Co., Ltd* (中國全聚德(集團)股份有限公司, SZSE: 002186), which is listed on the Shenzhen Stock Exchange, since August 2014.

Ms. Zhang obtained both her Bachelor in International Business Management and Master in Economics degrees from the University of International Business and Economics (對外經濟貿易大學) in

the PRC in June 1994 and July 1997, respectively. She also obtained a Master in Business Administration degree from Harvard Business School in the United States in June 2003.

Save as disclosed above, Ms. Zhang has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Save as disclosed above, there is no other information in respect of our Directors that is discloseable pursuant to Rules 13.51(2)(a) to (v) of the Listing Rules and there is no other matter that needs to be brought to the attention of our Shareholders.

Please see the section headed ''Statutory and General Information — 7. Further Information About Our Directors and Substantial Shareholders — B. Directors' Service Contracts'' in Appendix V to this prospectus for information regarding particulars of the Directors' service contracts and emoluments and information regarding their respective interest (if any) in the Shares within the meaning of Part XV of the SFO.

As of the Latest Practicable Date, save as the interests of Dr. Zhang, Dr. Wang and Ms. Wang in the Shares which are disclosed herein, none of the Directors have any interest in the Shares within the meaning of Part XV of the SFO.

Senior Management

Dr. Zhang, please see the section headed "Executive Directors" for details.

Ms. Wang, please see the section headed "Executive Directors" for details.

Mr. Meng, please see the section headed "Executive Directors" for details.

Dr. Zhu Li (朱力), aged 66, has been the vice president of strategy of our Group since 2010. He is responsible for in-license and new business development and is involved in corporate business strategy.

Dr. Zhu worked at Clontech Laboratories, Inc. in California, America as a director of molecular biology from 1990 to 2000. Dr. Zhu worked at Cathay Biotech, Inc. as a vice president of research from July 2006 to December 2008.

Dr. Zhu obtained a Bachelor of Science of Biology degree from the East China Normal University (華東師範大學) in June 1982 and a Doctor of Philosophy from Stanford University in September 1990.

Dr. Zhu has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

In relation to the Pre-IPO Share Options that are granted to Dr. Zhu, please refer to the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme — (c) Outstanding Options Granted" in Appendix V of this prospectus.

Dr. Chou Chuan-Chu (周傳初), aged 61, was appointed as the senior vice president of Corporate Development Division of our Company in October 2012 when Dr. Chou joined our Group. In January 2014, Dr. Chou was appointed as the department head of the preclinical drug development services segment of our Group.

Prior to joining our Group, Dr. Chou served at Schering-Plough as a research fellow from 1988 to 2009. From 2010 to 2011, Dr. Chou was the external collaboration leader of cardiovascular projects of the Global Scientific Strategy Division at Merck & Co. (formerly Schering-Plough).

Dr. Chou received a Bachelor of Science in forestry degree in June 1976 and Master of Science in biochemistry degree in June 1980 from National Taiwan University (國立臺灣大學) in Taiwan. Dr. Chou received a Doctor of Philosophy in Biology degree from the University of California, Los Angeles in the United States in June 1986.

Dr. Chou has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

In relation to the Pre-IPO Share Options that are granted to Dr. Chou, please refer to the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme — (c) Outstanding Options Granted" in Appendix V of this prospectus.

Mr. Chen Zhiqiang (陳志強), aged 46, was appointed the senior vice president of our Company in January 2014 and is primarily responsible for our Company's public relations.

Mr. Chen joined our Group in August 2004, and was since appointed as the senior vice president of our internal safety center of our Company and was appointed as the senior vice president of our public relation department in January 2014. Prior to joining our Group, from February 1993 to March 2004, he worked for the Wuhan Railway Bureau* (武漢鐵路局) as a trainee and as an electrician.

He graduated from a Diploma in Computing Communications and Technology at Hubei Radio & TV University* (湖北廣播電視大學) in July 1992.

He is the brother-in-law of Dr. Zhang.

Mr. Chen has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

In relation to the Pre-IPO Share Options that are granted to Mr. Chen, please refer to the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme — (c) Outstanding Options Granted" in Appendix V of this prospectus.

Mr. Zhang Chifa (張遲發), aged 40, was appointed as the department head of the industrial synthetic biology product segment of our Group in January 2014 and is primarily responsible for management of the research and development center and the industrial synthetic biology product segment of our Group. Mr. Zhang joined our Group in June 2005. Mr. Zhang was the manager of the gene unit from June 2005 to July 2009 and vice president of operations covering some of the departments of the life sciences research service segment and the life sciences research catalog product segment of our Group from August 2009 to January 2014.

Prior to joining our Group, Mr. Zhang worked as the laboratory technician at Daye Special Steel Co., Ltd. (大冶特鋼股份有限公司) from October 1996 to September 1999. He worked as the manager of sequencing unit at Shanghai Boya Biotechnology Co., Ltd. (上海博亞生物技術有限公司) from October 1999 to May 2003 and the production manager at Shanghai Connaught Biotechnology Co., Ltd.* (上海華諾生物技術有限公司) from June 2003 to March 2005.

He graduated from a Diploma in Chemical Process at Huangshi Technical College* (黃石高等專科學校) (currently known as Hubei Polytechnic University* (湖北理工大學)) in June 1995.

Mr. Zhang has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

In relation to the Pre-IPO Share Options that are granted to Mr. Zhang, please refer to the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme — (c) Outstanding Options Granted" in Appendix V of this prospectus.

Save as disclosed above, none of our Directors and Senior Management members has been a director of any public company, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

Save as disclosed here, there is no information which needs to be disclosed under Rule 13.51(2) of the Listing Rules.

Company Secretary

Ms. Wong Wai Ling (黃慧玲), was appointed as our company secretary with effect from August 24, 2015. She has over 10 years of experience in providing company secretarial services in Hong Kong. Ms. Wong is assistant vice president of SW Corporate Services Group Limited and is responsible for assisting listed companies in professional company secretarial work. Prior to joining SW Corporate Services Group Limited, she worked in a corporate service provider and the company secretarial department of an international accounting firm. Ms. Wong has been awarded a Bachelor of Arts degree in Marketing and Public Relations from The Hong Kong Polytechnic University and Master of Corporate Governance degree from The Open University of Hong Kong. Ms. Wong is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

Management Presence in Hong Kong

Rule 8.12 of the Listing Rules requires that a new applicant applying for a listing on the Main Board of the Stock Exchange shall have a sufficient management presence in Hong Kong. That is, at least two of its executive directors must ordinarily reside in Hong Kong. None of our executive Directors are Hong Kong permanent residents or ordinarily reside in Hong Kong. Our Company has applied to Stock Exchange for a waiver from the strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details, please see the section headed "Waivers and Exemptions from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Management Presence in Hong Kong" in this prospectus.

BOARD COMMITTEES

Audit Committee

We have established an audit committee pursuant to a Board resolution passed on August 24, 2015 in compliance with the Corporate Governance Code and the Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary function of the audit committee includes, among other things, review and supervise our financial reporting process as well as internal control system and perform other duties and responsibilities as assigned by the Board.

The audit committee currently comprises Mr. Dai Zumian, Ms. Zhang Min and Mr. Guo Hongxin and is chaired by Mr. Dai Zumian.

Remuneration Committee

We have established a remuneration committee pursuant to a Board resolution of our Directors passed on August 24, 2015 in compliance with the Corporate Governance Code and Corporate

Governance Report as set out space in Appendix 14 to the Listing Rules. The primary function of the remuneration committee includes, among other things, making recommendations to the Board on our Company's policy for human resource management as well as establishing and reviewing policies and structure in relation to remuneration for our directors and senior management.

The remuneration committee currently comprises Ms. Wang, Mr. Guo Hongxin and Mr. Dai Zumian and is chaired by Mr. Guo Hongxin.

Nomination Committee

We have established a nomination committee pursuant to a Board resolution passed on August 24, 2015 in compliance with the Code on Corporate Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary function of the nomination committee includes, among other things, advising the Board on the appointment, removal or re-appointment of Directors.

The nomination committee currently comprises of Dr. Zhang, Ms. Zhang Min and Mr. Dai Zumian and is chaired by Dr. Zhang.

Sanctions Risk Control Committee

We have established a Sanctions Risk Control Committee on August 24, 2015. The Sanctions Risk Control Committee is headed by our chief executive officer, with our chief operational officer, vice-president of finance, head of our legal department, head of our international business department and head of our technical support department as members.

Our Sanctions Risk Control Committee will be responsible for (i) effectively monitoring the activities that may be subject to economic sanctions, (ii) providing guidance on the compliance with the relevant policies and procedures in relation to economic sanctions, (iii) providing guidance on the compliance with contractual covenants including those made in connection with our Global Offering and Listing, and (iv) ensuring the establishment of effective policies in relation to economic sanctions.

SHARE OPTION SCHEMES

We have conditionally adopted the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme. The principal terms of the Share Option Schemes are summarized in the sections headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" and "Statutory and General Information — 9. Post-IPO Share Option Scheme" in Appendix V of this prospectus. The purpose of the Share Option Schemes is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. Our Directors consider the Share Option Schemes, with its broad basis of participation, will enable us to reward our employees, our Directors and other selected participants for their contributions to us.

COMPLIANCE ADVISOR

We have appointed Haitong International Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor is engaged to provide advice to us under following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) if a transaction which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated, including shares and share repurchases;

(c) if we propose to use the net proceeds of the Global Offering in a manner different from that provided in this Prospectus or when our business activities, developments or results deviate from any forecast, estimate or other information in this Prospectus; and

(d) if the Stock Exchange makes an inquiry of us regarding any unusual events such as unusual movements in the price or trading volume of our Shares.

The term of appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of the financial results for the first full financial year commencing after the Listing Date.

REMUNERATION AND COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive compensation in the form of fees, salaries, bonuses, other allowances and benefits in kind, including the Company's contribution to the pension scheme on their behalf. We determine the salaries of our Directors based on each Director's responsibilities, qualification, position and seniority.

The aggregate remuneration (including salaries, allowances and benefits in kind, performance related bonuses, equity-settled share option expenses and pension scheme contributions) paid to our Directors for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 were approximately US$1.5 million, US$1.3 million, US$3.0 million and US$1.0 million, respectively.

The aggregate remuneration (including salaries, allowances and benefits in kind, performance related bonuses, equity-settled share option expenses and pension scheme contributions) paid to our senior management for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 were approximately US$1.7 million, US$1.8 million, US$3.6 million and US$1.4 million, respectively.

The aggregate remuneration (including salaries, allowances and benefits in kind, performance related bonuses, equity-settled share option expenses and pension scheme contributions) paid to our Company's five highest paid individuals for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 were approximately US$1.7 million, US$1.6 million, US$3.6 million and US$1.3 million, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest-paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

Save as disclosed above, no other payments have been made or are payable in respect of the years ended December 31, 2012, 2013 and 2014 by any member of our Group to any of our Directors. Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending December 31, 2015 to be approximately US$1.2 million.

For additional information on Directors' remunerations during the Track Record Period as well as information on the highest paid individuals, please refer to notes 8 and 9 in the Accountants' Report as set out in Appendix I to this prospectus.

PRE-IPO SHARE OPTION SCHEME

We have adopted the Pre-IPO Share Option Scheme on July 15, 2015, the purpose of which is to incentivize and reward eligible participants by reason of their contribution or potential contribution to the Company and/or any of our subsidiaries. Please see the section headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" for a description of our Pre-IPO Share Option Scheme.

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately following the Capitalization Issue and the Global Offering will be as follows:

Authorized:		*US$*
5,000,000,000	Shares of US$0.001 each	5,000,000
Issued or to be issued, fully paid or credited as fully paid:		
617,500,000	Shares in issue as of the Latest Practicable Date	617,500
586,625,000	Shares to be issued pursuant to the Pre-IPO Reorganization	586,625
(617,500,000)	Shares to be repurchased pursuant to the Pre-IPO Reorganization	(617,500)
613,375,000	Shares to be issued pursuant to the Capitalization Issue	613,375
400,000,000	Shares to be issued pursuant to the Global Offering	400,000
1,600,000,000	Shares	1,600,000

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following the Capitalization Issue and the Global Offering will be as follows:

Authorized:		*US$*
5,000,000,000	Shares of US$0.001 each	5,000,000
Issued or to be issued, fully paid or credited as fully paid:		
617,500,000	Shares in issue as of the Latest Practicable Date	617,500
586,625,000	Shares to be issued pursuant to the Pre-IPO Reorganization	586,625
(617,500,000)	Shares to be repurchased pursuant to the Pre-IPO Reorganization	(617,500)
613,375,000	Shares to be issued pursuant to the Capitalization Issue	613,375
400,000,000	Shares to be issued pursuant to the Global Offering	400,000
60,000,000	Shares to be issued upon exercise of the Over-allotment Option	60,000
1,660,000,000	Shares	1,660,000

ASSUMPTIONS

The above table assumes that the Capitalization Issue and the Global Offering have become unconditional. It takes no account of any Shares (a) which may be issued pursuant to the exercise of the Over-allotment Option, or (b) which may be allotted and issued upon the exercise of any options that have

been or may be granted under the Share Option Schemes or (c) which may be allotted and repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank *pari passu* in all respects with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus other than participation in the Capitalization Issue.

CAPITALIZATION ISSUE

Pursuant to the resolutions of our sole Shareholder passed on December 7, 2015, conditional upon the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the issue of the Offer Shares by our Company under the Global Offering, our Directors were authorized to capitalize an amount of US$613,375 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 613,375,000 Shares for allotment and issue to Shareholder(s) whose name(s) appear(s) on the register of members of our Company at the close of business on a date after the completion of the Pre-IPO Reorganization and before the Listing as determined by Directors (or another date as the Directors may direct) in proportion (as nearly as possible without involving fractions) to their then respective existing shareholdings in our Company. All the new Shares to be issued pursuant to the Capitalization Issue shall rank pari passu in all respects with the existing issued Shares.

SHARE OPTION SCHEMES

We have adopted the Pre-IPO Share Option Scheme on July 15, 2015, the purpose of which is to incentivize and reward eligible participants by reason of their contribution or potential contribution to the Company and/or any of our subsidiaries.

We have granted options to 170 Grantees to subscribe for 155,538,420 Shares (immediately before Pre-IPO Reorganization) or 147,761,499 (immediately before completion of the Global Offering and the Capitalization Issue), both representing approximately 25.19% of the then respective issued share capital of our Company immediately before completion of the Global Offering and the Capitalization Issue. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, representing approximately 15.89% of the issued share capital of our Company immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme). The exercise prices of the Pre-IPO Share Options immediately before completion of the Global Offering and the Capitalization Issue range from US$0.005 to US$0.211 and the adjusted exercise prices of the Pre-IPO Share Options immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme) range from US$0.003 to US$0.103. The vesting dates of the Pre-IPO Share Options range from December 31, 2007 to March 30, 2022. Among the 170 Grantees, two of them are executive

Directors, one of them is a non-executive Director, four of them are members of the senior management of our Group, five of them are Grantees With More Than 2,400,000 Adjusted Shares and 158 are Employee Grantees.

We have conditionally adopted the Post-IPO Share Option Scheme and the principal terms of the Post-IPO Share Option Scheme are summarized in the section headed "Statutory and General Information — 9. Post-IPO Share Option Scheme" in Appendix V of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Conditions of the Hong Kong Public Offering" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by our Directors other than pursuant to:

(a) a rights issue;

(b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles; or

(c) the Global Offering, shall not exceed:

  (i) 20% of the aggregate nominal or par value of the share capital of our Company in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over Allotment Option or the options that have been or may be granted under the Share Option Schemes); and

  (ii) the aggregate nominal or par value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the subsection headed "— General Mandate to Repurchase Shares" below. This general mandate to issue Shares will expire:

    (1) at the conclusion of our next annual general meeting; or

    (2) at the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

    (3) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section headed "Statutory and General Information — 1. Further Information about our Company — (iv) Written Resolutions of our Sole Shareholder Passed on December 7, 2015" in Appendix V of this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Conditions of the Hong Kong Public Offering", our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Global Offering and the Capitalization Issue (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options that have been or may be granted under the Share Option Schemes).

This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and/or requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — 4. Share Repurchase Mandate" in Appendix V of this prospectus.

This general mandate to repurchase Shares will expire:

(i) at the conclusion of our next annual general meeting; or

(ii) at the end of the period within which we are required by any applicable laws or our Articles to hold our next annual general meeting; or

(iii) the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying such mandate given to our Directors,

whichever is the earliest.

For further details of this general mandate, please see the section headed "Statutory and General Information — 1. Further Information about our Company — (iv) Written Resolutions of our Sole Shareholder Passed on December 7, 2015" in Appendix V of this prospectus.

So far as our Directors are aware, immediately after the completion of the Global Offering and Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options that have been or may be granted under the Share Option Schemes), the following persons will have an interest or a short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries:

Long Position in the Shares

		As of the Latest Practicable Date		As of the date of this prospectus		Upon completion of the Pre-IPO Reorganization		Immediately following the completion of the Global Offering and the Capitalization Issue	
Name of shareholder	Capacity/Nature of Interest	Number of Shares held/ interested	Approximate percentage of shareholding in our Company	Number of Shares held/ interested	Approximate percentage of shareholding in our Company	Number of Shares held/ interested	Approximate percentage of shareholding in our Company	Number of Shares held/ interested	Approximate percentage of shareholding in our Company
GS Cayman *(Notes 1, 3, 4, 5)*	Beneficial Owner	617,500,000	100%	617,500,000	100%	–	–	–	–
GS Corp *(Notes 1, 3, 4 and 5)*	Interest in controlled corporation	467,500,000	75.71%	467,500,000	75.71%	–	–	–	–
	Beneficial Owner	–	–	–	–	444,125,000	75.71%	908,502,024	56.78%
Dr. Zhang *(Note 1)*	Interest in controlled corporation, parties acting in concert and interest conferred from proxy *(Note 2)*	462,000,000	74.82%	462,000,000	74.82%	438,900,000	74.82%	897,813,765	56.11%
Dr. Wang *(Note 3)*	Interest in controlled corporation, parties acting in concert	462,000,000	74.82%	462,000,000	74.82%	438,900,000	74.82%	897,813,765	56.11%
Ms. Wang *(Note 4)*	Interest in controlled corporation, parties acting in concert	462,000,000	74.82%	462,000,000	74.82%	438,900,000	74.82%	897,813,765	56.11%
Ms. Wu *(Note 5)*	Interest in controlled corporation	108,625,000	17.59%	108,625,000	17.59%	103,193,750	17.59%	211,093,117	13.19%

Name of shareholder	Capacity/Nature of Interest	As of the Latest Practicable Date		As of the date of this prospectus		Upon completion of the Pre-IPO Reorganization		Immediately following the completion of the Global Offering and the Capitalization Issue	
		Number of Shares held/ interested	Approximate percentage of shareholding in our Company	Number of Shares held/ interested	Approximate percentage of shareholding in our Company	Number of Shares held/ interested	Approximate percentage of shareholding in our Company	Number of Shares held/ interested	Approximate percentage of shareholding in our Company
KPCB China Fund *(Note 6)*	Interest in controlled corporation	111,624,000	18.08%	111,624,000	18.08%	–	–	–	–
	Beneficial Owner	–	–	–	–	106,042,000	18.08%	216,921,134	13.56%
KPCB China *(Note 6)*	Interest in controlled corporation	120,000,000	19.43%	120,000,000	19.43%	113,999,200	19.43%	233,198,381	14.58%

Notes:

(1) Dr. Zhang holds approximately 40.59% of the issued share capital of GS Corp, which in turn holds approximately 75.71% of the issued share capital of GS Cayman and in turn, holds 100% of the issued share capital of our Company as of the date of this prospectus.

(2) On August 14, 2008, Dr. Zhang, Dr. Wang and Ms. Wang entered into the GS Corp Shareholder Voting Agreement whereby Dr. Zhang, Dr. Wang and Ms. Wang agreed to vote unanimously in the shareholder meetings of GS Corp and contemporaneously, proxies were conferred by Dr. Wang and Ms. Wang to Dr. Zhang authorizing Dr. Zhang to vote and exercise all voting and related rights with respect to the shares that each Dr. Wang and Ms. Wang beneficially owned in GS Corp. Dr. Zhang, Dr. Wang and Ms. Wang are parties acting in concert.

All the grantees of the Pre-IPO Share Option Scheme have also conferred their proxy to Dr. Zhang whereby all their respective voting and relating rights in relation to the options that each grantee holds in our Company, the aggregate of 155,538,420 Shares (immediately before Pre-IPO Reorganization) or 147,761,499 (immediately before completion of the Global Offering and the Capitalization Issue), both representing approximately 25.19% of the then respective issued share capital of our Company.

(3) On August 14, 2008, Dr. Zhang, Dr. Wang and Ms. Wang entered into the GS Corp Shareholder Voting Agreement whereby Dr. Zhang, Dr. Wang and Ms. Wang agreed to vote unanimously in the shareholder meetings of GS Corp and contemporaneously, proxies were conferred by Dr. Wang and Ms. Wang to Dr. Zhang authorizing Dr. Zhang to vote and exercise all voting and related rights with respect to the shares that each Dr. Wang and Ms. Wang beneficially owned in GS Corp. Dr. Zhang, Dr. Wang and Ms. Wang are parties acting in concert. Dr. Wang holds approximately 23.235% of the issued share capital of GS Corp, which in turn holds approximately 75.71% of the issued share capital of GS Cayman and in turn holds 100% of the issued share capital of our Company as of the date of this prospectus. Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Dr. Wang will be interested in 3,886,640 underlying Adjusted Shares under the Pre-IPO Share Options granted. Dr. Wang is the ex-husband of Ms. Wu.

(4) On August 14, 2008, Dr. Zhang, Dr. Wang and Ms. Wang entered into the GS Corp Shareholder Voting Agreement whereby Dr. Zhang, Dr. Wang and Ms. Wang agreed to vote unanimously in the shareholder meetings of GS Corp and contemporaneously, proxies were conferred by Dr. Wang and Ms. Wang to Dr. Zhang authorizing Dr. Zhang to vote and exercise all voting and related rights with respect to the shares that each Dr. Wang and Ms. Wang beneficially owned in GS Corp. Dr. Zhang, Dr. Wang and Ms. Wang are parties acting in concert. Ms. Wang holds approximately 11.76% in the issued share capital of GS Corp, which in turn holds approximately 75.71% of the issued share capital of GS

Cayman and in turn holds 100% of the issued share capital of our Company as of the date of this prospectus. Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Ms. Wang will be interested in 136,178,136 underlying Adjusted Shares under the Pre-IPO Share Options granted.

(5) On May 29, 2015, Ms. Wu signed a proxy agreement whereby she conferred all her voting and related rights in relation to all the shares that she owned in GS Corp to Dr. Zhang, i.e. 108,625,000 shares of GS Corp, representing approximately 17.59% of the issued share capital of our Company as of the date of this prospectus. Ms. Wu holds approximately 23.235% of the issued share capital of GS Corp, which in turn holds approximately 75.71% of the issued share capital of GS Cayman and in turn holds 100% of the issued share capital of our Company as of the date of this prospectus. Ms. Wu is the ex-wife of Dr. Wang.

(6) KPCB China Fund and KPCB China Founders Fund are exempted limited partnerships established in the Cayman Islands, whose general partner is KPCB China, a company incorporated in the Cayman Islands. KPCB China has sole voting and investment power over the shares in KPCB China Fund and KPCB China Founders Fund. Assuming the Series A-1 Preference Shares held by KPCB China Fund and KPCB China Founders Fund are converted into Shares pursuant to the Pre-IPO Reorganization, KPCB China Fund and KPCB China Founders Fund shall hold 106,042,000 Shares and 7,957,200 Shares, respectively. KPCB China is deemed to be interested in all the Shares held by KPCB China Fund and KPCB China Founders Fund under the SFO.

Long Position in underlying Shares

Name	**Capacity / Nature of Interest**	**Number of underlying Shares**	**Approximate percentage in our Company immediately following the completion of the Global Offering and the Capitalization Issue**
Ms. Wang *(Note 1)*	Beneficial owner	70,075,000	4.38%
Dr. Wang *(Note 2)*	Beneficial owner	2,000,000	0.13%

Notes:

(1) Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Ms. Wang will be interested in 136,178,136 underlying Adjusted Shares under the Pre-IPO Share Options granted.

(2) Immediately after the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Mr. Wang will be interested in 3,886,640 underlying Adjusted Shares under the Pre-IPO Share Options granted.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following completion of the Global Offering and the Capitalization Issue, (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option and the options that have been or may be granted under the Share Option Schemes), have an interest or a short position in any Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and are therefore regarded as Substantial Shareholders of our Company.

For persons who will be directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meeting of our Company immediately following the completion of the Global Offering and the Capitalization Issue, please see the section headed "Statutory and General Information — 7. Further Information about our Directors and Substantial Shareholders — A. Disclosure of Interests" in Appendix V to this prospectus.

Other than as disclosed in this prospectus, the Directors are not aware of any arrangement which may result in a change of control of our Company at a subsequent date.

THE CORNERSTONE INVESTMENT

On December 11, 2015, we entered into a cornerstone investment agreement (the "**Cornerstone Investment Agreement**") with a cornerstone investor (the "**Cornerstone Investor**"), who agreed to (subject to certain conditions) subscribe at the Offer Price for such number of Shares that shall be equal to 5% of our Company's enlarged share capital (assuming that the Over-allotment Option is fully exercised), being 83,000,000 Shares. If the Over-allotment Option is not exercised, the Shares subscribed under the Cornerstone Investment Agreement shall be equal to approximately 5.19% of our Company's enlarged share capital. The Shares to be subscribed by the Cornerstone Investor shall rank *pari passu* in all respects with the existing issued Shares and will form part of the Global Offering.

The Cornerstone Investor and its ultimate beneficial owner(s) are Independent Third Parties. The Cornerstone Investor will not subscribe for any Offer Share under the Global Offering other than and pursuant to the Cornerstone Investment Agreement. Immediately following completion of the Global Offering, the Cornerstone Investor will not have any board representation in our Company nor will the Cornerstone Investor become a substantial shareholder of our Company. The shareholding of the Cornerstone Investor will be counted towards the public float of our Shares. No special rights have been granted to the Cornerstone Investor.

The cornerstone investment forms part of the International Offering. The Shares to be subscribed for by the Cornerstone Investor will not be subject to adjustment by any reallocation of Shares between the International Offering and Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the sub-section headed "Structure of the Global Offering — The Hong Kong Public Offering" in this prospectus.

Details of allocation to the Cornerstone Investor will be disclosed in the announcement of allotment results to be published on or about December 29, 2015.

OUR CORNERSTONE INVESTOR

Commotra Company Limited has agreed to subscribe for such number of Shares, which shall be 83,000,000 Shares, representing 5% of our Company's enlarged share capital (assuming that the Over-allotment Option is fully exercised) or approximately 5.19% of our Company's enlarged share capital (assuming that the Over-allotment Option is not exercised), at the Offer Price (exclusive of brokerage of 1.00%, SFC transaction levy of 0.0027% and the Stock Exchange trading of 0.005%).

Commotra Company Limited is a limited liability company incorporated in Hong Kong with its principal business activities in securities investment holding. Commotra Company Limited is a wholly-owned subsidiary of China Resources (Holdings) Company Limited ("**CRH**"). The principal business of CRH is investment holding. CRH, together with its subsidiaries, is a diversified conglomerate in Hong Kong and the PRC with its core businesses in consumer products (beer, retail, beverage and food), power, real estate, cement, gas, pharmaceutical and financial services.

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent being satisfied or waived in accordance with the terms of the Cornerstone Investment Agreement:

(a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in those underwriting agreements;

(b) neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares and that such approval having not been revoked;

(d) that no laws shall have been enacted or promulgated which prohibit or shall prohibit the consummation of the transactions contemplated under the Hong Kong Public Offering, the International Offering or the Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(e) that the respective representations, warranties, undertakings and confirmations given by the Cornerstone Investor and our Company as set out in the Cornerstone Investment Agreement, and the representations, warranties and undertakings given by our Company as set out in the Cornerstone Investment Agreement are accurate and true in all material respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTOR'S INVESTMENT

Subject to applicable laws and regulations, the Cornerstone Investor has undertaken to our Company and J.P. Morgan Securities (Asia Pacific) Limited that it shall not and shall procure that none of its affiliates will, whether directly or indirectly, at any time during the period of six months from and including the Listing Date, dispose of any of the Shares subscribed by it pursuant to the Cornerstone Investment Agreement, including any securities convertible into or exercisable or exchangeable for or that represent the right to receive any of the forgoing securities, nor shall it enter into any transaction directly or indirectly with the same economic effect, agree or contract to or publicly announce any intention to enter into any aforesaid transactions.

STRATEGIC FRAMEWORK AGREEMENT

On December 11, 2015, our Company and China Resources Strategic Investment Company Limited ("**China Resources**"), which is a wholly owned subsidiary of China Resources (Holdings) Company Limited, entered into a legally binding framework strategic cooperation agreement (the "**Framework Agreement**") on an arm's length basis. In compliance with the Guidance Letter HKEx-GL51-13 issued by the Stock Exchange and on condition of the completion of the Listing, our Company and China Resources agreed to establish a cooperative relationship in three aspects on normal commercial terms under the Framework Agreement, namely:

(1) evaluating opportunities to cooperate in the research and development and sales of new industrial enzymes and new antibody drugs in any fields of applications through all possible modes of cooperation to be negotiated by our Company and China Resources or its designated affiliated company within 12 months from the date of the Framework Agreement;

(2) granting China Resources or its designated affiliated company a right of first refusal for a period of 12 months from the date of the Framework Agreement if we propose to form a cooperative relationship with a third party to conduct our existing industrial enzymes and antibody drugs businesses in the PRC; and

(3) formulating a long term procurement agreement with China Resources or its designated affiliated company for its procurement of our existing industrial synthetic biology products, in particular, industrial enzymes that are applied in the food and feed industries.

We believe that the cooperative relationship, when implemented, will allow us to gain access to external expertise in the fields of industrial enzymes and antibody drugs, supplementing internal research efforts and resources, leveraging China Resources' strengths in the joint research and development and sales, and enhancing our business prospects. CRH, together with its subsidiaries, is a diversified conglomerate in Hong Kong and the PRC with businesses in consumer products, including food and pharmaceutical industries. Its pharmaceutical business includes research and development, manufacturing, and distribution of drugs. We believe that our technology and experience in gene synthesis and antibody drugs can facilitate the drugs research and development of CRH while we may collaborate with CRH in the development and commercialisation of antibody drugs. In addition, our high-quality industrial enzymes can be applied in a variety of industries, such as the food processing and feed industries in which CRH also engages in.

The Framework Agreement is a preliminary framework agreement. We and China Resources or its designated affiliated company will engage in detailed negotiation and may enter into definitive long-term cooperation agreements on an arm's-length basis.

You should read the following discussion and analysis of our financial condition and results of operations together with our combined financial information as of and for each of the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015 and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with HKFRS. Potential investors should read the whole of the Accountants' Report set out in Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on assumptions and analyzes made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. Please see the sections headed "Risk Factors" and "Forward-looking Statements" in this prospectus for more details.

OVERVIEW

We are a well-recognized life sciences research and application service and product provider with comprehensive portfolio coverage in the world, according to the Frost & Sullivan Report. We ranked first in the global gene synthesis service market and ranked third in the global DNA synthesis service market in terms of revenue in 2014 with market share of 25.6% and 10.6%, respectively, according to the Frost & Sullivan Report. The gene synthesis service market is a subset of the global DNA synthesis service market. As gene synthesis is one of the fundamental techniques in synthetic biology and being a global leader in gene synthesis, we have strong technological advantages in the discipline of synthetic biology, and have successfully developed a number of products and services by applying synthetic biology technologies. According to the Frost & Sullivan Report, we are a well-recognized and trusted provider of synthetic biology research and application services and products with a broad portfolio coverage. Our services and products are primarily used by scientists and researchers for conducting fundamental life sciences research, translational biomedical research, and early stage pharmaceutical development. Our synthetic biology products are also used by industry users of industrial enzymes such as those in the food industry.

Originally founded in New Jersey in the United States in 2002, we have established an extensive direct sales network, reaching over 100 countries in North America, Europe, the PRC, Asia Pacific (excluding the PRC and Japan), and Japan. As of June 30, 2015, we had established a highly diversified customer base, including over 3,100 pharmaceutical and biotech companies, 1,980 colleges and universities, 680 research institutes, 60 government bodies (including government testing and diagnostic centers), and 30 distributors. For the period ended June 30, 2015, our sales to such categories of customers generated approximately 57.9%, 25.7%, 13.1%, 1.6% and 1.7% of our total revenue, respectively. Over the 13 years of our service, we believe that we have engendered customers' trust and confidence in our Company. As of June 30, 2015, over 14,500 international peer-reviewed journal articles had cited the use of our life sciences research and application services and products, making our Company a frequently cited life sciences research and application service and product provider. These citations also indicated that many users of our services and products are leading scientists and researchers in the life sciences research industries, according to the Frost & Sullivan Report.

We attribute our success to our technological advantages and application experience in the discipline of synthetic biology, and our strong research and development capabilities accumulated over the years. Our competitive advantages are based on the broad and integrated life sciences research and application service and product portfolio of four segments. Under the first three segments, we provide our customers with efficient and cost-effective solutions designed to shorten their discovery and development time in various life sciences research and development activities and preclinical drug development processes. The fourth segment is a new segment growing from the leverage over our technical expertise and experience in gene synthesis and synthetic biology.

(i) *Life sciences research services*: This segment provides comprehensive research services in six key categories, namely, gene synthesis, oligonucleotide synthesis, DNA sequencing, protein production, peptide synthesis, and antibody development. These services and associated products are widely used and are fundamental to life sciences research and application, such as basic biology studies, disease and pharmaceutical research, drug discovery, agriculture, environmental studies, and food industry. For the six months ended June 30, 2015, we generated approximately US$36.8 million, representing approximately 89.6% of our total revenue for that period, under this segment.

(ii) *Life sciences research catalog products*: This segment provides pre-packaged, ready-to-use, and off-the-shelf products such as antibodies, recombinant proteins, reagent products, and small equipment for protein expression and analysis. Examples of products offered by this segment include but are not limited to, cytokines and antibodies, precast protein separation gels, affinity purification resins, desktop instruments for protein staining and protein transfer, and PCR cloning kits. For the six months ended June 30, 2015, we generated approximately US$1.2 million, representing approximately 2.9% of our total revenue for that period, under this segment.

(iii) *Preclinical drug development services*: This segment provides integrated services in three key categories, namely, antibody and protein engineering, *in vitro* pharmacology service, and *in vivo* pharmacology service. These services are applied in disease studies and drug discovery processes. Our service portfolio in this segment enables us to develop new protein and antibody drugs from the initial target validation to drug candidate engineering and optimization, and all the way to preclinical animal model studies. For the six months ended June 30, 2015, we generated approximately US$2.6 million, representing approximately 6.4% of our total revenue for that period, under this segment.

(iv) *Industrial synthetic biology products*: This new segment grows from the leverage over our technical expertise and experience in gene synthesis and synthetic biology. Our technical experience in gene synthesis facilitates the construction of non-pathogenic microbial strains to produce high-quality industrial enzymes through outsourced suppliers which can be used in a variety of industries, such as the food processing, feed, pharmaceutical, and chemical industries. Our first focus in this segment is industrial enzymes used in the food industry. For the six months ended June 30, 2015, we generated approximately US$0.5 million, representing approximately 1.1% of our total revenue for that period, under this segment.

As of June 30, 2015, we generated US$36.8 million, US$1.2 million, US$2.6 million and US$0.5 million in the life sciences research service, life sciences research catalog product, preclinical drug development service and industrial synthetic biology product segments, representing 89.6%, 2.9%, 6.4%, and 1.1% of our total revenue, respectively.

Our revenue increased from US$53.0 million for the year ended December 31, 2012 to US$60.1 million for the year ended December 31, 2013, and further to US$70.0 million for the year ended December 31, 2014, representing a 2012-2014 CAGR of 14.9%. Our revenue increased by US$7.6 million, or 22.7%, from US$33.5 million for the six months ended June 30, 2014 to US$41.1 million for the six months ended June 30, 2015. Increased sales of our services and products across all our business segments during the Track Record Period contributed to such revenue growth.

BASIS OF PRESENTATION

Pursuant to the 2015 Reorganization, our Group companies were transferred to and held by our Company. Our Company has not been involved in any other business prior to the 2015 Reorganization. The companies now comprising our Group were under the common control of GS Cayman before and after the 2015 Reorganization. Accordingly for the purpose of this prospectus, the financial information of our Group has been prepared on a combined basis by applying the principles of merger accounting as if the 2015 Reorganization had been completed at the beginning of the Track Record Period. The combined statements of profit or loss, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of our Group for the Track Record Period include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Parent Company, where this is a shorter period.

CRITICAL ACCOUNTING POLICIES

In our preparation of the combined financial statements in accordance with HKFRS, we have made judgments, estimates and assumptions that affect each reported amount relating to our assets and liabilities at the end of each financial period, as well as each reported amounts relating to our income and expenses during each financial period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of our current business and other conditions, our expectations regarding the future based on available information and our best assumptions.

When reviewing our combined financial statements, you should consider these factors: (i) our selection of critical accounting policies; (ii) the judgment and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in relevant conditions and assumptions. The accounting policies involving the most significant judgment and estimation for the preparation of our combined financial statements are set out below:

Revenue Recognition

We recognize revenue when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably, on the following bases:

- *Service income.* Revenue is recognized when the services have been rendered and it is probable that the economic benefits will flow to us and the relevant fees can be measured reliably.

- *Sale of goods*. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the buyer, provided that we maintain neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

- *Interest income.* Revenue is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

- *Dividend income.* Revenue is recognized when the right to receive payment has been established.

Share-based Payments

Our employees (including Directors) receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 to the Accountants' Report in Appendix I.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as of the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either us or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Impairment of Non-financial Assets (other than goodwill)

We assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of

disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, we estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred Tax Assets

Deferred tax assets are recognized for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilization may be different. The carrying values of deferred tax assets relating to recognized deductible temporary differences were US$1.3 million, US$1.8 million, US$2.3 million and US$2.9 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively.

Income Tax

We are subject to income taxes in various regions. As a result, certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgments based on currently enacted tax laws, regulations and other related policies are required in determining the provision for corporate income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the corporate income tax and tax provisions over the period in which the differences are realized.

Impairment of Trade and Other Receivables

Impairment of trade and other receivables is made based on an assessment of the recoverability of trade and other receivables. The identification of impairment requires our judgments and estimates. Where the actual outcome is different from the original estimate, such differences will impact on the carrying values of the trade and other receivables and impairment loss over the period in which such estimate has been changed. The provision for impairment of trade and other receivables amounted to US$0.7 million, US$1.1 million, US$1.2 million and US$1.2 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively.

Useful Lives of Property, Plant and Equipment

We determine the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. We will increase the depreciation charge where useful lives are less than previously estimated lives, or we will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Net Realizable Value of Inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the

historical experience of selling products of a similar nature. It could change significantly as a result of changes in market conditions. We reassess these estimates at each reporting date. The net carrying value of inventories were US$1.2 million, US$1.4 million, US$1.8 million and US$2.1 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations, financial condition and the period-to-period comparability of our financial results are principally affected by the following factors:

Market Demand for Our Services and Products

We provide life sciences research and application services and have a comprehensive portfolio of products, which scientists and researchers apply to conduct fundamental life sciences research, translational biomedical research, and early stage pharmaceutical development. Our financial results have been driven primarily by the significant growth of market demands for life sciences research and application services and products. According to the Frost & Sullivan Report, there is an increasing trend in spending on research and development worldwide. This trend is led by the United States, which recorded a US$410.9 billion of gross domestic spending on research and development in 2014. The PRC has also shown a significant increase in research and development spending in recent years. This trend is expected to lead to a direct increase in demand for life sciences research and application services and products. Please see the section headed "Industry Overview" for a detailed discussion on the growth drivers of the life sciences research and application services and products industries.

Expansion and Performance of Our Sales Team

The growth of our revenue and profit depends on the expansion and performance of our sales network across continents, covering over 100 countries in North America, Europe, and the Asia Pacific. We primarily sell our life sciences research and application services and products through our own direct sales force, and our ability to increase revenue is directly affected by the scale of our sales network and the effectiveness of our sales and marketing activities. During the Track Record Period, we expanded our sales network. Our revenue and profit increased accordingly. Our revenue and profit growth will continue to depend on our ability to further expand our sales network and to effectively improve the overall performance of our sales and distribution network.

Cost of Sales

Our profitability is significantly affected by our cost of sales, which primarily consists of labor costs and cost of raw materials in relation to our manufacture and sale of products and rendering of our services to customers.

Labor Costs

Our labor costs mainly include salaries, wages and social security costs for our production and service employees, which represented approximately 42.5%, 42.8%, 42.6%, 43.5% and 45.1% of our total cost of sales for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively. In recent years, our labor costs have increased as a result of our expanded operational scale, increase in our average salary and employment of more skilled labors.

Furthermore, most of our employees are employed in the PRC and in general, the average labor cost in the PRC has been steadily increasing during the Track Record Period. We had 1,159, 1,133, 1,203 and 1,187 full-time employees as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively. As of June 30, 2015, over 63.3% of our employees had obtained a bachelor's or higher degree, with over 7.6% holding Ph.Ds. Fluctuation in labor costs may lead to fluctuation in our cost of sales.

Based on our best estimates, for illustrative purposes only, the following table shows the sensitivity of our profit before tax during the Track Record Period with regard to certain possible changes in the labor costs for all our employees, including our production and service employees, sales and marketing employees and administrative staff during the same period, assuming all other variables remain constant:

	Changes in our overall gross profit				
	Years ended December 31,			**Six months ended June 30,**	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Changes in labor costs:					
–10.0%	2,101	2,582	3,448	1,641	1,817
–5.0%	1,050	1,291	1,724	820	909
–1.0%	210	258	345	164	182
+1.0%	(210)	(258)	(345)	(164)	(182)
+5.0%	(1,050)	(1,291)	(1,724)	(820)	(909)
+10.0%	(2,101)	(2,582)	(3,448)	(1,641)	(1,817)

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, if the labor costs for all our employees had increased by 52.9%, 29.2%, 22.7%, 31.4% and 43.4%, respectively, and assuming all other variables remain constant, our profit before tax for the same periods would have been nil.

Cost of Raw Materials

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our cost of raw materials accounted for 30.9%, 32.1%, 31.5%, 28.0% and 27.2% of our cost of sales for the same periods, respectively. Owing to our vast array of services and products, we procure a wide variety of raw materials. For example, gene synthesis uses various types of restriction endonuclease, oligonucleotide synthesis uses nucleotide monomers, DNA sequencing uses BigDye Terminator kit, protein production uses culture media, peptide synthesis uses amino acids, and antibody development uses experimental animals such as rats and rabbits. Our life sciences research catalog product segment uses gel reagents to cast protein gels. Raw materials used under our preclinical drug development service segment are usually project-specific, such as mice. Raw materials currently used in our industrial synthetic biology product segment include maltose syrup, which is a common industrial carbon source used for fermentation of enzymes. The prices of raw materials for our life sciences research and application services and products are determined principally by the general market conditions and our bargaining power with suppliers. The prices and availability of raw materials may vary from period to period due to factors such as consumer demand and market conditions. We are exposed to the market risk of price fluctuation of raw materials, and fluctuation in such prices may cause fluctuation in our cost of sales.

Based on our best estimates, for illustrative purposes only, the following table shows the sensitivity of our overall gross profit during the Track Record Period with regard to certain possible changes in the cost of raw materials during the same period, assuming all other variables remain constant:

	Changes in our overall gross profit				
	Year ended December 31,			Six months ended June 30,	
	2012	2013	2014	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Changes in cost of raw materials:					
–10.0%	543	702	816	339	386
–5.0%	271	351	408	170	193
–1.0%	54	70	82	34	39
+1.0%	(54)	(70)	(82)	(34)	(39)
+5.0%	(271)	(351)	(408)	(170)	(193)
+10.0%	(543)	(702)	(816)	(339)	(386)

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, if the cost of raw materials had increased by 653.1%, 545.1%, 540.4%, 632.2% and 695.6%, respectively, and assuming all other variables remain constant, our overall gross profit for the same periods would have been nil.

Service and Product Mix

The mix of services and products in our portfolio may have a material effect on our financial performance and results of operations. We provide a wide range of life sciences research and application services and products. Our diverse service and product offerings enable us to capitalize on the changing market trend, technological development and customer demand in our target markets. As our services and products have different profit margins which depend on a series of factors (such as cost of raw materials, labor costs, service and product pricing, promotional and marketing strategies, and research and development expenses), the mix of services and products in our portfolio materially affects our financial performance and results of operations.

Competition and Product Price

We have positioned ourselves as a well-recognized life sciences research and application service and product provider with comprehensive portfolio coverage in the world. We face competition from a number of other domestic and international life sciences research and application service and product providers, and we expect competition to intensify as new suppliers enter the market. In such an environment, competitive pricing is an important factor affecting our results of operations, and changes in pricing strategies by our competitors may have an adverse impact on our results of operations. In addition, competitive pricing behavior in the market affects our ability to manage relationships with existing customers. As our competitors improve their offerings, merely providing superior quality products and services may not be sufficient to increase market share. For additional information regarding competition, please see the section headed "Risk Factors — Risks Relating to Our Business" in this prospectus.

Under our life sciences research service segment, which contributed approximately 89.6% of our total revenue for the six months ended June 30, 2015, certain prices of our services showed a downward trend. For instance, during the Track Record Period, the average selling price of our gene synthesis services decreased from US$0.38 to US$0.34 per base pair, representing a decrease of approximately 10.5%. We believe that such decrease was in line with market trend. According to the Frost & Sullivan Report, the price of gene synthesis are expected to remain stable in the future, with a slight downward trend primarily due to the decreasing costs of raw materials and advancement of production technology. For additional information regarding the decreasing pricing trends and reduced margins, please see the section headed "Risk Factors — Risks Relating to Our Business" in this prospectus.

RESULTS OF OPERATIONS

The following table sets forth a summary of our combined statements of profit or loss for the periods indicated. This information should be read together with our combined financial information and related notes, which have been prepared in accordance with HKFRS and set out in Appendix I —"Accountants' Report" to this prospectus. Our results of operations in any period are not necessarily indicative of results that may be expected for any future period.

	Year ended December 31,			Six months ended June 30,	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Revenue	52,990	60,104	69,994	33,521	41,050
Costs of sales	(17,547)	(21,846)	(25,896)	(12,089)	(14,192)
Gross profit	35,443	38,258	44,098	21,432	26,858
Other income and gains	1,603	1,182	1,468	1,217	737
Selling and distribution expenses	(10,339)	(12,813)	(15,538)	(7,570)	(8,357)
Administrative expenses	(15,018)	(16,855)	(21,446)	(9,714)	(11,325)
Other expenses	(415)	(1,906)	(335)	(5)	(17)
Finance costs	(170)	(337)	(411)	(215)	—
Profit before tax	11,104	7,529	7,836	5,145	7,896
Income tax expense	(1,922)	(1,529)	(1,661)	(1,099)	(2,150)
Profit for the year/ period	9,182	6,000	6,175	4,046	5,746
Attributable to:					
Owners of the parent	9,182	6,000	6,175	4,046	5,746
Non-controlling interests	—	—	—	—	—
	9,182	6,000	6,175	4,046	5,746

	Year ended December 31,			Six months ended June 30,	
	2012	2013	2014	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(unaudited)	
Earnings per share attributable to equity holders of the parent					
Basic and diluted (US$)					
— For profit for the year/period	N/A	N/A	N/A	N/A	N/A
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Fair value change on available-for-sale financial assets	(15)	20	(9)	4	4
Exchange differences on translation of foreign operations	219	1,937	(266)	(750)	106
Net other comprehensive income to be reclassified to profit or loss in subsequent periods:	204	1,957	(275)	(746)	110
Other comprehensive income for the year/period, net of tax	204	1,957	(275)	(746)	110
Total comprehensive income for the year/period	9,386	7,957	5,900	3,300	5,856
Attributable to:					
Owners of the parent	9,386	7,957	5,900	3,300	5,856
Non-controlling interests	—	—	—	—	—
	9,386	7,957	5,900	3,300	5,856

Please refer to "Financial Information — Description of Certain Combined Income Statement Items — Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014, Year Ended December 31, 2014 Compared to Year Ended December 31, 2013 and Year Ended December 31, 2013 Compared to Year Ended December 31, 2012" for the detailed year-on-year analyzes of certain combined income statements items.

DESCRIPTION OF CERTAIN COMBINED INCOME STATEMENT ITEMS

Revenue

During the Track Record Period, we generated our revenue primarily from our four business segments: (i) life sciences research services, (ii) life sciences research catalog products, (iii) preclinical drug development services, and (iv) industrial synthetic biology products. Our revenue increased from US$53.0 million for the year ended December 31, 2012 to US$60.1 million for the year ended December 31, 2013, and further to US$70.0 million for the year ended December 31, 2014, representing a 2012-2014 CAGR of 14.9%. Our revenue increased by US$7.6 million, or 22.7%, from US$33.5 million for the six months ended June 30, 2014 to US$41.1 million for the six months ended June 30, 2015.

By Business Segment

The following table sets forth a breakdown of our revenue by business segment for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	US$'000	*% of total revenue*	*US$'000*	*% of total revenue*	*US$'000*	*% of total revenue*	*US$'000*	*% of total revenue*	*US$'000*	*% of total revenue*
							(unaudited)			
Life sciences research services	48,571	91.6	55,354	92.1	63,220	90.3	30,320	90.4	36,775	89.6
Life sciences research catalog products	1,793	3.4	1,527	2.5	2,044	2.9	943	2.8	1,181	2.9
Preclinical drug development services	2,626	5.0	3,223	5.4	4,382	6.3	2,163	6.5	2,641	6.4
Industrial synthetic biology products	—	—	—	—	348	0.5	95	0.3	453	1.1
TOTAL	**52,990**	**100.0**	**60,104**	**100.0**	**69,994**	**100.0**	**33,521**	**100.0**	**41,050**	**100.0**

Life sciences research services

Revenue generated from our life sciences research service segment is recognized when we provide our gene synthesis, oligonucleotide synthesis, DNA sequencing, protein production, peptide synthesis, and antibody development services to customers. During the Track Record Period, revenue generated from our life sciences research services segment generally increased primarily due to: (i) an increase in revenue generated from the sale of our gene synthesis service, which in turn was mainly a result of (a) our strengthened sales and marketing efforts on key customers and (b) our provision of GenPlus™ next-generation gene synthesis technology and GenPlus™ high-throughput gene synthesis service; (ii) an increase in revenue generated from the sale of our protein production service, which in turn, was mainly

a result of (a) our improved services, including more efficient delivery, and (b) our provision of a variety of protein and antibody-related complex projects; (iii) an increase in sales generated through our interactive online quotation and ordering system; and (iv) an increase in demand from our existing customers as a result of our one-stop integrated service platform.

The following table sets forth a breakdown of our revenue generated from our life sciences research service segment by key categories, namely gene synthesis services (including gene synthesis, custom cloning, DNA library construction and a few other services), protein production services and others (including oligonucleotide synthesis, DNA sequencing, peptide synthesis, and antibody development services) for the relevant periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	USD'000	*%*	*USD'000*	*%*	*USD'000*	*%*	*USD'000*	*%*	*USD'000*	*%*
							(unaudited)			
Gene synthesis services	30,552	62.9	34,637	62.5	38,358	60.6	18,566	61.2	21,278	57.8
Protein production services	6,072	12.5	6,788	12.3	8,383	13.3	3,824	12.6	6,198	16.9
Others	11,947	24.6	13,929	25.2	16,479	26.1	7,930	26.2	9,299	25.3
TOTAL	**48,571**	**100.0**	**55,354**	**100.0**	**63,220**	**100.0**	**30,320**	**100.0**	**36,775**	**100.0**

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, the selling prices of our gene synthesis services category (including gene synthesis, custom cloning, DNA library construction and a few other services) ranged from US$500 to US$23,000, US$480 to US$23,500, US$410 to US$25,500 and US$350 to US$25,500 per order, respectively, and the average selling price of our gene synthesis service decreased from US$0.38 to US$0.34 per base pair. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, the sales volume of our gene syntheses services category for the same periods were approximately 12,900, 14,600, 15,700 and 7,900 orders, respectively. During the Track Record Period, the average selling price of our gene synthesis service decreased, which we believe was in line with market trend. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, the average selling price of our protein production services was US$4,575, US$4,300, US$4,415 and US$4,500 per order, respectively, and the sales volume of our protein production services for the same periods were approximately 1,300, 1,600, 1,900 and 1,400 orders, respectively.

Life sciences research catalog products

Revenue generated from our life sciences research catalog product segment is recognized when we sell our antibodies, recombinant proteins, reagent products, small equipment for protein expression and analysis and other products to customers. During the Track Record Period, an increase in revenue generated from our life sciences research catalog product segment was primarily attributable to the revenue generated from our newly launched recombinant protein products, precast gel products, and eStain® and eBlot® products.

Preclinical drug development services

Revenue generated from our preclinical drug development service segment is recognized when we provide our antibody and protein engineering, *in vitro* pharmacology, and *in vivo* pharmacology services to customers. During the Track Record Period, revenue generated from our preclinical drug development service segment generally increased primarily because of: (i) an increase in revenue generated from our antibody and protein engineering service, which in turn, was mainly a result of our commercial introduction of our half-life extension technology for single domain antibody drugs; and (ii) an increase in revenue generated from our *in vivo* pharmacology service as a result of the operational expansion.

Industrial synthetic biology products

We launched the industrial synthetic biology product segment in 2013, and continued to grow our production and sales of our industrial synthetic biology products in 2014 and first half of 2015. Products of this segment can be used in a variety of industries, such as the food processing, feed, pharmaceutical, and chemical industries. Our first focus is industrial enzymes used in the food industry. Revenue generated from our industrial synthetic biology product segment is recognized when we sell our products to customers.

By Region

During the Track Record Period, over 50% of our revenue was derived primarily from the sale of our services and products in the North America, with the remaining generated from Europe, PRC, Asia Pacific (excluding PRC and Japan), Japan and others (including South America and Africa). The following table sets forth a breakdown of our revenue by sales region for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(unaudited)			
North America	27,120	51.2	31,367	52.2	36,473	52.1	17,067	50.9	21,565	52.5
Europe	11,994	22.6	12,396	20.6	14,714	21.0	7,464	22.3	8,426	20.5
PRC	5,390	10.2	7,145	11.9	8,676	12.4	3,645	10.9	5,993	14.6
Asia Pacific (excluding PRC and Japan)	4,198	7.9	4,857	8.1	5,602	8.0	2,761	8.2	2,746	6.7
Japan	3,684	7.0	3,523	5.9	3,582	5.1	2,103	6.3	1,842	4.5
Others (including South America and Africa)	604	1.1	816	1.3	947	1.4	481	1.4	478	1.2
TOTAL	**52,990**	**100.0**	**60,104**	**100.0**	**69,994**	**100.0**	**33,521**	**100.0**	**41,050**	**100.0**

North America

Revenue generated from our business in North America increased during the Track Record Period. The increase was primarily attributable to: (i) a growth in sales volume as we provided around-the-clock

customer and consultation services through our well-trained sales and marketing specialists. As of June 30, 2015, nearly 90% of the members of our U.S. sales and marketing team have attained doctoral or master's degrees in life sciences-related disciplines; (ii) an increase in revenue from our key customers in the United States as a result of our sales and marketing efforts on such customers; (iii) an increase in revenue generated from our GenPlus™ high-throughput gene synthesis services since its launch in 2014; and (iv) the growth in the overall market demand in the United States as a result of an increased spending on research and development.

Europe

Revenue generated from our business in Europe increased during the Track Record Period. The increase was primarily attributable to: (i) an increase in revenue from our key customers in Europe as a result of our sales and marketing efforts on such customers; and (ii) an increase in purchases from colleges and universities of our services and products as we carried out promotional and marketing activities in colleges and universities.

PRC

Revenue generated from our business in the PRC increased during the Track Record Period. The increase was primarily attributable to: (i) a growth in revenue generated from our key customers in the PRC as a result of our sales and marketing efforts on such customers; (ii) the launch of a number of new services and products in the PRC, including GenPlus™ high-throughput gene synthesis services and recombinant antibody development services; and (iii) a growth in the overall market demand for life sciences research and application services and products in the PRC.

Asia Pacific (excluding PRC and Japan)

Revenue generated from our business in Asia Pacific other than the PRC and Japan increased during the Track Record Period. The increase was primarily attributable to (i) a growth in revenue generated from our key customers in the Asia Pacific other than PRC and Japan as a result of our sales and marketing efforts on such customers; and (ii) the launch of a number of new services and products.

Japan

Revenue generated from our business in Japan increased during the Track Record Period. The increase was primarily attributable to: (i) efforts to expand and strengthen our sales team; and (ii) increased investments in advertising and promotional activities for our services and products in Japan. During the Track Record Period, the aforementioned increases were partially offset by the depreciation of Japanese Yen against U.S. Dollars.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales consists of labor costs, cost of raw materials, depreciation and amortization charges, and others. Labor costs primarily consist of compensation and benefits we provide to our service and production employees. Cost of raw materials primarily consists of costs incurred for the purchase of raw materials and consumables used in our production and rendering of our services and products. Our cost of sales also includes depreciation of property, plant and equipment used in our operations, amortization of intangibles and other miscellaneous expenses (including maintenance fees, property management fees and other sundry expenses).

The following table sets forth a breakdown of our overall cost of sales for the periods indicated:

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(unaudited)			
Labor costs	7,459	42.5	9,354	42.8	11,036	42.6	5,263	43.5	6,396	45.1
Cost of raw materials	5,427	30.9	7,018	32.1	8,161	31.5	3,390	28.0	3,861	27.2
Depreciation and amortization charges	2,708	15.4	2,729	12.5	3,314	12.8	1,670	13.8	1,771	12.5
Others	1,953	11.2	2,745	12.6	3,385	13.1	1,766	14.7	2,164	15.2
TOTAL	**17,547**	**100.0**	**21,846**	**100.0**	**25,896**	**100.0**	**12,089**	**100.0**	**14,192**	**100.0**

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our overall cost of sales was approximately 33.1%, 36.3%, 37.0%, 36.1% and 34.6% of our total revenue for the same periods, respectively.

It is our accounting policy to record the depreciation expenses of property, plant and equipment arising from the research and development activities as the research and development expenses under the administrative expenses and the depreciation expenses arising from production under cost of sales and inventories as appropriate. In 2013, we carried out the research and development activities for new products and services, such as GenPlus™ next-generation gene synthesis technology and industrial enzymes, the relevant depreciation expenses were recorded under the research and development expenses for the year ended December 31, 2013 and therefore it resulted in a large increase in the research and development expenses as compared with the year ended December 31, 2012. In 2014, we undertook the deployment of GenPlus™ next-generation gene synthesis technology and industrial enzymes, the relevant depreciation expenses in relation to their production were recorded under the production cost, which is subsequently recorded under cost of sales and inventories as appropriate.

We incurred a substantial amount of capital expenditures in 2012 mainly for the buildings for the research and development and production of our products and services. Our total depreciation of items, of property, plant and equipment, increased over the Track Record Period, whereby we incurred US$3.6 million, US$4.5 million, US$4.7 million and US$2.4 million for the years ended December 31, 2012, 2013 and 2014, and the six months ended June 30, 2015, respectively. Since the depreciation rate of buildings is 2% per annum while the depreciation rates of other property, plant and equipment range from 10% to $33^1/_3$% per annum, the increment in the depreciation expenses during the Track Record Period showed a slower trend as compared to the capital expenditures during the same period. Our total depreciation expenses of property, plant and equipment recorded in the combined statements of profit or loss includes depreciation charges separately disclosed under cost of sales, selling and distribution expenses and administrative expenses. For further details, please see Note 2.4 and Note 6 of Appendix I — Accountants' Report.

Our gross profit increased from US$35.4 million for the year ended December 31, 2012 to US$38.3 million for the year ended December 31, 2013, further to US$44.1 million for the year ended December 31, 2014, representing a 2012-2014 CAGR of 11.5%. Our gross profit increased by US$5.5 million, or 25.7%, from US$21.4 million for the six months ended June 30, 2014 to US$26.9 million for the six months ended June 30, 2015.

Our overall gross profit margin decreased from 66.9% for the year ended December 31, 2012 to 63.7% for the year ended December 31, 2013, further to 63.0% for the year ended December 31, 2014, primarily as a result of a decrease in the gross profit margin for our life sciences research service segment. In turn, such decrease was mainly a result of (i) an increase in labor costs, which was attributable to the employment of more skilled labors; (ii) the launch of a few new services, which have had relatively lower gross profit margin as they were still in early stages of development; (iii) an increase in our operation costs, which was attributable to the expanded operation at our new facilities in Jiangning Science Park in Nanjing in 2013; and (iv) the lowering of the sales price of certain gene synthesis service. Our gross profit margin increased from 63.9% for the six months ended June 30, 2014 to 65.4% for the six months ended June 30, 2015, which, in turn, was primarily attributable to an increase in the gross profit margin of our life sciences research service segment. The increase was a result of a decrease in cost of raw materials and our enhanced production efficiency as we improved our gene synthesis technology.

The following tables set forth a breakdown of our revenue and gross profit margin by business segment and relevant percentages of segment revenue for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	US $'000	*% of total revenue*	*US $'000*	*% of total revenue*	*US $'000*	*% of total revenue*	*US $'000 (unaudited)*	*% of total revenue*	*US $'000*	*% of segment revenue*
Life sciences research services	48,571	91.6	55,354	92.1	63,220	90.3	30,320	90.4	36,775	89.6
Life sciences research catalog products	1,793	3.4	1,527	2.5	2,044	2.9	943	2.8	1,181	2.9
Preclinical drug development services	2,626	5.0	3,223	5.4	4,382	6.3	2,163	6.5	2,641	6.4
Industrial synthetic biology products	–	–	–	–	348	0.5	95	0.3	453	1.1
TOTAL	**52,990**	**100.0**	**60,104**	**100.0**	**69,994**	**100.0**	**33,521**	**100.0**	**41,050**	**100.0**

	Year ended December 31,			Six months ended June 30,	
	2012	2013	2014	2014	2015
	Gross profit margin (%)	*Gross profit margin (%)*	*Gross profit margin (%)*	*Gross profit margin (%) (unaudited)*	*Gross profit margin (%)*
Life sciences research services	67.3	64.0	63.2	64.5	66.3
Life sciences research catalog products	59.8	58.3	66.5	58.4	62.6
Preclinical drug development services	64.4	60.2	63.8	64.3	64.3
Industrial synthetic biology products	–	–	–	(60.0)	5.7
OVERALL GROSS PROFIT MARGIN	**66.9**	**63.7**	**63.0**	**63.9**	**65.4**

Life sciences research services

The principal components of cost of sales of our life sciences research service segment include labor costs, cost of raw materials and other costs. Other costs mainly consist of depreciation and amortization charges and utility expenses. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, segment cost of sales of our life sciences research service segment was US$15.9 million, US$19.9 million, US$23.3 million, US$10.8 million and US$12.4 million, respectively.

For the years ended December 31, 2012, 2013 and 2014, our gross profit of our life sciences research service segment was US$32.7 million, US$35.4 million and US$39.9 million, respectively, and our gross profit margin was 67.3%, 64.0% and 63.2%, respectively, for the same periods. Our gross profit margin decreased over the periods primarily because of: (i) an increase in labor costs, which in turn was attributable to the increase in average salary and the employment of more skilled labors; (ii) the launch of a few new services, which have relatively lower gross profit margins as they were still in the early stage of development; (iii) an increase in our operation costs, which in turn was attributable to the expanded operation at our new facilities in Jiangning Science Park in Nanjing in 2013; and (iv) the lowering of the sales price of certain gene synthesis service. For the six months ended June 30, 2014 and 2015, our gross profit of our life sciences research service segment was US$19.5 million and US$24.4 million, respectively, and our gross profit margin was 64.5% and 66.3%, respectively, for the same periods. Our gross profit margin increased over the periods primarily due to a decrease in cost of raw materials and our enhanced production efficiency as we improved our gene synthesis technology.

The following table sets forth a breakdown of our gross profit and gross profit margin of key categories for our life sciences research services, namely gene synthesis services (including gene synthesis, custom cloning, DNA library construction and a few other services), protein production services and others (including oligonucleotide synthesis, DNA sequencing, peptide synthesis, and antibody development services), for the periods indicated. Our gross profit margin for protein production services increased from 59.2% for the six months ended June 30, 2014 to 67.6% for the six months ended June 30, 2015, which in turn was mainly a result of our increased provision of protein and antibody-related complex projects, which have relatively higher gross profit margins.

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	Gross Profit (USD'000)	*Gross Profit Margin (%)*	*Gross Profit (USD'000)*	*Gross Profit Margin (%)*	*Gross Profit (USD'000)*	*Gross Profit Margin (%)*	*Gross Profit (USD'000) (unaudited)*	*Gross Profit Margin (%)*	*Gross Profit (USD'000)*	*Gross Profit Margin (%)*
Gene synthesis services	22,097	72.3	24,178	69.8	25,728	67.1	12,867	69.3	15,040	70.7
Protein production services	3,833	63.1	4,058	59.8	4,968	59.3	2,262	59.2	4,187	67.6
Others	6,749	56.5	7,192	51.6	9,247	56.1	4,418	55.7	5,168	55.6
TOTAL	**32,679**	**67.3**	**35,428**	**64.0**	**39,943**	**63.2**	**19,547**	**64.5**	**24,395**	**66.3**

Life sciences research catalog products

The principal components of cost of sales of our life sciences research catalog product segment include labor costs, cost of raw materials and other costs. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, segment cost of sales of our life sciences research catalog product segment was US$0.7 million, US$0.6 million, US$0.7 million, US$0.4 million and US$0.4 million, respectively.

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our gross profit of our life sciences research catalog product segment was US$1.1 million, US$0.9 million, US$1.4 million, US$0.6 million, US$0.7 million, respectively, and our gross profit margin was 59.8%, 58.3%, 66.5%, 58.4% and 62.6%, respectively, for the same periods. Our gross profit margin generally increased over the periods primarily because of our launch of the recombinant protein products in 2014, which have relatively higher gross profit margins.

Preclinical drug development services

The principal components of cost of sales of our preclinical drug development service segment include labor costs, cost of raw materials and other costs. Other costs mainly consist of depreciation and amortization charges and utility expenses. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, segment cost of sales of our preclinical drug development services segment was US$0.9 million, US$1.3 million, US$1.6 million, US$0.8 million and US$0.9 million, respectively.

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our gross profit of our preclinical drug development service segment was US$1.7 million, US$1.9 million, US$2.8 million, US$1.4 million, US$1.7 million, respectively, and our gross profit margin was 64.4%, 60.2% 63.8%, 64.3% and 64.3%, respectively, for the same periods. Our gross profit margin for the year ended December 31, 2013 was relatively low primarily because of (i) an increase in labor costs as a result of the increase in our average salary and the employment of more skilled labors; and (ii) an increase in our operational costs as a result of the addition of new facilities.

Industrial synthetic biology products

The principal components of cost of sales of our industrial synthetic biology product segment include labor costs, cost of raw materials and other costs. For the year ended December 31, 2014 and the six months ended June 30, 2014 and 2015, cost of sales of our industrial synthetic biology product segment was US$0.3 million, US$0.2 million and US$0.4 million, respectively.

For the year ended December 31, 2014 and the six months ended June 30, 2014 and 2015, gross profit of our industrial synthetic biology product segment, which equals segment revenue less segment cost of sales, was nil, gross loss of US$0.06 million and US$0.03 million, respectively.

Other Income and Gains

Other income and gains mainly include government grants, investment income, bank interest income and foreign exchange gains. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our other income and gains were US$1.6 million, US$1.2 million, US$1.5 million, US$1.2 million and US$0.7 million, respectively.

During the Track Record Period, we received government grants from local government authorities in relation to our expenditures on certain facilities and credited to a deferred income account. The grants were released to the statement of profit or loss over the expected useful life of the relevant assets. We also received certain financial subsidies from local government authorities to support local business. There were no unfulfilled conditions and other contingencies attached to these government grants. These government grants were recognized in the statement of profit or loss upon receipt.

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our other income and gains were approximately 3.0%, 2.0%, 2.1%, 3.6% and 1.8% of our total revenue for the same periods, respectively.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of sales and marketing staff costs, transportation expenses, promotion fees, rents, business development expenses, office expenses, traveling expenses, depreciation and amortization and others. The following table sets forth a breakdown of the major components of our selling and distribution expenses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(unaudited)			
Sales and marketing staff costs	5,879	56.9	8,088	63.1	9,989	64.3	4,981	65.8	5,305	63.5
Freight and port charges	1,374	13.3	1,439	11.2	1,525	9.8	619	8.2	811	9.7
Advertising and promotion expenses	821	7.9	967	7.6	1,052	6.8	508	6.7	543	6.5
Office administration expenses	1,057	10.2	1,171	9.1	1,459	9.4	687	9.1	757	9.1
Travel and business development expenses	371	3.6	324	2.5	393	2.5	142	1.9	178	2.1
Equity-settled share option expenses	—	—	—	—	257	1.7	87	1.1	190	2.3
Depreciation and amortization	109	1.1	99	0.8	91	0.6	41	0.5	42	0.5
Others	728	7.0	725	5.7	772	4.9	505	6.7	531	6.3
TOTAL	**10,339**	**100.0**	**12,813**	**100.0**	**15,538**	**100.0**	**7,570**	**100.0**	**8,357**	**100.0**

Sales and marketing staff costs consist primarily of salaries and benefit expenses for our sales and marketing personnel. Freight and port charges consist primarily of costs and expenses incurred in relation to delivery of our services and products from our production facilities and direct sales networks. Advertising and promotion expenses consist primarily of fees associated with advertisements placed in various media outlets, expenses incurred in conducting marketing and other promotional activities for our services and products. Travel and business development expenses consist primarily of travel and communication expenses for our sales and marketing staff, and expenses incurred for attending business meetings and conferences by sales and marketing staff, as well as reception expenses. Equity-settled share option expenses are related to the employee benefit expenses attributed to our Pre-IPO Share Option Scheme. Depreciation and amortization expenses are primarily related to properties for sales and marketing activities. Others include primarily labor fees, and other miscellaneous fees for sales and marketing.

Our selling and distribution expenses increased during the Track Record Period, mainly due to: (i) an increase in salary and benefit expenses for our sales and marketing personnel as a result of the expansion of our sales network; and (ii) the employment of more skilled sales and marketing personnel. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our selling and distribution expenses were approximately 19.5%, 21.3%, 22.2%, 22.6% and 20.4% of our total revenue for the same periods, respectively.

Administrative Expenses

Overview

Our administrative expenses primarily consist of administrative staff costs, research and development expenses, audit and consultancy fees, office expenses, depreciation and amortization, bank charges, taxation, traveling expenses, rent, business development fees, maintenance fees, assets impairment provision and others. The following table sets forth a breakdown of the major components of our administrative expenses for the periods indicated.

	Year ended December 31,						Six months ended June 30,			
	2012		2013		2014		2014		2015	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(unaudited)			
Administrative staff costs	4,506	30.0	5,339	31.7	6,599	30.8	3,222	33.2	3,547	31.3
Research and development expenses	5,508	36.7	6,064	36.0	5,589	26.1	2,516	25.9	2,439	21.5
Audit and consultancy fees	403	2.7	1,175	7.0	1,942	9.1	824	8.5	524	4.6
Office administration expenses	1,123	7.5	767	4.6	1,042	4.9	490	5.0	489	4.3
Depreciation and amortization	677	4.5	784	4.7	1,009	4.7	415	4.3	485	4.3
Bank charges	290	1.9	321	1.9	436	2.0	222	2.3	309	2.7
Taxation	327	2.2	354	2.1	435	2.0	229	2.4	204	1.8
Travel and business development expenses	599	4.0	696	4.1	756	3.5	367	3.8	210	1.9
Maintenance Fees	144	1.0	124	0.7	151	0.7	79	0.8	117	1.0
IPO cost	—	—	—	—	—	—	—	—	1,661	14.7
Equity-settled share option expenses	653	4.3	417	2.5	3,027	14.1	1,099	11.3	1,235	10.9
Others	788	5.2	814	4.7	460	2.1	251	2.5	105	1.0
TOTAL	**15,018**	**100.0**	**16,855**	**100.0**	**21,446**	**100.0**	**9,714**	**100**	**11,325**	**100**

Administrative staff costs consist primarily of salaries and employee benefit expenses for our management, administrative, finance and accounting staff. Research and development expenses are discussed in details below. Audit and consultancy fees consist primarily of fees paid to finance, accounting and legal professionals other than those related to the Global Offering. Office administration expenses consist primarily of business administrative expenses, rental fees and communication expenses incurred by our administrative personnel. Taxation consists primarily of property taxes, land use taxes, stamp duty, and vehicle and vessel taxes incurred for business purposes. Travel and business development expenses consist primarily of expenses incurred for attending business meetings, conferences, trainings

and other social events by our management, Directors and other administrative personnel. IPO cost consists of the expenses incurred in relation to the Global Offering. Equity-settled share option expenses are related to the employee benefit expenses attributable to our Pre-IPO Share Option Scheme. Others include primarily insurance expenses, labor fees, training expenses, utility expenses, repair fees and other miscellaneous fees for general administrative purposes and depreciation and amortization charges related to properties, facilities and intangible assets.

Our administrative expenses increased during the Track Record Period primarily because of: (i) an increase in our equity-settled share option expenses; (ii) an increase in IPO cost in relation to the Global Offering; (iii) an increase in administrative staff costs as the average salary level of our administrative employees increased; and (iv) an increase in audit and consultancy fees as a result of the legal proceedings we initiated against one of our competitors and one of our former employees in the United States. Please see the section headed "Risk Factors — Risks Relating to Our Business — Any future litigation, legal disputes, claims or administrative proceedings against us could be costly and time-consuming to defend" for further details. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our administrative expenses were approximately 28.3%, 28.0%, 30.6%, 29.0% and 27.6% of our total revenue for the same periods, respectively.

Research and Development Expenses

Research and development expenses consist primarily of costs, expenses and fees incurred in relation to our new product and service development. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, we had incurred research and development expenses in the amount of US$5.5 million, US$6.1 million, US$5.6 million, US$2.5 million and US$2.4 million, representing approximately 10.4%, 10.1%, 8.0%, 7.5% and 5.9% of our revenue, respectively. Please see the section headed "Business — Research and Development" for further details of major achievements in research and development activities during the Track Record Period.

Equity-settled Share Option Arrangements

We have conditionally adopted the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme. The principal terms of the Share Option Schemes are summarized in the sections headed "Statutory and General Information — 8. Pre-IPO Share Option Scheme" and "Statutory and General Information — 9. Post-IPO Share Option Scheme". The Share Option is treated as an equity-settled share-based payment to these executive Directors and employees, and the fair value of these share options are amortized within the respective vesting periods under the relevant plans. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, we recognized the share-based payment of approximately US$0.7 million, US$0.4 million, US$3.0 million and US$1.2 million as employee benefit expenses in administrative expense.

Other Expenses

Our other expenses consist primarily of foreign exchange losses. We had other expenses of US$0.4 million, US$1.9 million, US$0.3 million, US$0.01 million and US$0.02 million for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively. Our foreign exchange losses for the year ended December 31, 2013 were relatively high primarily because of the effect of appreciation of Renminbi against U.S. Dollars on our monetary assets as of December 31, 2013.

Finance Costs

Our finance costs consist primarily of interest expenses on entrust loans from Nanjing Jinsite which we repaid in 2014. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our finance costs were US$0.2 million, US$0.3 million, US$0.4 million, US$0.2 million and nil, respectively.

Income Tax Expenses

Income tax expenses consist primarily of the current income tax and deferred income tax at the statutory rates applicable to our assessable profit before taxation as determined under relevant laws and regulations and the movement in deferred tax assets or liabilities recognized for the reporting periods. The following table sets forth a breakdown of the major components of our income tax expenses for the periods indicated:

	Year ended December 31,			Six months ended June 30,	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Current — China	1,272	1,243	1,846	1,025	1,768
Current — Elsewhere	1,157	751	338	447	969
Deferred income tax	(507)	(465)	(523)	(373)	(587)
TOTAL	**1,922**	**1,529**	**1,661**	**1,099**	**2,150**

Hong Kong Income Tax

Our Hong Kong subsidiaries are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Track Record Period.

Japan Income Tax

Pursuant to the rules and regulations of Japanese, we are subject to 18% of taxable income in Japan for the year of 2012 and 15% for the years of 2013 and 2014 and 25.5% for the taxable income over JPY8,000,000 part and 15% for less than JPY8,000,000 part for the six months ended June 30, 2015.

United States Income Tax

Pursuant to the rules and regulations of the United States, we are subject to Federal tax rate at 34% and State tax rate at 9% of taxable income in the United States during the Track Record Period.

Cayman Islands and BVI Tax

Pursuant to the rules and regulations of Cayman and BVI, we are not subject to any income tax in Cayman and BVI during the Track Record Period.

PRC Corporate Income Tax

The EIT generally comprises our PRC corporate income taxes. The standard EIT rate applicable to our PRC subsidiary is 25.0%. Please see the section headed "Regulations —Taxation" in this prospectus for further details of our taxation. GS China is qualified as High and New Technology Enterprises and Advanced Technology Service Enterprises and Nanjing Jinsikang is qualified as Advanced Technology Service Enterprises, both of them are subject to a preferential income tax rate of 15% during the Track Record Period. The qualifications of High and New Technology Enterprises and Advanced Technology Service Enterprises of GS China and Advanced Technology Service Enterprises of Nanjing Jinsikang are subject to renewal after their expiry in October 2015, December 2016 and December 2017, respectively.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of tax assets and tax liabilities in the financial statements and the corresponding tax basis. Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets and liabilities are determined at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and regulations that have been enacted or substantially enacted at the balance sheet date.

PRC Withholding Income Tax

Pursuant to the EIT Law and the EIT Implementation Rules, the dividends which foreign investment enterprises in the PRC declared to non-PRC resident enterprise investors are subject to a 10% withholding tax. A lower withholding tax rate of 5% may be applied if there is a tax treaty between the PRC and the jurisdictions of the foreign investors and the relevant conditions are satisfied.

Effective Tax Rate

As a result of the foregoing, our effective tax rate, representing income tax expense divided by profit before taxation, was 17.3%, 20.3%, 21.2%, 21.4% and 27.2% for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively. The increase in our effective tax rate was primarily attributable to (i) growth in revenue generated from our business in the United States, which is subject to a relatively higher tax rate, and (ii) the increase in our IPO cost and equity-settled share option expenses, which cannot be deducted from our taxable income. During the Track Record Period, there were no disputes or unresolved tax issued with the relevant tax authorities.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Revenue

Our total revenue increased by US$7.6 million, or 22.7%, from US$33.5 million for the six months ended June 30, 2014 to US$41.1 million for the six months ended June 30, 2015. Increased sales of our services and products across all our business segments contributed to such revenue growth.

By Business Segment

- *Life sciences research services.* Revenue generated from our life sciences research service segment increased by US$6.5 million, or 21.5%, from US$30.3 million for the six months

ended June 30, 2014 to US$36.8 million for the six months ended June 30, 2015, primarily because of: (i) the growth in our GenPlus™ high-throughput gene synthesis service operation; (ii) an increase in sales of our protein production service, which in turn, was attributable to our elevation of the standards relating to delivery of our products and our ability to deliver a variety of complex projects; (iii) an increasing demand from customers as a result of our one-stop integrated services; and (iv) our sales and marketing efforts on key customers.

- *Life sciences research catalog products*. Revenue generated from our life sciences research catalog product segment increased by US$0.3 million, or 33.3%, from US$0.9 million for the six months ended June 30, 2014 to US$1.2 million for the six months ended June 30, 2015, primarily due to an increase in revenue generated from our recombinant protein product as a result of our expanded operation and technological improvements.

- *Preclinical drug development services*. Revenue generated from our preclinical drug development service segment slightly increased by US$0.4 million, or 18.2%, from US$2.2 million for the six months ended June 30, 2014 to US$2.6 million for the six months ended June 30, 2015 mainly as a result of the increase in antibody drug discovery services.

- *Industrial synthetic biology products*. Revenue generated from our industrial synthetic biology product segment increased by US$0.4 million, from US$0.1 million for the six months ended June 30, 2014 to US$0.5 million for the six months ended June 30, 2015 as we strengthened our marketing efforts in the first half of 2015.

By Region

- *North America.* Revenue generated from our business in North America increased by US$4.5 million, or 26.3%, from US$17.1 million for the six months ended June 30, 2014 to US$21.6 million for the six months ended June 30, 2015, primarily attributable to: (i) an increase in revenue generated from our gene synthesis service; (ii) an increase in sales volume as we provided around-the-clock customer and consultation services through our well-trained sales and marketing specialists; (iii) an increase in revenue from our key customers in the United States as a result of our sales and marketing efforts on such customers; and (iv) the growth in the overall market demand in the United States as a result of an increased spending on research and development.

- *Europe*. Revenue generated from our business in Europe increased by US$0.9 million, or 12.0%, from US$7.5 million for the six months ended June 30, 2014 to US$8.4 million for the six months ended June 30, 2015, primarily attributable to an increase in revenue from our key customers in Europe as a result of our marketing efforts on such customers.

- *PRC*. Revenue generated from our business in the PRC increased by US$2.4 million, or 66.7%, from US$3.6 million for the six months ended June 30, 2014 to US$6.0 million for the six months ended June 30, 2015, primarily attributable to: (i) an increase in revenue from the sales of our antibody development service in our life sciences research service segment; (ii) an increase in revenue from our key customers in the PRC as we focused our sales and marketing efforts on such customers; and (iii) the growth in the overall market demand for life sciences research and application services and products in the PRC.

- *Asia Pacific (excluding PRC and Japan).* Revenue generated from our business in Asia Pacific other than the PRC and Japan remained stable at US$2.8 million and US$2.7 million, respectively, for the six months ended June 30, 2014 and 2015.

- *Japan.* Revenue generated from our business in Japan decreased by US$0.3 million, or 14.3%, from US$2.1 million for the six months ended June 30, 2014 to US$1.8 million for the six months ended June 30, 2015, primarily attributable to the depreciation of Japanese Yen against the U.S. Dollars.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by US$2.1 million, or 17.4%, from US$12.1 million for the six months ended June 30, 2014 to US$14.2 million for the six months ended June 30, 2015. Increases in cost of sales for all our business segments contributed to such increase in cost of sales.

Our gross profit increased by US$5.5 million, or 25.7%, from US$21.4 million for the six months ended June 30, 2014 to US$26.9 million for the six months ended June 30, 2015. Our gross profit margin increased from 63.9% for the six months ended June 30, 2014 to 65.4% for the six months ended June 30, 2015.

By Business Segment

- *Life sciences research services.* Cost of sales of our life sciences research service segment increased by US$1.6 million, or 14.8%, from US$10.8 million for the six months ended June 30, 2014 to US$12.4 million for the six months ended June 30, 2015, primarily due to our expanded operational scale.

  Gross profit of our life sciences research service segment increased by US$4.9 million, or 25.1%, from US$19.5 million for the six months ended June 30, 2014 to US$24.4 million for the six months ended June 30, 2015. Gross profit margin of our life sciences research service segment increased from 64.5% for the six months ended June 30, 2014 to 66.3% for the six months ended June 30, 2015, primarily because of (i) a decrease in cost of raw materials as we improved our gene synthesis technology; and (ii) the increased revenue contribution of our gene synthesis service and protein production service, which had relatively higher gross profit margins in this segment.

- *Life sciences research catalog products.* Cost of sales of our life sciences research catalog product segment increased by US$0.05 million, or 12.8%, from US$0.39 million for the six months ended June 30, 2014 to US$0.44 million for the six months ended June 30, 2015, primarily due to our expanded operational scale.

  Gross profit of our life sciences research catalog products segment increased by US$0.19 million, or 34.5%, from US$0.55 million for the six months ended June 30, 2014 to US$0.74 million for the six months ended June 30, 2015. Gross profit margin of our life sciences research catalog product segment increased from 58.4% for the six months ended June 30,

2014 to 62.6% for the six months ended June 30, 2015 primarily due to the increased revenue contribution of our recombinant protein product in this segment, which had a relatively higher gross profit margin.

- *Preclinical drug development services.* Cost of sales of our preclinical drug development service segment increased by US$0.17 million, or 22.1%, from US$0.77 million for the six months ended June 30, 2014 to US$0.94 million for the six months ended June 30, 2015, primarily due to an increase in labor costs as a result of our employment of more skilled labors.

  Gross profit of our preclinical drug development service segment slightly increased by US$0.3 million, or 21.4%, from US$1.4 million for the six months ended June 30, 2014 to US$1.7 million for the six months ended June 30, 2015. Gross profit margin of our preclinical drug development service segment remained stable at 64.3% for the six months ended June 30, 2014 and 2015.

- *Industrial synthetic biology products.* Cost of sales of our industrial synthetic biology product segment increased by US$0.2 million, or 100.0%, from US$0.2 million for the six months ended June 30, 2014 to US$0.4 million for the six months ended June 30, 2015.

  Gross profit of our industrial synthetic biology product segment, which equals segment revenue less segment cost of sales, increased from a gross loss of US$0.06 million for the six months ended June 30, 2014 to a gross profit of US$0.03 million for the six months ended June 30, 2015 primarily because of increase in sales of our industrial synthetic biology products in the first half of 2015.

Other Income and Gains

Other income and gains decreased by US$0.5 million, or 41.7%, from US$1.2 million for the six months ended June 30, 2014 to US$0.7 million for the six months ended June 30, 2015. This decrease was primarily attributable to a decrease in our foreign exchange gains.

Selling and Distribution Expenses

Our selling and distribution expenses increased by US$0.8 million, or 10.5%, from US$7.6 million for the six months ended June 30, 2014 to US$8.4 million for the six months ended June 30, 2015, primarily attributable to our efforts to expand and strengthen our sales team.

Administrative Expenses

Our administrative expenses increased by US$1.6 million, or 16.5%, from US$9.7 million for the six months ended June 30, 2014 to US$11.3 million for the six months ended June 30, 2015, primarily attributable to (i) an increase in IPO cost in relation to the Global Offering; and (ii) an increase in our equity-settled share option expenses.

Other Expenses

Other expenses, which consist primarily of losses on disposal of property and equipment, remained relatively stable at US$0.01 million and US$0.02 million for the six months ended June 30, 2014 and 2015, respectively.

Finance Costs

Our finance costs for the six months ended June 30, 2014 was US$0.2 million. Our finance costs for the six months ended June 30, 2015 was nil as we had not incurred any interest-bearing obligations during the period.

Profit before Tax

As a result of the foregoing, our profit before tax increased by US$2.8 million, or 54.9%, from US$5.1 million for the six months ended June 30, 2014 to US$7.9 million for the six months ended June 30, 2015.

Income Tax Expense

Our income tax expense increased by US$1.1 million, or 100.0%, from US$1.1 million for the six months ended June 30, 2014 to US$2.2 million for the six months ended June 30, 2015, primarily because of our increased profit before tax. Our effective income tax rate increased from 21.4% for the six months ended June 30, 2014 to 27.2% for the six months ended June 30, 2015, primarily due to: (i) an increase in our revenue generated from our business in the United States which is subject to a relatively higher tax rate; and (ii) the increase in our IPO cost and equity-settled share option expenses, which can not be deducted from our taxable income.

Profit for the Period

As a result of the foregoing, our profit for the year increased by US$1.7 million, or 42.5%, from US$4.0 million for the six months ended June 30, 2014 to US$5.7 million for the six months ended June 30, 2015.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenue

Our total revenue increased by US$9.9 million, or 16.5%, from US$60.1 million for the year ended December 31, 2013 to US$70.0 million for the year ended December 31, 2014. Increased sales of our services and products across all our business segments contributed to such revenue growth.

By Business Segment

- *Life sciences research services*. Revenue generated from our life sciences research service segment increased by US$7.8 million, or 14.1%, from US$55.4 million for the year ended December 31, 2013 to US$63.2 million for the year ended December 31, 2014, primarily because of: (i) revenue generated from our gene synthesis service; (ii) revenue generated from our protein production service, which in turn, was mainly a result of (a) our improved services, including more efficient delivery, and (b) our provision of a variety of protein and antibody related complex projects to our customers worldwide; (iii) an increase in revenue from our key customers as a result of marketing efforts targeted on such customers; and (iv) increase in sales volume contributed by our one-stop integrated service platform.

- *Life sciences research catalog products.* Revenue generated from our life sciences research catalog product segment increased by US$0.5 million, or 33.3%, from US$1.5 million for the

year ended December 31, 2013 to US$2.0 million for the year ended December 31, 2014, primarily because of the launch of recombinant protein product.

- *Preclinical drug development services.* Revenue generated from our preclinical drug development service segment increased by US$1.2 million, or 37.5%, from US$3.2 million for the year ended December 31, 2013 to US$4.4 million for the year ended December 31, 2014, primarily as a result of: (i) revenue generated from our antibody and protein engineering service, which in turn was mainly due to our commercial introduction of the half-life extension technology for single domain antibody drugs; and (ii) an increase in revenue generated from our *in vivo* pharmacology service as we launched a number of new services and expanded our operations.

- *Industrial Synthetic Biology Products.* Revenue generated from our industrial synthetic biology products business was US$0.3 million for the year ended December 31, 2014.

By Region

- *North America.* Revenue generated from our business in the North America increased by US$5.1 million, or 16.2%, from US$31.4 million for the year ended December 31, 2013 to US$36.5 million for the year ended December 31, 2014, primarily attributable to: (i) an increase in revenue generated from our gene synthesis services mainly because we developed GenPlus™ next-generation gene synthesis technology and started to provide GenPlus™ high-throughput gene synthesis service; (ii) an increase in sales volume as we continued to provide around-the-clock customer and consultation services through our well-trained sales and marketing specialists; (iii) an increase in revenue from our key customers in the United States as we commenced to designate a project manager and technical support to each of our key customers; and (iv) the growth in the overall market demand in the United States as a result of an increased spending on research and development.

- *Europe.* Revenue generated from our business in Europe increased by US$2.3 million, or 18.5%, from US$12.4 million for the year ended December 31, 2013 to US$14.7 million for the year ended December 31, 2014, primarily attributable to: (i) an increase in revenue from the sales of our gene synthesis service and protein production service in our life sciences research service segment; and (ii) an increasing number of colleges and universities purchasing our services and products because we carried out promotional and marketing activities in colleges and universities.

- *PRC.* Revenue generated from our business in the PRC increased by US$1.6 million, or 22.5%, from US$7.1 million for the year ended December 31, 2013 to US$8.7 million for the year ended December 31, 2014, primarily attributable to: (i) an increase in revenue from our key customers in the PRC as we commenced to designate a project manager and technical support to each of our key customers; (ii) the launch of a number of new services and products in the PRC, including GenPlus™ high-throughput gene synthesis service and recombinant antibody development service; and (iii) the growth in the overall market demand for life sciences research and application services and products in the PRC.

- *Asia Pacific (excluding PRC and Japan).* Revenue generated from our business in Asia Pacific other than the PRC and Japan increased by US$0.7 million, or 14.3%, from US$4.9 million for the year ended December 31, 2013 to US$5.6 million for the year ended December 31, 2014.

- *Japan*. Revenue generated from our business in Japan slightly increased by US$0.1 million, or 2.9%, from US$3.5 million for the year ended December 31, 2013 to US$3.6 million for the year ended December 31, 2014.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by US$4.1 million, or 18.8%, from US$21.8 million for the year ended December 31, 2013 to US$25.9 million for the year ended December 31, 2014. Increases in cost of sales for each of our life sciences research service and preclinical drug development service segments were the primary reasons behind the increase in our overall cost of sales for this period.

Our gross profit increased by US$5.8 million, or 15.1%, from US$38.3 million for the year ended December 31, 2013 to US$44.1 million for the year ended December 31, 2014. Our gross profit margin slightly decreased from 63.7% for the year ended December 31, 2013 to 63.0% for the year ended December 31, 2014.

By Business Segment

- *Life sciences research services*. Cost of sales of our life sciences research service segment increased by US$3.4 million, or 17.1%, from US$19.9 million for the year ended December 31, 2013 to US$23.3 million for the year ended December 31, 2014, primarily due to (i) an increase in scale of operation; and (ii) an increase in labor costs as a result of the increase in the average salary level of our employees and our employment of more skilled labors.

  Gross profit of our life sciences research service segment increased by US$4.5 million, or 12.7%, from US$35.4 million for the year ended December 31, 2013 to US$39.9 million for the year ended December 31, 2014. Gross profit margin of our life sciences research service segment decreased from 64.0% for the year ended December 31, 2013 to 63.2% for the year ended December 31, 2014, primarily due to an increase in labor costs as a result of growth in average salary level of our employees and our employment of more skilled labors.

- *Life sciences research catalog products*. Cost of sales of our life sciences research catalog product segment increased by US$0.1 million, or 16.7%, from US$0.6 million for the year ended December 31, 2013 to US$0.7 million for the year ended December 31, 2014, primarily due to the increase in scale of operation.

  Gross profit of our life sciences research catalog product segment increased by US$0.5 million, or 55.6%, from US$0.9 million for the year ended December 31, 2013 to US$1.4 million for the year ended December 31, 2014. Gross profit margin of our life sciences research catalog product segment increased from 58.3% for the year ended December 31, 2013 to 66.5% for the year ended December 31, 2014, primarily attributable to (i) the launch of our recombinant protein product, which has a relatively higher gross profit margin; and (ii) decreases in unit cost of sales of our precast protein separation gel products as a result of economies of scale of production and technological improvements.

- *Preclinical drug development services*. Cost of sales of our preclinical drug development service segment increased by US$0.3 million, or 23.1%, from US$1.3 million for the year

ended December 31, 2013 to US$1.6 million for the year ended December 31, 2014, primarily due to the increase in scale of operations.

Gross profit of our preclinical drug development service segment increased by US$0.9 million, or 47.4%, from US$1.9 million for the year ended December 31, 2013 to US$2.8 million for the year ended December 31, 2014. Gross profit margin of our preclinical drug development service segment increased from 60.2% for the year ended December 31, 2013 to 63.8% for the year ended December 31, 2014, primarily because of (i) the benefits of a scaled production and (ii) technological improvements that lead to enhanced production efficiency.

- *Industrial synthetic biology products*. Cost of sales of our industrial synthetic biology product segment for the year ended December 31, 2014 was US$0.3 million. Gross profit of the segment for the same period was nil.

Other Income and Gains

Other income and gains increased by US$0.3 million, or 25.0%, from US$1.2 million for the year ended December 31, 2013 to US$1.5 million for the year ended December 31, 2014. This increase was primarily attributable to increase of government grants from US$0.9 million for the year ended December 31, 2013 to US$1.2 million for December 31, 2014.

Selling and Distribution Expenses

Our selling and distribution expenses increased by US$2.7 million, or 21.1%, from US$12.8 million for the year ended December 31, 2013 to US$15.5 million for the year ended December 31, 2014, primarily attributable to an increase in salary and benefit expenses of our sales and marketing personnel distribution activities, which in turn, was mainly a result of our sales network expansion and our employment of more skilled sales and marketing personnel.

Administrative Expenses

Our administrative expenses increased by US$4.5 million, or 26.6%, from US$16.9 million for the year ended December 31, 2013 to US$21.4 million for the year ended December 31, 2014, primarily attributable to: (i) an increase in our equity-settled share option expenses; (ii) an increase in audit and consultancy fees as a result of the legal proceedings we initiated in the United Sates; and (iii) an increase in the average salary level of our administrative employees.

Other Expenses

Other expenses, which consist primarily foreign exchange losses, decreased by US$1.6 million, or 84.2%, from US$1.9 million for the year ended December 31, 2013 to US$0.3 million for the year ended December 31, 2014.

Finance Costs

Our finance costs increased by US$0.1 million, or 33.3%, from US$0.3 million for the year ended December 31, 2013 to US$0.4 million for the year ended December 31, 2014, which mainly reflected increases in the average balance of interest-bearing obligations during the period.

Profit before Tax

As a result of the foregoing, our profit before tax increased by US$0.3 million, or 4.0%, from US$7.5 million for the year ended December 31, 2013 to US$7.8 million for the year ended December 31, 2014.

Income Tax Expense

Our income tax expense increased by US$0.2 million, or 13.3%, from US$1.5 million for the year ended December 31, 2013 to US$1.7 million for the year ended December 31, 2014, primarily attributable to our increased profit before tax. Our effective income tax rate slightly increased from 20.3% for the year ended December 31, 2013 to 21.2% for the year ended December 31, 2014.

Profit for the Year

As a result of the foregoing, our profit for the year increased by US$0.2 million, or 3.3%, from US$6.0 million for the year ended December 31, 2013 to US$6.2 million for the year ended December 31, 2014.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenue

Our total revenue increased by US$7.1 million, or 13.4%, from US$53.0 million for the year ended December 31, 2012 to US$60.1 million for the year ended December 31, 2013. Increased sales of our life sciences research services and life sciences research catalog products were the primary factors behind such revenue growth.

By Business Segment

- *Life sciences research services.* Revenue generated from our life sciences research service segment increased by US$6.8 million, or 14.0%, from US$48.6 million for the year ended December 31, 2012 to US$55.4 million for the year ended December 31, 2013, primarily due to: (i) an increase in revenue generated from our gene synthesis service, mainly because we launched a number of new services and products; (ii) an increasing demand from our existing customers resulting from our one-stop integrated service platform; and (iii) the growth in the overall market demand for life sciences research services as a result of an increased spending on research and development.

- *Life sciences research catalog products*. Revenue generated from our life sciences research catalog product segment decreased by US$0.3 million, or 16.7%, from US$1.8 million for the year ended December 31, 2012 to US$1.5 million for the year ended December 31, 2013, primarily because we launched the precast gel product and eStain® and eBlot® products.

- *Preclinical drug development services*. Revenue generated from our preclinical drug development service segment slightly increased by US$0.6 million, or 23.1%, from US$2.6 million for the year ended December 31, 2012 to US$3.2 million for the year ended December 31, 2013 because of an increase in service offerings.

By Region

- *North America.* Revenue generated from our business in North America increased by US$4.3 million, or 15.9%, from US$27.1 million for the year ended December 31, 2012 to US$31.4 million for the year ended December 31, 2013, primarily attributable to: (i) our efforts to expand and strengthen our sales team; (ii) an increase in the number of pharmaceutical and biotech company customers in the United States; (iii) an increasing number of customers purchased our services in the United States which was mainly due to our provision of customized services on a rush basis to meet the individualized demands of our customers; and (iv) the growth in the overall market demand in the United States as a result of an increased spending on research and development.

- *Europe.* Revenue generated from our business in Europe slightly increased by US$0.4 million, or 3.3%, from US$12.0 million for the year ended December 31, 2012 to US$12.4 million for the year ended December 31, 2013.

- *PRC.* Revenue generated from our business in the PRC increased by US$1.7 million, or 31.5%, from US$5.4 million for the year ended December 31, 2012 to US$7.1 million for the year ended December 31, 2013, primarily attributable to: (i) our efforts to expand and strengthen our sales team; (ii) the expansion of our direct sales network in Jiangsu area; and (iii) the growth in the overall market demand for life sciences research and application services and products in the PRC.

- *Asia Pacific (excluding PRC and Japan).* Revenue generated from our business in Asia Pacific other than the PRC and Japan increased by US$0.7 million, or 16.7%, from US$4.2 million for the year ended December 31, 2012 to US$4.9 million for the year ended December 31, 2013, primarily attributable to an increase in revenue generated from our key customers in Singapore, Israel and Australia.

- *Japan.* Revenue generated from our business in Japan decreased by US$0.2 million, or 5.4%, from US$3.7 million for the year ended December 31, 2012 to US$3.5 million for the year ended December 31, 2013.

Cost of Sales, Gross Profit and Gross Profit Margin

Our cost of sales increased by US$4.3 million, or 24.6%, from US$17.5 million for the year ended December 31, 2012 to US$21.8 million for the year ended December 31, 2013. Increases in cost of sales for each of our life sciences research service, life sciences research catalog product and preclinical drug development service segments contributed primarily to the increase in our overall cost of sales for these periods.

Our gross profit increased by US$2.9 million, or 8.2%, from US$35.4 million for the year ended December 31, 2012 to US$38.3 million for the year ended December 31, 2013. Our gross profit margin decreased from 66.9% for the year ended December 31, 2012 to 63.7% for the year ended December 31, 2013.

By Business Segment

- *Life sciences research services*. Cost of sales of our life sciences research service segment increased by US$4.0 million, or 25.2%, from US$15.9 million for the year ended December

31, 2012 to US$19.9 million for the year ended December 31, 2013, primarily due to: (i) an increase in labor costs which in turn was attributable to the increase in average salary and the employment of more skilled labors; (ii) an increase in our operation costs, which was attributable to the expanded operation at our new facilities in Jiangning Science Park in Nanjing in 2013; and (iii) an increase in operation scales as a result of increase in sales.

Gross profit of our life sciences research service segment increased by US$2.7 million, or 8.3%, from US$32.7 million for the year ended December 31, 2012 to US$35.4 million for the year ended December 31, 2013. Gross profit margin of our life sciences research service segment decreased from 67.3% for the year ended December 31, 2012 to 64.0% for the year ended December 31, 2013, primarily due to: (i) an increase in labor costs, which was attributable to the increase average salary and the employment of more skilled labors; (ii) the launch of a few new services, which have relatively lower gross profit margins as they were still in the early stages of development; (iii) an increase in our operation costs, which was attributable to the expanded operation at our new facilities in Jiangning Science Park in Nanjing in 2013; and (iv) the lowering of the sales price of certain gene synthesis service.

- *Life sciences research catalog products*. Cost of sales of our life sciences research catalog product segment decreased by US$0.1 million, or 14.3%, from US$0.7 million for the year ended December 31, 2012 to US$0.6 million for the year ended December 31, 2013.

  Gross profit of our life sciences research catalog product segment decreased by US$0.2 million, or 18.2% from US$1.1 million for the year ended December 31, 2012 to US$0.9 million for the year ended December 31, 2013. Gross profit margin of our life sciences research catalog product segment decreased from 59.8% for the year ended December 31, 2012 to 58.3% for the year ended December 31, 2013, primarily attributable to: (i) the launch of our precast protein separation gel and eStain® and eBlot® products in this segment, which has a relative lower gross profit margin; and (ii) an increase in labor costs, which was attributable to the increase in average salary and hiring of more skilled labor.

- *Preclinical drug development services*. Cost of sales of our preclinical drug development service segment increased by US$0.4 million, or 44.4%, from US$0.9 million for the year ended December 31, 2012 to US$1.3 million for the year ended December 31, 2013, primarily due to an increase in operation scales as a result of increase in sales and addition of new facilities.

  Gross profit of our preclinical drug development service segment increased by US$0.2 million, or 11.8%, from US$1.7 million for the year ended December 31, 2012 to US$1.9 million for the year ended December 31, 2013. Gross profit margin of our preclinical drug development service segment decreased from 64.4% for the year ended December 31, 2012 to 60.2% for the year ended December 31, 2013, primarily attributable to: (i) an increase in labor costs as a result of the increase in average salary and hiring of more skilled labor; and (ii) an increase in our operational costs as a result of the addition of a new facilities.

Other Income and Gains

Other income and gains decreased by US$0.4 million, or 25.0%, from US$1.6 million for the year ended December 31, 2012 to US$1.2 million for the year ended December 31, 2013. This decrease was primarily attributable to a decrease in government grants.

Selling and Distribution Expenses

Our selling and distribution expenses increased by US$2.5 million, or 24.3%, from US$10.3 million for the year ended December 31, 2012 to US$12.8 million for the year ended December 31, 2013, primarily attributable to an increase in salary and benefit expenses for employees involved in selling and distribution activities, primarily as a result of our expansion of our sales network and our employment of more skilled labors.

Administrative Expenses

Our administrative expenses increased by US$1.9 million, or 12.7%, from US$15.0 million for the year ended December 31, 2012 to US$16.9 million for the year ended December 31, 2013, primarily attributable to (i) an increase in administrative staff costs as the average salary level of our administrative employees increased; and (ii) an increase in audit and consultancy fees.

Other Expenses

Other expenses, consist primarily of foreign exchange losses, increased by US$1.5 million, or 375.0%, from US$0.4 million for the year ended December 31, 2012 to US$1.9 million for the year ended December 31, 2013. Our foreign exchange losses for the year ended December 31, 2013 were relatively high mainly because of the effect of appreciation of Renminbi against U.S. Dollars on our monetary assets as of December 31, 2013.

Finance Costs

Our finance costs increased by US$0.1 million, or 50.0%, from US$0.2 million for the year ended December 31, 2012 to US$0.3 million for the year ended December 31, 2013. This increase mainly reflected increases in the average balance of our entrust loans from Nanjing Jinsite during the period.

Profit before Tax

As a result of the foregoing, our profit before tax decreased by US$3.6 million, or 32.4%, from US$11.1 million for the year ended December 31, 2012 to US$7.5 million for the year ended December 31, 2013.

Income Tax Expense

Our income tax expense decreased by US$0.4 million, or 21.1%, from US$1.9 million for the year ended December 31, 2012 to US$1.5 million for the year ended December 31, 2013, primarily attributable to our decreased profit before tax. Our effective income tax rate increased from 17.3% for the year ended December 31, 2012 to 20.3% for the year ended December 31, 2013, primarily due to the increase in the percentage of our expenses which are unable to be deducted from our taxable income.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by US$3.2 million, or 34.8%, from US$9.2 million for the year ended December 31, 2012 to US$6.0 million for the year ended December 31, 2013.

DISCUSSION OF SELECTED ITEM FROM THE COMBINED STATEMENT OF FINANCIAL POSITION

Net Current Liabilities/Assets Position

Our current assets consist primarily of inventories, trade and notes receivables, cash and cash equivalents, prepayments, deposits and other receivables, and available-for-sale financial assets. Our current liabilities consist primarily of trade and notes payables, other payables and accruals, due to related parties, due to ultimate holding company, tax payables and government grants.

The table below sets forth our current assets, current liabilities and net current liabilities/assets for the dates indicated. This information should be read together with our combined financial information included in Appendix I — "Accountants' Report" to this prospectus.

	As of December 31,			As of June 30,	As of October 31,
	2012	**2013**	**2014**	**2015**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*
Current assets					
Inventories	1,244	1,404	1,777	2,136	2,278
Trade and notes receivables	7,908	9,010	12,157	13,940	15,943
Prepayments, deposits and other receivables	1,586	1,235	1,316	1,772	3,002
Due from the ultimate holding company	34	34	34	34	—
Due from the immediate holding company	—	—	—	—	563
Due from the related party	100	115	—	—	—
Available-for-sale financial assets	303	4,105	2,526	—	—
Pledged short-term deposits	264	201	345	202	202
Cash and cash equivalents	18,660	22,457	25,637	25,684	31,872
Total current assets	30,099	38,561	43,792	43,768	53,860

	As of December 31,			As of June 30,	As of October 31,
	2012	2013	2014	2015	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(Unaudited)
Current liabilities					
Trade and notes payables	1,895	1,848	2,869	2,193	2,270
Other payables and accruals	18,776	15,437	15,132	17,285	17,116
Tax payable	1,266	1,858	49	1,652	1,686
Due to the ultimate holding company	2,577	2,532	2,570	2,570	—
Due to related parties	4,943	7,390	8,173	—	—
Government grants	795	820	395	39	20
Total current liabilities	30,252	29,885	29,188	23,739	21,092
Net current (liabilities)/assets	(153)	8,676	14,604	20,029	32,768
Total assets less current liabilities	45,337	53,950	63,192	70,431	81,931

Our net current assets increased by US$5.4 million, or 37.0%, from approximately US$14.6 million as of December 31, 2014 to approximately US$20.0 million as of June 30, 2015. The increase was primarily due to: (i) a decrease in an amount due to related parties of US$8.2 million as of June 30, 2015 compared to that as of December 31, 2014; and (ii) an increase in trade and notes receivables of US$1.8 million as of June 30, 2015, compared to that as of December 31, 2014, mainly attributable to our increase in sales, the effects of which were partially offset by (i) a decrease in available-for-sale financial assets of US$2.5 million as of June 30, 2015, compared to that as of December 31, 2014; (ii) an increase in other payables and accruals of US$2.2 million as of June 30, 2015, compared to that as of December 31, 2014, mainly attributable to the fees payables to professional parties in the first half of 2015 in relation to the Global Offering; and (iii) an increase in tax payables of US$1.6 million as of June 30, 2015, compared to that as of December 31, 2014.

Our net current assets increased by US$5.9 million, or 67.8%, from approximately US$8.7 million as of December 31, 2013 to approximately US$14.6 million as of December 31, 2014. The increase was primarily due to: (i) an increase in cash and cash equivalents of US$3.2 million as of December 31, 2014, compared to that as of December 31, 2013, mainly attributable to our increase in sales; (ii) an increase in trade and notes receivables of US$3.1 million as of December 31, 2014, compared to that as of December 31, 2013, mainly attributable to our increase in sales, and (iii) a decrease in tax payables of US$1.8 million as of December 31, 2014, compared to that as of December 31, 2013, mainly attributable to our payment for income tax in 2014, the effects of which were partially offset by (i) a decrease in available-for-sale financial assets of US$1.6 million as of December 31, 2014 compared to that as of December 31, 2013; and (ii) an increase in trade and notes payables of US$1.0 million as of December 31, 2014, compared to that as of December 31, 2013, mainly attributable to our increase in sales.

Our net current assets increased by US$8.9 million, from approximately net current liabilities of US$0.2 million as of December 31, 2012 to net current assets of approximately US$8.7 million as of

December 31, 2013. The increase in our net current assets was primarily due to: (i) an increase in cash and cash equivalents of US$3.8 million as of December 31, 2013, compared to that as of December 31, 2012, mainly attributable to our increase in sales; (ii) an increase in available-for-sale financial assets of US$3.8 million as of December 31, 2013, compared to that as of December 31, 2012; (iii) a decrease in other payables and accruals of US$3.3 million as of December 31, 2013, compared to that as of December 31, 2012, primarily due to our payment for subcontracting and procurement expenses in connection with the development of our production facilities in Jiangning Science Park in Nanjing; and (iv) an increase in trade and notes receivables of US$1.1 million as of December 31, 2013, compared to that as of December 31, 2012, mainly attributable to our increase in sales, the effects of which were partially offset by an increase in due to related parties of US$2.4 million as of December 31, 2013, compared to that as of December 31, 2012, mainly as a result of an increased amount of entrust loan from Nanjing Jinsite.

Inventories

Our inventories include raw materials, work in progress and finished goods. The following table sets forth a breakdown of our inventories as of the dates indicated.

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Raw materials	784	757	896	1,154
Work-in-progress	224	243	409	294
Finished goods	236	404	472	688
TOTAL	**1,244**	**1,404**	**1,777**	**2,136**

Raw materials consist of a variety of materials (primarily reagents and consumables). Work-in-progress mainly comprises our services in progress and semi-finished products. Finished goods represent products ready to be sold by us (primarily life sciences research catalog products).

Our inventory of raw materials is primarily used for the manufacture and sale of our products and rendering of our services. Our inventory of raw materials remained relatively stable at US$0.8 million, US$0.8 million, US$0.9 million and US$1.2 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively.

Our inventory of work-in-progress primarily includes our services in progress and semi-finished products. Our inventory of work-in-progress remained relatively stable at US$0.2 million, US$0.2 million, US$0.4 million and US$0.3 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively.

Our inventory of finished goods primarily includes our finished life sciences research catalog products. Our inventory of finished goods increased from US$0.2 million as of December 31, 2012 to US$0.4 million as of December 31, 2013, further to US$0.5 million as of December 31, 2014 and further to US$0.7 million as of June 30, 2015 as we continuously developed and launched new types of life sciences research catalog products to meet customer demands.

We maintain inventory control with respect to the ordering, storing, retrieving and purchase of raw materials and the storing and retrieving of finished products. Our procurement department manages the raw materials inventory level by monitoring our production activities and incoming sales orders in real time, taking into consideration our production plan, purchase orders received, and research and development needs. Our procurement department develops a procurement and inventory plan and places orders with suppliers for any inventory that is expected to decline below targeted levels. We typically procure raw materials on a monthly basis and maintain one month's worth of inventory. Furthermore, we procure raw materials for our customized services and products on an as-needed basis.

We track inventory levels and ensure adequate levels of raw materials and finished products through our information system. According to our inventory policy, for most of our finished products, we typically maintain an inventory level sufficient to meet expected orders from our customers for one month. We regularly monitor the inventory levels of finished products and raw materials as well as review the historical performance of relevant services and products taking into account our projections and market demographics. We also perform semi-annual stock counts and monitor the life of our products by conducting periodic review to assess our inventory control measures and costs. If any inventory discrepancy is discovered during each inventory check, we require our responsible staff to find specific reasons and take rectifying actions accordingly.

The cost of finished goods and work in progress comprises raw materials, labor cost, other direct costs and related production overhead, based on normal operating capacity. Inventories are stated at cost, which is calculated using the weighted average method, or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs for sale. We review the carrying value of our inventories from time to time. Based on conditions of goods, including aging and expiry, and estimated net realizable value of our inventories, we make provision for impairment of inventories when the inventories become obsolete or damaged and the carrying value declines below the net realizable value.

If we fail to manage our inventories effectively, we may be subject to certain risks. Please see the section headed "Risk Factors — Risks Relating to Our Business — Failure to Manage Our Inventory Turnover May Materially and Adversely Affect Our Business, Results of Operations and Financial Condition" for further discussion.

We actively monitor and review our inventory levels on a regular basis and seek to maintain a reasonable level of inventories throughout our production process. We closely monitor and assess the sales performance of our services and products so that we can adjust our service and product mix and relevant production plans. We will increase the purchases of raw materials when we believe it is prudent to do so based on the raw material prices and our estimated production volumes and sales.

The following table sets forth the average inventory turnover days for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2012	**2013**	**2014**	**2015**
Average inventory turnover days[(1)]	20	22	22	25

Note:

(1) The average inventory turnover days are calculated by dividing the average of the opening and closing balances of inventories for the relevant period by the corresponding cost of sales for the period and then multiplying by 365 days for a year or multiplying by 180 days with respect to average inventory turnover days for a six-month period.

Our average inventory turnover days increased from 20 days for the year ended December 31, 2012 to 22 days for the year ended December 31, 2013, primarily because we expanded our operation scales and increased our inventory of finished goods at the end of 2013 to meet the sales demand before the Chinese holiday season. Our average inventory turnover days remained stable at 22 days for the year ended December 31, 2014. Our average inventory turnover days increased from 22 days for the year ended December 31, 2014 to 25 days for the six months ended June 30, 2015, primarily due to the expansion of our business scale.

As of October 31, 2015, the latest date for liquidity disclosure, approximately US$1.8 million, or 85.0%, of our inventories as of June 30, 2015, were subsequently sold.

Trade and Notes Receivables

The table below sets forth a breakdown of our trade and notes receivable balances as of the dates indicated.

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables	8,461	9,853	12,916	14,703
Notes receivables	—	—	101	171
Less: impairment of trade receivables	(553)	(843)	(860)	(934)
Trade and notes receivables — net	**7,908**	**9,010**	**12,157**	**13,940**

Our trade and notes receivable balances represented the outstanding amounts receivable by us from our customers. Our trade and notes receivables are initially recognized at fair value and subsequently measured at amortized costs less provision for impairment of trade receivables. Our management has maintained a strict control over outstanding balances of trade and other receivables and reviewed overdue amounts regularly.

Our trade and notes receivables as of December 31, 2012, 2013 and 2014 and June 30, 2015 were approximately 26.3%, 23.4%, 27.8% and 31.8% of our total current assets as of the same dates, respectively. Our trade and notes receivables increased by US$1.1 million, or 13.9%, from US$7.9 million as of December 31, 2012 to US$9.0 million as of December 31, 2013; further by US$3.2 million, or 35.6%, to US$12.2 million as of December 31, 2014, and further by US$1.7 million, or 13.9%, to US$13.9 million as of June 30, 2015. The increases in our trade and notes receivables primarily reflected the increased sales of our services and products.

Our policy for impairment on trade receivables is based on an evaluation of collectability and aging analysis of the receivables that requires the use of judgment and estimates of our management. Our management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assesses the collectability of overdue balances. After fully considering the nature of trade receivables and their collectability on a case-by-case basis, we have made provision for the impairment of certain long overdue trade receivables in order to ensure the quality of our assets. Provision would apply to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. We recognize provision for impairment of trade receivables as administrative expenses in the combined income statement of our Group. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we made provision for impairment of trade and notes receivables of approximately US$0.6 million, US$0.8 million, US$0.9 million and US$0.9 million, respectively. We did not hold any collateral or other security over such impaired amount. We believe that we have made sufficient provision for the unsettled trade receivables based on our assessment and impairment provision policy, and no additional provision is necessary for the Track Record Period. Please see the subsection "— Critical Accounting Policies — Impairment of Trade and Other Receivables" in this section for details of our impairment provision policy.

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Neither past due nor impaired	3,248	2,812	7,784	7,799
Less than 3 months past due	3,062	4,413	3,441	4,938
Over 3 months within one year past due	1,598	1,785	831	1,032
	7,908	**9,010**	**12,056**	**13,769**

As of December 31, 2012, 2013 and 2014 and June 30, 2015, trade receivables of US$4.7 million, US$6.2 million, US$4.3 million and US$6.0 million, respectively, were past due but not impaired. Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with our Group. Based on past experience, we are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The following table sets forth the aging analysis of our trade and notes receivable balances as of the dates indicated.

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within three months	6,891	6,561	10,055	11,698
Three months to six months	584	1,394	1,339	1,557
Six months to 12 months	550	1,018	565	514
One year to Two years	193	666	414	332
Two years to Three years	243	6	336	500
Over three years	—	208	207	102
TOTAL	**8,461**	**9,853**	**12,916**	**14,703**

We generally grant a credit period ranging from 30 to 60 days to our customers after delivery of our services and products. Our trading terms with our customers vary depending on a number of factors, including their historical payments, business performance, market positions, possibility of default or delinquent payments, as well as probability of filing for bankruptcy by debtors or being subject to a financial reorganization. We have taken into account the impact on our working capital position when granting the credit limits to our customers. During the Track Record Period, we did not experience any difficulties in working capital requirement and maintained sufficient cash flow to support our operation through product sales and capital contribution by our shareholders.

The following table sets forth our average trade receivable turnover days for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2012	2013	2014	2015
Average trade receivable turnover days[(1)]	44	56	59	61

Note:

(1) The average trade receivable turnover days are calculated by dividing the average of the opening and closing balances of trade receivables (before adjustment of provision for impairment of trade receivables) for the relevant period by the corresponding revenue for the period and then multiplying by 365 days for a year or multiplying by 180 days with respect to average trade receivable turnover days for a six-month period

Our average trade receivable turnover days increased from 44 days for the year ended December 31, 2012 to 56 days for the year ended December 31, 2013, further to 59 days for the year ended December 31, 2014 and further to 61 days for the six months ended June 30, 2015, primarily because we granted a longer credit period to our key customers with a good credit record.

As of October 31, 2015, the latest date for liquidity disclosure, approximately US$9.4 million, or 63.5%, of our trade and notes receivables as of June 30, 2015 were settled.

Prepayments, Deposits and Other Receivables

Our prepayments, deposits and other receivables consisted primarily of: (i) other receivables, which primarily consist of deposits for utility fees and rent deposit; (ii) VAT recoverables, which mainly represent the net difference between output and deductible input PRC VAT, (iii) prepayments, which primarily consist of prepayments for listing expenses and prepayments for purchases of raw materials; (iv) advance to employees; and (v) prepaid expenses. The table below sets forth a breakdown of the balances of our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Other receivables	428	468	591	631
VAT recoverables	230	37	217	124
Prepayments	791	638	444	969
Advance to employees	130	169	157	138
Prepaid expenses	133	208	214	217
Less: Impairment of other receivables	(126)	(285)	(307)	(307)
TOTAL	**1,586**	**1,235**	**1,316**	**1,772**

Our prepayments increased by US$0.6 million, from US$0.4 million as of December 31, 2014 to US$1.0 million as of June 30, 2015 mainly attributable to our prepayments in relation to the Global Offering.

Our other receivables increased by US$0.1 million, or 20.0%, from US$0.5 million as of December 31, 2013 to US$0.6 million as of December 31, 2014, which was primarily attributable to the increase in deposits for utility fees. This in turn was due to the expansion of our operational scales.

Our impairment of other receivables increased by US0.2 million, from US$0.1 million as of December 31, 2012 to US$0.3 million as of December 31, 2013. Such increase primarily relates to the termination of a project related to our life sciences research service segment, in which we prepaid US$0.2 million.

Available-for-sale Financial Assets

Our available-for-sale financial assets which we purchased during the Track Record Period represented RMB denominated wealth management products with floating interests ranging from 1.5% to 6.3% per annum and with maturity dates between 30 days and 252 days. These products did not guarantee the return of principals upon maturity, and none of them was either past due or impaired during the Track Record Period. As of June 30, 2015, our wealth management products were all redeemed. As of the Latest Practicable Date, we do not intend to make any investment in wealth management products.

For the years ended December 31, 2012, 2013 and 2014 and six months ended June 30, 2015, our purchases of wealth management products in our combined statements of cash flows were US$19.4 million, US$24.3 million, US$30.4 million and US$4.1 million, respectively. During the Track Record Period, we purchased and redeemed wealth management products by using the same amount of surplus funds for multiple times within the respective periods, and therefore each of these amounts relating to purchase and collection of available-for-sale financial assets in our combined statements of cash flows represents the cumulative balance of multiple purchases and redemptions we made by using the same amount of surplus funds for each year or period.

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

We have implemented our internal control policies, which provide the following guidelines, requirements and approval process with respect to our management of investments in wealth management products.

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

- *Investment decision-making and management:* Our Board is responsible for determining the size of investment and the limit of bearable risks according to, among other things, assets, liabilities, incomes and capital adequacy. At the same time, our manager of financial department duly authorized by our chief operating officer or the vice president of finance is responsible for the matters concerning investments in wealth management products. Our financial department, as the organization responsible for executing investments in wealth management products, is responsible for determining the particular investment configuration strategy, investment making and type of investment. After carrying out the necessary analysis on an investment in wealth management products, subject to the relevant risks being measurable, controllable and bearable, our wealth management specialist in financial department will submit an application to the manager of the financial department for review and approval. Upon receipt of an approval from the manager of financial department, our cashier will make payments for purchase of the wealth management products.

- *Implementation and monitoring of investment in wealth management products:* During the Track Record Period, we carefully selected qualified professional wealth management organizations with good credit and financial conditions and high profitability to act as our trustee and entered into an agreement with it to specify, among other things, investment amount, investment period, type of investment and rights and obligations of the parties. We exercise strict separation in personnel, information, account, fund and accounting, with the manager of the financial department being responsible for determining the type of investment, the cashier being responsible for making payment, and the financial bookkeeper being

responsible for preparing detailed accounts and checking accounts at the end of each month. Our manager of financial department monitor the performance of wealth management products which we have purchased on a regular basis and report to our chief operating officer and the vice president of finance as soon as he is aware of any event which may affect adversely the expected return and risk profile of such wealth management products.

- *Redemption of investments in wealth management products:* Any redemption of our investments in wealth management products shall be reviewed and approved by our chief operating officer and the vice president of finance. During the Track Record Period, we only invested in fixed-term wealth management products, which cannot be redeemed.

During the Track Record Period, we only invested in wealth management products issued or sold by major reputable financial institutions in the PRC, and we preserved all our investment capital in these products and did not encounter any default by the issuing financial institutions. We had not invested, and are prohibited, under our internal control policies, from directly investing, in any equity instrument, listed financial product or derivative financial instrument, and our investments had not been pledged to secure our borrowings during the Track Record Period.

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, we recorded the investment income on available-for-sale financial assets of US$0.1 million, US$0.1 million, US$0.2 million and US$0.2 million, respectively.

Trade and Notes Payables

The table below sets forth a breakdown of our trade and notes receivable balances as of the dates indicated.

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payables	1,793	1,848	2,869	2,193
Notes payables	102	—	—	—
Trade and notes payables	**1,895**	**1,848**	**2,869**	**2,193**

Our trade and notes payables consist mainly of amounts outstanding for our purchases of raw materials in relation to our manufacture and sale of products and rendering of services. Our trade and notes payables as of December 31, 2012, 2013 and 2014 and June 30, 2015 were approximately 6.3%, 6.2%, 9.8% and 9.2% of our total current liabilities as of the same dates, respectively. Our trade payables as of December 31, 2012 and 2013 remained relatively stable at US$1.8 million. Our trade payables increased by US$1.1 million, or 61.1%, from US$1.8 million as of December 31, 2013 to US$2.9 million as of December 31, 2014. Our trade payables as of December 31, 2014 were relatively high, primarily reflected our expanded operational scale and our increased bargaining power as our purchase volume increased. Our trade payables decreased by US$0.7 million, or 24.1%, from US$2.9 million as of December 31, 2014 to US$2.2 million as of June 30, 2015.

The following table sets forth the aging analysis of our trade payables balances as of the dates indicated.

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one to three months	1,666	1,726	2,813	2,148
Three months to six months	156	79	10	14
Six months to 12 months	17	43	19	3
Over one year	56	—	27	28
TOTAL	**1,895**	**1,848**	**2,869**	**2,193**

Our suppliers generally grant us a credit period of 30 to 90 days. The following table sets forth our average trade payable turnover days for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2012	**2013**	**2014**	**2015**
Average trade payable turnover days[(1)]	27	30	33	32

Note:

(1) The average trade payable turnover days are calculated by dividing the average of the opening and closing balances of trade payables for the relevant period by the corresponding cost of sales for the period and then multiplying by 365 days for a year or multiplying by 180 days with respect to average trade receivable turnover days for a six-month period.

Our average trade payable turnover days remained relatively stable at 27 days, 30 days, 33 days and 32 days, for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively.

As of October 31, 2015, the latest date for liquidity disclosure, approximately US$2.1 million, or 95.8%, of our trade payables as of June 30, 2015 were settled.

Other Payables and Accruals

Our other payables and accruals primarily consist of: (i) other payables; (ii) accrued expenses; (iii) accrued payroll; (iv) advances from customers; (v) taxes payables other than income tax; and (vi) payables for construction of buildings and purchase of machinery. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated.

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Other payables	939	680	973	2,427
Accrued expenses	787	846	1,101	599
Accrued payroll	3,394	4,582	5,657	5,810
Advances from customers	2,792	3,715	5,197	6,379
Taxes payable other than corporate income tax	233	728	801	754
Payables for construction of buildings and purchases of machinery	10,631	4,886	1,403	1,316
TOTAL	**18,776**	**15,437**	**15,132**	**17,285**

Other Payables

Our other payables consist primarily of rent payables, office related expenses and fee payables to professionals in respect of services they have provided. Our other payables decreased by US$0.2 million, or 22.2%, from US$0.9 million as of December 31, 2012 to US$0.7 million as of December 31, 2013, primarily due to our payment of office related expenses. Our other payables increased by US$0.3 million, or 42.9%, from US$0.7 million as of December 31, 2013 to US$1.0 million as of December 31, 2014, primarily due to our expansion of operational scale. Our other payables increased by US$1.4 million, or 140.0%, from US$1.0 million as of December 31, 2014 to US$2.4 million as of June 30, 2015, primarily due to the fee payables to professional parties in the first half of 2015 in relation to the Global Offering.

Accrued Payroll

Our accrued payroll consists primarily of employee salary and other benefit payables. Our accrued payroll increased by US$1.2 million, or 35.3%, from US$3.4 million as of December 31, 2012 to US$4.6 million as of December 31, 2013, further by US$1.1 million, or 23.9%, to US$5.7 million as of December 31, 2014, and remained relatively stable at US$5.8 million as of June 30, 2015, primarily because the average salary of our employees increased.

Advances from Customers

Our advances from customers increased by US$0.9 million, or 32.1%, from US$2.8 million as of December 31, 2012 to US$3.7 million as of December 31, 2013, further by US$1.5 million, or 40.5%, to US$5.2 million as of December 31, 2014, and further by US$1.2 million, or 23.1%, to US$6.4 million as of June 30, 2015, primarily because of an increase in upfront payment which is in line with our sales growth. Please see the sections headed "Business — Customers — Payment Terms" and "Industry Overview — The Global Life Sciences Research Service and Product Market" in this prospectus for further details.

Due from/to Related Parties

The following table sets forth the net balance of due from/to related parties as of the dates indicated:

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
NET BALANCE				
The Controlling Shareholder	(2,543)	(2,498)	(2,536)	(2,536)
Other related parties	(4,843)	(7,275)	(8,173)	—
TOTAL	**(7,386)**	**(9,773)**	**(10,709)**	**(2,536)**

The net balances of transactions with the Controlling Shareholder during the Track Record Period included primarily the amounts due to the Controlling Shareholder of US$2.6 million, US$2.5 million, US$2.6 million, and US$2.6 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, which represented primarily the borrowings from the Controlling Shareholder to us.

The net balances of transactions with other related parties during the Track Record Period included primarily the amounts due to Nanjing Jinsite of US$4.9 million, US$7.4 million and US$8.2 million as of December 31, 2012, 2013 and 2014. The amounts due to Nanjing Jinsite referred to the advances from Nanjing Jinsite which was made to us after taking into account the fact that the shareholder of Nanjing Jinsite had not yet settled the consideration payable to GS Cayman for its acquisition of Nanjing Jinsite from GS Cayman (and for this reason and during such period Nanjing Jinsite was considered under significant influence by our Controlling Shareholder). The amounts were subsequently repaid to Nanjing Jinsite in light of repayment of consideration from the shareholder of Nanjing Jinsite to GS Cayman, and by then the significant influence on Nanjing Jinsite by our Controlling Shareholder ceased. Details of the aforementioned acquisition are set out in the section headed "History and Reorganization — 2009 Reorganization".

We obtained funding from Nanjing Jinsite through entrusted loans from local banks in the amount of US$4.9 million and US$7.4 million as of December 31, 2012 and 2013, respectively, and funding directly from Nanjing Jinsite in the amount of US$8.2 million as of December 31, 2014. With respect to the funding directly from Nanjing Jinsite, the relevant loan agreement may be deemed invalid under the General Rules for Loans (《貸款通則》) ("**General Rules for Loans**") which was promulgated by the People's Bank of China and became effective on August 1, 1996. Nonetheless, should the funding agreement be deemed invalid and non-compliant with the General Rules for Loans leading to penalty being imposed, such penalty would have been imposed on the party providing the funding rather than the party accepting the funding as advised by the Company's PRC legal adviser. Furthermore, we have repaid the funding we received from Nanjing Jinsite in first half of 2015. In light of the above, the Directors are of the view that the risk in connection with the aforementioned funding in question is remote for us.

All amounts due from and amounts due to related parties were fully settled prior to the Listing.

Our Directors confirm that the foregoing related party transactions were conducted in the ordinary and usual course of business and on normal commercial terms. Our Directors further confirm that relevant

terms of such transactions were no less favorable to us than terms available to Independent Third Parties and were fair and reasonable and in the interests of our Shareholders as a whole. For a discussion of related party transactions, see Note 32 to the Accountants' Report in Appendix I. Our Directors further confirm that all the related party transactions did not distort our results of operations during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

We have historically met our working capital and other capital requirements principally with a combination of capital contributions by shareholders and cash generated from our operations. As of the Latest Practicable Date, we had not applied for any banking facilities. In the future, we expect to continue to mainly rely on our cash flow from operations to fund our working capital needs and will use the proceeds from the Global Offering to finance part of our business expansion.

General economic conditions may affect our ability to settle payment obligations with our customers. In the event of any cancelation of purchase orders and/or default on payment obligations by our customers, our cash flow, business operations and profitability would be adversely affected.

The following table sets forth selected cash flow data from our combined statements of cash flows for the periods indicated. For more information, please see the section headed "Accountants' Report" in Appendix I to this prospectus.

	Year ended December 31,			Six months ended June 30,	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Cash and cash equivalents at beginning of year/period	16,778	18,660	22,457	22,457	25,637
Net cash flows from operating activities	9,190	12,024	12,206	5,822	9,274
Net cash flows used in investing activities	(7,317)	(10,914)	(9,114)	(3,156)	(1,121)
Net cash flows from financing activities	(99)	1,988	395	(215)	(8,178)
Net foreign exchange difference	108	699	(307)	(445)	72
Cash and cash equivalents at end of the year/period	18,660	22,457	25,637	24,463	25,684

Operating Activities

Our cash inflow from our operating activities is generated from rendering of our services and sales of our products, and advance payments from customers for their purchases of our services and products. Our cash used in our operating activities primarily includes payment for labor costs, purchases of raw materials and other expenses.

For the six months ended June 30, 2015, our net cash inflow from operating activities was US$9.3 million, while our net cash inflow from operating activities after adjustment for non-cash items but before changes in working capital was US$11.7 million. The difference of US$2.4 million was primarily attributable to: (i) an increase in trade and notes receivables of US$1.9 million mainly attributable to increased sales of our services and products to meet growing demands from customers; (ii) a decrease in trade and notes payables of US$0.7 million, mainly attributable to our payment for purchases of raw materials at the end of June 2015; and (iii) income tax expenses paid in an amount of US$1.1 million, the effects of which were partially offset by an increase other payables and accruals of US$2.2 million mainly attributable to an increase in payables to professional parties in the first half of 2015 in relation to the Global Offering.

For the year ended December 31, 2014, our net cash inflow from operating activities was US$12.2 million, while our net cash inflow from operating activities after adjustment for non-cash items but before changes in working capital was US$16.3 million. The difference of US$4.1 million was primarily attributable to: (i) an increase in trade and notes receivables of US$3.2 million mainly attributable to increased sales of our services and products to meet growing demands from customers; (ii) an increase in inventories of US$0.4 million as we increased our inventory of life sciences research catalog products in relation to our expanded operational scale and continuous development of new types of life sciences research catalog products to meet customer demands; (iii) a decrease in government grants of US$0.8 million; and (iv) income tax expenses paid in an amount of US$4.0 million, the effects of which were partially offset by: (i) an increase in other payables and accruals of US$3.2 million mainly attributable to the increases in our accrued payroll and advances from customers; and (ii) an increase in trade and notes payables of US$1.0 million mainly attributable to an increase in the purchase of raw materials in 2014.

For the year ended December 31, 2013, our net cash inflow from operating activities was US$12.0 million, while our net cash inflow from operating activities after adjustment for non-cash items but before changes in working capital was US$13.2 million. The difference of US$1.2 million was primarily attributable to (i) an increase in trade and notes receivables of US$1.4 million mainly attributable to increased sales of our services and products to meet growing demands from customers; (ii) a decrease in government grants of US$0.8 million; (iii) an increase in inventories of US$0.2 million as we expanded our business scales to meet customer demands; and (iv) income tax expenses paid in an amount of US$1.4 million, the effects of which were partially offset by an increase in other payables and accruals of US$2.4 million due to the increases in our accrued payroll and advances from customers.

For the year ended December 31, 2012, our net cash inflow from operating activities was US$9.2 million, while our net cash inflow from operating activities after adjustment for non-cash items but before changes in working capital was US$16.1 million. The difference of US$6.9 million was primarily attributable to: (i) an increase in trade and notes receivables of US$4.2 million mainly attributable to increased sales of our services and products to meet growing demands from customers; (ii) an increase in trade and notes payables of US$1.1 million due to our expansion of operational scale; (iii) a decrease in amounts due to the ultimate holding company of US$1.2 million; (iv) a decrease in government grants of

US$0.8 million; and (v) income tax expenses paid in an amount of US$2.1 million, the effects of which were partially offset by an increase in other payables and accruals of US$4.2 million due to the increases in our accrued payroll, advances from customers and accrued expenses.

Investing Activities

Our cash inflow from investing activities consists primarily of collection of available-for-sale investments and receipt of government grants. Our net cash used in investing activities consists primarily of purchases of available-for-sale investment, purchases of property, plant and equipment and payment of land premiums.

For the six months ended June 30, 2015, our net cash used in investing activities was US$1.1 million, which was primarily attributable to: (i) purchases of available-for-sale financial assets in the amount of US$4.1 million as we purchased wealth management products; (ii) the purchase of property, plant and equipment in the amount of US$3.7 million as we purchased equipment and machinery for our expanded operational scale, the effects of which were partially offset by proceeds from disposal of available-for-sale financial assets in the amount of US$6.8 million.

For the year ended December 31, 2014, our net cash used in investing activities was US$9.1 million, which was primarily attributable to: (i) purchases of available-for-sale financial assets in the amount of US$30.4 million as we purchased wealth management products; (ii) purchase of property, plant and equipment in the amount of US$7.4 million as we purchased equipment and machinery for our expanded operational scale; and (iii) payment of land premiums of US$4.0 million in relation to our acquisition of the land use right of a parcel of land in Jiangning Science Park in Nanjing to expand our production facilities, the effects of which were partially offset by proceeds from disposal of available-for-sale financial assets in the amount of US$32.4 million.

For the year ended December 31, 2013, our net cash used in investing activities was US$10.9 million, which was primarily attributable to: (i) purchases of available-for-sale financial assets in the amount of US$24.3 million as we purchased wealth management products; and (ii) purchase of property, plant and equipment in the amount of US$8.4 million as we purchased equipment and machinery for our expanded operational scale, the effects of which were partially offset by (i) proceeds from disposal of available-for-sale financial assets in the amount of US$20.9 million; and (ii) receipt of government grants of US$1.1 million, which was related to the subsidies received from the government for the purpose of compensation for expenditure arising from improvement of our facilities in Jiangning Science Park in Nanjing.

For the year ended December 31, 2012, our net cash used in investing activities was US$7.3 million, which was primarily attributable to: (i) purchases of available-for-sale financial assets in the amount of US$19.4 million as we purchased wealth management products; and (ii) purchase of property, plant and equipment in the amount of US$9.5 million as we purchased equipment and machinery for our expanded operational scale, the effects of which were partially offset by proceeds from disposal of available-for-sale financial assets in the amount of US$21.6 million.

Financing Activities

Our cash inflow from financing activities is mainly generated from proceeds from entrust loans. Our cash used in financing activities consists primarily of repayment of entrust loans and payment of interests.

For the six months ended June 30, 2015, our net cash used in financing activities was US$8.2 million, which was primarily attributable to repayment of funding from Nanjing Jinsite.

For the year ended December 31, 2014, our net cash inflow from financing activities was US$0.4 million, primarily attributable to net addition of amount due to Nanjing Jinsite of US$0.8 million, the effects of which were partially offset by interest paid of US$0.4 million.

For the year ended December 31, 2013, our net cash inflow from financing activities was US$2.0 million, primarily attributable to proceeds from an entrust loan in the amount of US$7.6 million from Nanjing Jinsite for our working capital needs, the effects of which were partially offset by (i) repayment of an entrust loan from Nanjing Jinsite in the amount of US$5.3 million, and (ii) interest paid of US$0.3 million in that year.

For the year ended December 31, 2012, our net cash used in financing activities was US$0.1 million, primarily attributable to payment of interest for an entrust loan from Nanjing Jinsite in the amount of US$0.2 million, the effects of which were partially offset by net addition of amount due to Nanjing Jinsite of US$0.1 million.

Capital Expenditures

During the Track Record Period, our capital expenditures were primarily related to: (i) purchases of property, plant and equipment in relation to construction of buildings and purchases of equipment and machinery at our production facilities in the PRC and the United States; (ii) prepaid land lease payment for the land parcel where our operations are located in the PRC; and (iii) purchases of software and upgrading of our system. The following table sets forth a breakdown of our capital expenditure for the periods indicated:

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Property, plant and equipment	29,982	3,054	4,216	3,250
Prepaid land lease payment	2,884	—	4,012	—
Other intangible assets	49	96	162	91
TOTAL	**32,915**	**3,150**	**8,390**	**3,341**

Between June 30, 2015 and the Latest Practicable Date, we did not make any material capital expenditures. We estimate that our total capital expenditures for the year ending December 31, 2015 and thereafter will increase as our business operations continue to expand. Our projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please see the section headed "Future Plans and Use of Proceeds" in this prospectus for further details.

We anticipate that these capital expenditures will be financed primarily by cash flow generated from our operating activities and proceeds from the Global Offering. If necessary, we may raise additional funds at commercially acceptable terms. Our estimated annual capital expenditures for the years ending December 31, 2015 and 2016 are US$6.8 million and US$10.1 million, respectively.

Commitments

Capital Commitments

The following table sets forth the outstanding balances of capital commitments as of the end of the relevant reporting periods:

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Contracted, but not provided for:				
Plant and machinery	76	237	40	265

Operating Lease Commitments

We lease a number of offices and production properties under operating lease arrangements, with lease terms negotiated primarily ranging from one to seven years. The majority of these lease agreements are renewable at the end of the lease period at market rate.

The following table sets forth our future aggregate minimum lease payment under non-cancellable operating leases as of the end of the relevant reporting periods:

	As of December 31,			As of June 30,
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	655	619	874	780
In the second to fifth years, inclusive	2,012	1,681	1,910	1,711
After five years	203	—	—	—
	2,870	**2,300**	**2,784**	**2,491**

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as of the dates indicated.

	As of December 31,			As of	
	2012	2013	2014	June 30, 2015	October 31, 2015
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(unaudited)*
Current					
Entrust bank loans — unsecured	4,943	7,390	—	—	—
TOTAL	**4,943**	**7,390**	**—**	**—**	**—**

As of December 31, 2013, the outstanding balance of our unsecured entrust bank loans was US$7.4 million with the effective interest rate per annum of 5.8%. Our outstanding interest bearing borrowings as of December 31, 2014, June 30, 2015 and October 31, 2015, the latest date for liquidity disclosure, were nil. Our Directors confirm that there is no material change in our indebtedness position since October 31, 2015, up to the date of this prospectus.

Our Directors confirm that we had no material defaults in payment of trade and non-trade payables and interest-bearing borrowings or any withdrawal or request for early repayment of loans or borrowings, nor did we breach any financial covenants during the Track Record Period.

We intend to continue to finance portions of our capital expenditure primarily with cash generated from our operating activities and proceeds from the Global Offering. We currently do not have plans for other material external debt financing.

We did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, loan from government, debt securities or other similar indebtedness, finance lease on hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees on other material contingent liabilities outstanding as of October 31, 2015, the latest date for liquidity disclosure.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging or research and development services with us.

WORKING CAPITAL

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had cash and cash equivalents of US$18.7 million, US$22.5 million, US$25.6 million and US$25.7 million, respectively. Taking into

account the estimated net proceeds from the Global Offering and cash flow generated from our operations, our Directors are of the view, and the Sole Sponsor concurs after due consideration and discussion with our senior management that, we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus. We incurred net current liabilities of US$0.2 million for the year ended December 31, 2012 primarily because of the payables for subcontracting and procurement expenses in connection with the development of our production facilities in Jiangning Science Park in Nanjing.

KEY FINANCIAL RATIOS

The following table sets forth certain key financial ratios as of the dates or for the periods indicated.

	As of December 31,			As of June 30,
	2012	2013	2014	2015
Current ratio[(1)]	1.0	1.3	1.5	1.8
Gearing ratio (%)[(2)]	17.0	18.9	17.4	3.7

	For the year ended December 31,			For the six months ended June 30,
	2012	2013	2014	2015
Gross profit margin (%)[(3)]	66.9	63.7	63.0	65.4
Net profit margin (%)[(4)]	17.3	10.0	8.8	14.0
Effective tax rate (%)[(5)]	17.3	20.3	21.2	27.2
Return on equity (%)[(6)]	23.5	12.4	10.8	17.6
Return on total assets (%)[(7)]	14.4	7.5	7.0	12.4
EBITDA margin (%)[(8)]	28.2	20.6	18.6	25.2
Interest coverage[(9)]	66.3	23.3	20.1	N/A

Notes:

(1) Current ratio as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively, was calculated based on our total current assets as of the respective dates divided by our total current liabilities as of the same dates.

(2) Gearing ratio as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively, was calculated based on our total debts as of the respective dates divided by total equity as of the same dates.

(3) Gross profit margin for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively, was calculated based on our gross profit for the respective periods divided by our revenue for the same periods.

(4) Net profit margin for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively, was calculated based on our profit for the respective periods divided by our revenue for the same periods.

(5) Effective tax rate for the years ended December 31, 2012, 2013 2014 and the six months ended June 30, 2015, respectively, was calculated based on our income tax expenses for the respective periods divided by our profit before taxation for the same periods.

(6) Return on equity for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively, was calculated based on our profit for the respective periods divided by the average total equity for the same periods (sum of the opening and closing balances of our total equity for the respective periods and then divided by two) and multiplied by 100%. Our return on equity ratio for the six months ended June 30, 2015 is annualized by multiplying the ratio of 8.8% by two, for comparison with that for the years ended December 31, 2012, 2013 and 2014, respectively.

(7) Return on total assets for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively, was calculated based on our profit for the respective periods divided by the average total assets for the same periods (sum of the opening and closing balances of our total assets for the respective periods and then divided by two) and multiplied by 100%. Our return on total assets ratio for the six months ended June 30, 2015 is annualized by multiplying the ratio of 6.2% by two, for comparison with that for the years ended December 31, 2012, 2013 and 2014, respectively.

(8) EBITDA is the result of our profit before income tax adding back interest expenses, depreciation and amortization. EBITDA margin for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively, was calculated based on EBITDA divided by our revenue for the respective periods.

(9) Interest coverage for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, respectively, was calculated based on our profit before interest and tax divided by interest expenses arising from interest-bearing borrowings for the respective periods.

The following is a brief analysis of the salient aspects of the above financial ratios:

- *Current ratio.* Our current ratio increased from 1.0 as of December 31, 2012 to 1.3 as of December 31, 2013, further to 1.5 as of December 31, 2014, and further to 1.8 as of June 30, 2015, primarily because our cash and cash equivalent increased and our total borrowings decreased.

- *Gearing ratio.* Our gearing ratio as of December 31, 2012, 2013 and 2014 and June 30, 2015 was 17.0%, 18.9%, 17.4% and 3.7%, respectively. The fluctuations of our gearing ratio during the Track Record Period were in line with our outstanding balance of borrowings from our Controlling Shareholder and other related parties, all of which had been repaid in August 2015.

- *Gross profit margin.* Please see the subsection headed "— Description of Certain Combined Income Statement Items" in this section for further discussion.

- *Net profit margin.* Our net profit margin decreased from 17.3% for the year ended December 31, 2012 to 10.0% for the year ended December 31, 2013, primarily attributable to a decrease in our overall gross profit margin from 2012 to 2013. Our net profit margin for the year ended December 31, 2014 further decreased to 8.8%, primarily attributable to an increase in our administrative expenses in 2014 as a result of an increase in our equity-settled share option expenses. Our net profit margin increased from 12.1% for the six months ended June 30, 2014 to 14.0% for the six months ended June 30, 2015, primarily attributable to an increase in our overall gross profit margin.

- *Effective tax rate.* Please see the subsection headed "— Description of Certain Combined Income Statement Items" in this section for further discussion.

- *Return on equity.* Our return on equity ratio decreased from 23.5% for the year ended December 31, 2012 to 12.4% for the year ended December 31, 2013 and further to 10.8% for the year ended December 31, 2014, primarily due to the increases in reserves. Our return on equity ratio increased from 10.8% for the year ended December 31, 2014 to 17.6% for the six months ended June 30, 2015, primarily due to an increase in our net profit.

- *Return on total assets.* Our return on total assets ratio decreased from 14.4% for the year ended December 31, 2012 to 7.5% for the year ended December 31, 2013, primarily due to a decrease in our net profit. Our return on total assets further decreased to 7.0% for the year ended December 31, 2014, primarily due to an increase in our total assets. Our return on total assets increased from 7.0% for the year ended December 31, 2014 to 12.4% for the six months ended June 30, 2015, primarily due to an increase in our net profit.

- *EBITDA margin.* Our EBITDA margin decreased from 28.2% for the year ended December 31, 2012 to 20.6% for the year ended December 31, 2013, primarily attributable to a decrease in our overall gross profit margin from 2012 to 2013. Our EBITDA margin further decreased to 18.6% for the year ended December 31, 2014, primarily attributable to an increase in our administrative expenses in 2014 as a result of increase in our equity-settled share option expenses. Our EBITDA margin increased from 18.6% for the year ended December 31, 2014 to 25.2% for the six months ended June 30, 2015, primarily due to an increase in our profit before tax.

- *Interest coverage.* Our interest coverage ratio decreased from 66.3 for the year ended December 31, 2012 to 23.3 for the year ended December 31, 2013, and further to 20.1 for the year ended December 31, 2014, primarily due to our increased interest expenses on entrust loans. We had nil interest-bearing borrowings as of June 30, 2015.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

We are exposed to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

Foreign Exchange Risk

We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to RMB, Euros, Japanese Yen, Hong Kong dollars, and British pounds. Foreign exchange risk arises from trade receivables, cash and cash equivalents, trade payables and borrowings in currencies other than U.S. dollars. We did not hedge against any fluctuation in foreign currency during the Track Record Period. Management may consider entering into currency hedging transactions to manage our exposure to fluctuations in exchange rates in the future. We have conducted a sensitivity analysis to determine our exposure to changes in foreign currency exchange rates. As of December 31, 2012, 2013 and 2014 and June 30, 2015, if U.S. dollars had weakened/strengthened by 5% against RMB with all other variables remain constant, our profit before tax (due to changes in the fair value of monetary assets and liabilities) for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30,

2015 would have decreased/increased by US$0.2 million, US$0.1 million, US$0.4 million and US$0.6 million, respectively. Please see the subsection headed "— Recent Development and No Material Adverse Change" for further details.

Credit Risk

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had no significant concentration risk. The carrying amounts of cash and cash equivalents, and trade and notes receivables included in the Accountants' Report in Appendix I to this prospectus represent our maximum exposure to credit risk in relation to our financial assets. The objective of our measures to manage credit risk is to control potential exposure to recoverability problems.

Certain of our sales are settled in cash by our customers on delivery of goods and services. Credit sales are made only to selected customers with good credit history. We have policies in place to ensure that trade receivables are followed up on a timely basis.

In respect of trade and notes receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments, and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. We grant credit limits or credit terms to certain customers in consideration of their payment history, business performance and market position. We have monitoring procedures in place to evaluate the performance of our customers, which include maintaining customer credit profiles and periodically assessing customer creditworthiness ranging from monthly to annually primarily based on their payment history and overall creditworthiness. In the event of credit deteriorations, we may request our customer to provide guarantees and/or collateral to secure their payment obligations and may reduce or cancel shipments that have already been ordered. During the Track Record Period, no incident of material credit deterioration occurred and we did not request any guarantee or collateral from our customers. In addition, we review the recoverable amount of each individual trade and bills receivable balance at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

As of December 31, 2012, 2013 and 2014 and June 30, 2015, all cash and cash equivalents were placed in highly reputable and sizable banks and financial institutions without significant credit risk.

Liquidity Risk

We monitor our risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both our financial investments and financial assets (e.g., trade receivables, other financial assets) and projected cash flows from operations. We maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans and borrowings. Our management believes there is no significant liquidity risk, as we have sufficient monetary capital to fund our operations.

Capital Risk Management

With respect to capital management, our primary objectives are to safeguard our ability to continue as a going concern and to maintain a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. We manage our capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Consistent with others in life sciences research and application service and product industry, we monitor capital on the basis of the gearing ratio. This ratio is calculated as total debt divided by total equity. Total debt includes amounts due to the ultimate holding company and related parties. Total equity represents equity attributable to the owners of the parent plus non-controlling interests.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the combined net tangible assets of our Group attributable to the equity owners of our Company as of June 30, 2015 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of their hypothetical nature, they may not give a true picture of the combined net tangible assets of our Group had the Global Offering been completed as of June 30, 2015 or of any future dates. The unaudited pro forma adjusted net tangible assets are prepared based on the audited combined net tangible assets of our Group attributable to the equity owners of our Company as of June 30, 2015 as set out in the Accountants' Report of our Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of our Group attributable to the equity owners of our Company as of June 30, 2015[(1)]	**Estimated net proceeds from the Global Offering[(2)]**	**Unaudited pro forma adjusted net tangible to the equity owners of our Company**	**Unaudited pro forma adjusted net tangible assets per Share[(3)]**	
	US$'000	*US$'000*	*US$'000*	*US$*	*HK$*
Based on an Offer Price of HK$1.31 per Share	68,637	61,328	129,965	0.08	0.63
Based on an Offer Price of HK$1.68 per Share	68,637	79,847	148,484	0.09	0.72

Notes:

(1) The audited combined net tangible assets of our Group attributable to the equity owners of our Company as of June 30, 2015 are extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of our Group attributable to the equity owners of our Company as of June 30, 2015 of US$68,995,000 with an adjustment for the intangible assets as of June 30, 2015 of US$358,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$1.31 and HK$1.68 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by our Company and takes no account of (i) any Shares which may fail to be issued upon the exercise of the Over-allotment Option or (ii) any Shares which may be issued upon the exercise of any option which has been or may be granted under the Share Option Schemes or (iii) any Shares which may be granted and issued or repurchased by our Company pursuant to the General Mandate to Issue Shares and General Mandate to Purchase Shares.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,600,000,000 Shares were in issue assuming that the Global Offering has been completed on June 30, 2015 but takes no account of any Shares which may fail to be issued upon the exercise of the Over-allotment Option or of any Shares which may be issued upon the exercise of any option which have been or may be granted under the Share Option Schemes or any Shares which may be granted and issued or repurchased by our Company pursuant to the General Mandate to Issue Shares and the General Mandate to Purchase Shares.

(4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to June 30, 2015.

(5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in U.S. dollars are converted into Hong Kong dollars at the rate of US$1.000 to HK$7.7522.

DIVIDEND POLICY

During the Track Record Period, we have not declared and/or paid any dividends to our Shareholders. Currently, we do not have any dividend policy or specific dividend plan. Subject to the Companies Law and our Memorandum and Articles, through a general meeting, we will declare dividends from the profit of the forthcoming periods, but no dividends shall exceed the amount recommended by our Directors. Our Directors will consider, from time to time, to pay to our shareholders such interim dividends to our Directors deem to be justified by our financial conditions and profits. The amount of any dividends to be declared or paid in the future will depend on, among other things, our results of operations, cash flows, financial condition, operating and capital requirements, future prospects and other factors that our Directors may deem relevant.

DISTRIBUTABLE RESERVES

Our Company's distributable reserves consist of retained earnings, if any. As of June 30, 2015, we had distributable reserves of US$39.4 million, which are available for distribution to our equity shareholders.

DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

We confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

PROPERTY INTERESTS AND VALUATION

Our property interests, including the interests in properties that are attributable to us, as valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited as of October 31, 2015, were approximately RMB209,441,000 (equivalent to approximately USD32.8 million). For further details of our property interests and the text of the letter and valuation certificates of these property interests prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, see "Appendix III — Property Valuation" to this prospectus.

Disclosure of the reconciliation of the valuation of the interests in properties attributable to us as of October 31, 2015 and such property interests in our consolidated statement of financial position as of June 30, 2015 as required under Rule 5.07 of the Hong Kong Listing Rules is set for the below.

	USD in millions
Net book value of the following properties as of June 30, 2015	
– Buildings included in property, plant and equipment	26.5
– Prepaid lease payment	4.4
Add: Addition	0.5
Less: Depreciation and amortization	(0.2)
Less: Exchange realignment	(1.6)
Net book value as of October 31, 2015	29.6
Net valuation surplus	3.2
Market value of properties as of October 31, 2015 as set out in the property valuation report in "Appendix III — Property Valuation" to this prospectus	32.8

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our business model, revenue structure and cost structure have remained unchanged since June 30, 2015. Our business achieves a strong growth rate and the contribution by each business segment is in line with the historical record.

We believe that demand for our life sciences research and application services and products will continue to increase. Such improvements are primarily contributed by the considerable growth in developing countries such as China. Recovering research and development funding and declining cost of major raw materials and technology further facilitate the development of such industries, resulting in the wide applications of some breakthrough technologies to various bio-related industries. There has also been increasing demand for innovative therapeutic options in recent years, owing to the rise in cases of disease incidence across predominant therapeutic categories. Such demand, coupled with constraints faced by drug manufacturers and drug development service providers' access to advanced research tools and technologies, contributes to the increasing popularity of drug development services. Due to their environmental friendliness and the ability to achieve higher productivity with lower manufacturing cost, industrial enzymes are becoming more and more popular in a variety of industries such as the food industries and textile industries.

For the ten months ended October 31, 2015, we had incurred expenses in connection with the Global Offering (the "Listing Expenses") in the amount of US$2.8 million and expenses of equity-settled share option expenses in the amount of US$2.7 million in relation to the Pre-IPO Share Option Scheme. We expect to incur expenses of share-based payment to approximately US$3.3 million in relation to the Pre-IPO Share Option Schemes for the year ending December 31, 2015.

The depreciation of the Renminbi against the U.S. dollar in August 2015 may have a positive effect on our financial results as our cost of sales is mainly denominated in Renminbi. At the same time, as far as we are aware, there was no material change in the general economic, market and regulatory conditions in our industry that had materially and adversely affected our business operations or financial conditions since June 30, 2015 and up to the Latest Practicable Date. Our Directors confirm that, save as the Listing Expenses and equity-settled share option expenses, up to the date of this prospectus, there has been no other material adverse change in our financial or trading position or prospects since June 30, 2015, being the date to which our latest audited financial statements were prepared.

In connection with the US Lawsuit as disclosed in "Business — Legal Proceedings and Compliance", we and the relevant defendants entered into a settlement agreement on November 11, 2015. Under the settlement agreement, instead of the full amount of damages awarded to us by the court, we agreed to accept a sum that we considered and negotiated primarily based on the amount of damages payable by the relevant defendants under the court order and that will represent a substantial gain of the Group for the year ending December 31, 2015. We expect that there will be a significant increase in our net profit for the year ending December 31, 2015, mainly due to the increase in other gain. In connection with the Suzhou Lawsuit as disclosed in "Business — Legal proceedings and Compliance", we and the plaintiff agreed to settle the dispute under the same settlement agreement as abovementioned with respect to the US Lawsuit.

LISTING EXPENSES

The listing of our Shares generates listing expenses including professional fees, underwriting commissions and other expenses. The estimated listing expenses (including underwriting commissions) are approximately US$6.6 million, among which, approximately US$2.7 million is directly attributable to the listing of our Shares generates and will be capitalized, and approximately US$3.9 million has been or is expected to be reflected in our income statement. For the six months ended June 30, 2015, we have incurred listing expenses of approximately US$1.7 million, which have already been reflected in our income statement, and approximately US$2.2 million is expected to incur after June 30, 2015.

FUTURE PLANS

Please see the section headed "Business — Our Strategies" of this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to our Company from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering payable by us, and assuming that the Over-allotment Option is not exercised and an Offer Price of HK$1.50 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus) will be approximately HK$549.2 million. We currently intend to apply such net proceeds for the following purposes:

a. approximately 30%, or HK$164.7 million, will be used for expanding our current life sciences research and application service and product portfolio. We intend to apply the net proceeds to this purpose in 2016 and 2017. The intended allocation of this portion of the net proceeds is primarily as follows:

Intended Applications		Percentage of Proceeds
i.	Research and development in life sciences research services	6%
ii.	Research and development in life sciences research catalog products	4.5%
iii.	Research and development in preclinical drug development services	4.5%
iv.	Research and development in industrial synthetic biology products	15%

We intend to apply approximately HK$14.0 million, HK$11.5 million, HK$11.5 million, and HK$31.3 million in 2016, and approximately HK$20.0 million, HK$13.2 million, HK$13.2 million, and HK$50.0 million in 2017, for the research and development of our life sciences research services, life sciences research catalog products, preclinical drug development services, and industrial synthetic biology products, respectively.

b. approximately 30%, or HK$164.7 million, will be used for expanding production capacity. We intend to apply the net proceeds to this purpose in 2016 and 2017. The intended allocation of this portion of the net proceeds is primarily as follows:

Intended Applications		Percentage of Proceeds
i.	Invest in existing production facilities and build more laboratories and production facilities to expand the production capacity of our business segments:	
	– life sciences research services	7%
	– life sciences research catalog products	0.9%
	– preclinical drug development services	1.1%

Intended Applications	Percentage of Proceeds
ii. Expand the fermentation capacity in order to expand production capacity of industrial synthetic biology products	21%

We intend to apply approximately HK$19.3 million, HK$2.6 million, HK$2.6 million, and HK$45.0 million in 2016, and approximately HK$19.3 million, HK$2.6 million, HK$3.0 million, and HK$70.3 million in 2017, for expanding the production capacity of our life sciences research services, life sciences research catalog products, preclinical drug development services, and industrial synthetic biology products, respectively, which we believe will become one of the growth factors of our revenue in future.

c. approximately 3%, or HK$16.5 million, will be used for enhancing our information technology capability. We intend to apply the net proceeds to this purpose in 2015 and 2016.

d. approximately 12%, or HK$65.9 million, will be used for reinforcing the sales and marketing team. We intend to apply the net proceeds to this purpose from 2016 to 2018. The intended allocation of this portion of the net proceeds is as follows:

Intended Applications	Percentage of Proceeds
i. Strengthen sales and marketing team and expand sales coverage in the PRC market	4.5%
ii. Strengthen sales and marketing team and expand sales coverage in overseas market	7.5%

e. approximately 15%, or HK$82.5 million, will be used for potential acquisition of interests in or business of companies to complement our existing operations, to align those acquisitions with our expansion strategies, and to increase our revenues and profits. There are significant acquisition opportunities in the life sciences research service and industrial synthetic biology product segments. Among these opportunities, we will focus on products and technologies that would complement our existing service and product portfolio. We will also consider opportunities outside our current portfolio if the growth prospects and profitability are sufficiently attractive.

Our key selection criterion is whether the acquisitions would strengthen our world market leadership in gene synthesis and in the overall field of synthetic biology. We will also select acquisition targets based on each candidate's respective market share, research and development capabilities, and reputation in the markets that we seek to enter or where we have not yet established a strong presence. We plan to leverage the strengths of potential targets to underline our existing market position or establish a presence in a new market.

As of the Latest Practicable Date, we were not in negotiation with any specific acquisition targets and had not identified any such targets.

f. approximately 10%, or HK$54.9 million, will be used to supplement our working capital and for general corporate purposes. We intend to apply the net proceeds to this purpose from 2016 to 2018.

If the Over-allotment Option is exercised in full, the net proceeds of the Global Offering would increase to approximately HK$636.5 million (based on the mid-point Offer Price of HK$1.50 per Share). We intend to apply the additional net proceeds to the above uses in the proportions stated above.

If the Offer Price is determined at the highest point of the stated range, the net proceeds to our Company would be increased by approximately HK$69.8 million. If the Offer Price is determined at the lowest point of the stated range, the net proceeds to our Company would be decreased by approximately HK$73.7 million. The above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the indicative Offer Price range stated in this prospectus.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

In the event that any of our projects do not proceed as planned, including as a result of circumstances such as changes in government policies that would render any of our plans not commercially viable, or force majeure, our Directors will carefully evaluate the situation and may reallocate such funds for other purposes.

To the extent that the net proceeds from the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short term demand deposits with banks in Hong Kong or the PRC and/or through money market instruments.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

As of the Latest Practicable Date, we had not identified any potential acquisition targets or entered into any definitive agreement with any party to acquire any business or entity.

HONG KONG UNDERWRITERS

Joint Global Coordinators

Haitong International Securities Company Limited
J.P. Morgan Securities (Asia Pacific) Limited

Joint Bookrunners

Haitong International Securities Company Limited
J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering)
J.P. Morgan Securities plc (in relation to the International Offering)

Joint Lead Managers

Haitong International Securities Company Limited
J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering)
J.P. Morgan Securities plc (in relation to the International Offering)
KGI Capital Asia Limited

Co-lead Manager

RHB Securities Hong Kong Limited

THE HONG KONG PUBLIC OFFERING

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 40,000,000 Hong Kong Public Offer Shares for subscription under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus and the Application Forms.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, the existing issued Shares, the Shares to be issued pursuant to the Capitalization Issue and the Global Offering; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Global Coordinators (on behalf of the Underwriters) and us agreeing on the Offer Price), the Hong Kong Underwriters have severally but not jointly agreed to subscribe or procure subscribers for their respective applicable proportions (set out in the Hong Kong Underwriting Agreement) of the Hong Kong Public Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering, on the terms and subject to the conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement becoming, and continuing to be, unconditional in accordance with its terms (other than any condition for the Hong Kong Underwriting Agreement to become unconditional) and not having been terminated in accordance with its terms or otherwise.

Grounds for termination of the Hong Kong Underwriting Agreement

The Joint Global Coordinators, at their sole and absolute discretion, may, for themselves and on behalf of the Hong Kong Underwriters, upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

(A) there has come to the notice of the Joint Global Coordinators:

(i) that any statement contained in any of this prospectus and the Application Forms, and the international offering documents (together, the "Offer Documents") and any amendments in the agreed form issued by our Company in connection with the Global Offering was or has become untrue, incorrect or misleading in any respect, or any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom; or

(iii) any material breach of any of the obligations imposed upon any party (other than the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners or any Hong Kong Underwriters) to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of our Company, Dr. Zhang, Dr. Wang, Ms. Wang, and GS Corp (together, the "Warrantors") under the Hong Kong Underwriting Agreement; or

(v) any change or development involving a prospective change or development in the conditions, assets, liabilities, business affairs, prospects, profits, losses or the financial or trading position or performance or otherwise of our Company or any other member of our Group, which would have a material adverse impact on our Company or our Group as a whole; or

(vi) that any warranty under the Hong Kong Underwriting Agreement is/or would be when repeated untrue, incorrect or misleading; or

(vii) that the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) that our Company withdraws any of the Offer Documents (and any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Global Offering; or

(ix) that any person (other than the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(B) there develops, occurs, exists or comes into effect:

(i) any event, or series of events beyond the reasonable control of the Hong Kong Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, earthquake, nuclear leakage, volcanic eruption, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, Avian influenza (H5N1, H7N9 or H10N8), swine flu (H1N1) or such related or mutated forms or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or series of events likely to result in or represent any change or development involving prospective change, in local, regional, national, international, financial, economic, political, military, industrial, fiscal, currency, regulatory or market conditions (including, without limitation conditions in any stock or bond markets, money and foreign exchange markets and inter-bank markets, any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the London Stock Exchange or the Shanghai Stock Exchange, or a material fluctuation in the exchange rate of the Hong Kong dollar against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures in or affecting Hong Kong or anywhere in the world or any other material development relating to the Hong Kong dollar or Renminbi); or

(iii) any new law or change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of Hong Kong, the PRC, the United States, Japan, the United Kingdom, the European Union (or any member thereof), the Cayman Islands, the British Virgin Islands or any other jurisdictions relevant to any member of our Group (together, the "Specific Jurisdictions"); or

(iv) any general moratorium on commercial banking activities in Hong Kong, New York, Japan, London, the European Union (or any member thereof) or the PRC declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in any of the Specific Jurisdictions; or

(v) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for or on any of the Specific Jurisdictions; or

(vi) (A) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws in any of the Specific Jurisdictions or (B) any change or development involving a prospective change in taxation in any Specific Jurisdiction adversely affecting an investment in the Shares; or

(vii) any change or development involving a prospective change relating to, or a materialization of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(viii) any litigation or claim being threatened or instigated against any member of our Group or any Warrantor or any contravention of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Ordinance, any law or any provision of the Listing Rules by any member of our Group or any Warrantor; or

(ix) a Director being charged with an indictable offense or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(x) the chairman or chief executive officer of our Company or any executive Director vacating his or her office; or

(xi) the commencement by any governmental, regulatory or political body or organization of any public action against an executive or a non-executive Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organization that it intends to take any such action; or

(xii) a government or regulatory prohibition on our Company for whatever reason from allotting the Offer Shares (including the Shares to be issued pursuant to the Over-allotment Option) pursuant to the terms of the Global Offering; or

(xiii) non-compliance of this prospectus, the preliminary offering circular, the final offering circular (or any other documents used in connection with the subscription and purchase of the Offer Shares) or any respect of the Global Offering with the Listing Rules or any other applicable laws; or

(xiv) the issue or requirement to issue a supplementary prospectus (or any other documents used in connection with the subscription or sale of the Offer Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules causing a material adverse effect to the Global Offering; or

(xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xvi) any loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xvii) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group,

which in each case or in aggregate in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(I) is or will have or is likely to have a material adverse effect in, or affecting, the assets, business, results of operations, prospects, position or condition, financial or otherwise of our Company or any of its subsidiaries taken as a whole; or

(II) has or will have or is likely to have a material adverse effect on the success of the Global Offering; or

(III) makes or will make or is likely to make it inadvisable, inexpedient or impracticable, for the Hong Kong Public Offering and/or the Global Offering to proceed or the delivery of the Offer Shares on the terms and in the manner contemplated by the Offer Documents to be made; or

(IV) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement, the International Underwriting Agreement and the Price Determination Agreement (including underwriting), the Hong Kong Public Offering and/or the Global Offering incapable of performance or implementation in accordance with their respective terms envisaged.

Undertakings to the Hong Kong Stock Exchange under the Hong Kong Listing Rules

(A) Undertaking by us

Under Rule 10.08 of the Hong Kong Listing Rules, we have undertaken to the Hong Kong Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except under the Global Offering for the circumstances provided under Rule 10.08 of the Hong Kong Listing Rules.

(B) Undertaking by the Controlling Shareholders

Pursuant to Rule 10.07 of the Hong Kong Listing Rules, the Controlling Shareholders have undertaken to the Hong Kong Stock Exchange and to our Company that, except pursuant to the Global Offering and the Over-allotment Option or the Stock Borrowing Agreement, they will not and will procure that the relevant registered holder(s) will not, without the prior written consent of the Hong Kong Stock Exchange or unless otherwise in compliance with the Hong Kong Listing Rules:

(i) in the period commencing on the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown by this prospectus to be the beneficial owner; and

(ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or

otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be our Controlling Shareholders.

Pursuant to Note 3 to Rule 10.07(2) of the Hong Kong Listing Rules, the Controlling Shareholders have undertaken to the Hong Kong Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of their shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

(i) when they pledge or charge any Shares beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Hong Kong Listing Rules, immediately inform our Company of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when they receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform our Company of such indications.

Our Company will inform the Hong Kong Stock Exchange as soon as we have been informed of matters referred in above by the Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Hong Kong Listing Rules as soon as possible.

Undertakings under the Hong Kong Underwriting Agreement

Undertakings to the Hong Kong Underwriters

Undertakings by us

We have undertaken under the Hong Kong Underwriting Agreement to each of the Sole Sponsor and the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that except pursuant to the Global Offering and the exercise of the Over-allotment Option, at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date ("**First Six Months Period**"), we will not, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or repurchase, any of the Shares or other securities of our Company or any subsidiary or any securities convertible into or exercisable or exchangeable for or that represent the right to receive, or interests in, the Shares or other securities of our Company or any subsidiary or any derivatives with the Shares or such other securities of our Company or any subsidiary as underlying securities; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above;

whether any of the foregoing transactions described above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclosed that our Company will or may enter into any transaction described above. We have further agreed that, in the event of an issue or disposal of any Shares or any interest therein during the period of six months immediately following the expiry of the First Six Months Period (the "**Second Six Months Period**"), we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any Shares or other securities of our Company.

By our Controlling Shareholders

Each of the Controlling Shareholders (namely, Dr. Zhang, Dr. Wang, Ms. Wang and GS Corp) has jointly and severally undertaken under the Hong Kong Underwriting Agreement to each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Hong Kong Underwriters that:

(i) during the First Six Months Period, he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates and companies controlled by him/her/it and any nominee or trustee holding in trust for him/her/it shall not, without the prior written consent of the Sole Sponsor and the Joint Global Coordinators and unless as a result of any exercise of the Over-allotment Option or otherwise in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (together, the "**Relevant Securities**"); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities, in cash or otherwise; (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above; and

(ii) during the Second Six Months Period, he/she/it shall not, and shall procure that the relevant registered holder(s) and his/her/its associates and companies controlled by him/her/it and any nominees or trustees holding in trust for him/she/it shall not, without the prior written notification to the Sole Sponsor and the Joint Global Coordinators and unless in compliance with the Listing Rules, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests, or encumbrances in respect of, any Relevant Securities held by him/her/it or any of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company or would together with the other Controlling Shareholders crease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company;

(iii) in the event of a disposal of any Relevant Securities or securities of our Company or any interest therein within the Second Six Months Period, he/she/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) he/she/it shall, and shall procure that his/her/its associates and companies controlled by and nominees or trustees holding in trust for him/she/it shall, comply with all the applicable restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/she/it or by the registered holder controlled by him/her/it of any Shares.

Each of the Controlling Shareholders has further undertaken under the Hong Kong Underwriting Agreement to each of our Company, the Sole Sponsor, the Joint Global Coordinators, Joint Bookrunners and the Hong Kong Underwriters that, from the date hereof up to the expiry of the first twelve months from the Listing Date, he, she or it will:

(i) when he, she or it pledges or charges any securities or interests in the Relevant Securities, immediately inform our Company and the Sole Sponsor and the Joint Global Coordinators in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when he, she or it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company, and the Sole Sponsor and the Joint Global Coordinators in writing of such indications, and

our Company will inform the Stock Exchange as soon as it has been informed of the matters above (if any) by the Controlling Shareholders and disclose such matters by way of a press announcement.

Undertaking by Ms. Wu Yongmei

As of the Latest Practicable Date, Ms. Wu holds 23.235% of GS Corp. On November 23, 2015, Ms. Wu executed a lock-up undertaking pursuant to which Ms. Wu has undertaken that she will not sell or otherwise transfer or dispose of any shares of GS Corp held by her or procure the selling, transfer, or disposal of any Shares owned by GS Corp as of the Listing Date for up to 180 days following the Listing Date.

THE INTERNATIONAL OFFERING

In connection with the International Offering, it is expected that our Company and the Warrantors, namely, Dr. Zhang, Dr. Wang, Ms. Wang, and GS Corp will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally and not jointly, agree to subscribe for or purchase, or to procure subscribers to subscribe for or purchasers to purchase, their respective applicable proportions (set out in the International Underwriting Agreement) of the International Offer Shares being offered pursuant to the International Offering.

Under the International Underwriting Agreement, our Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until Thursday, January 21, 2016, being the 30th day after the date expected to be the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to 60,000,000 additional Shares, representing 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be sold at the Offer Price per Share (plus brokerage of 1%, SFC transaction levy of 0.0027% and Hong Kong Stock Exchange trading fee of 0.005% of the Offer Price) and will be for the purpose of covering over-allocations, if any, in the International Offering. An announcement will be made in the event that the Over-allotment Option is exercised.

It is expected that the International Underwriting Agreement will be conditional on and subject to, among other things, the Hong Kong Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

TOTAL COMMISSIONS AND EXPENSES

The Underwriters will receive an underwriting commission of 3% of the aggregate Offer Price of all the Offer Shares (including the Shares to be issued pursuant to the Over-allotment Option, if any). For unsubscribed Hong Kong Public Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the International Underwriters in accordance with the International Underwriting Agreement. In addition, our Company may, at our sole discretion, pay to the Underwriters an incentive fee at the rate of 1% of the aggregate Offer Price of all the Offer Shares.

The aggregate underwriting commission and fees, together with listing fees, SFC transaction levy, the Hong Kong Stock Exchange trading fee, legal and other professional fees, and printing and other expenses relating to the Global Offering payable by us are estimated to amount to approximately HK$50.8 million, assuming an Offer Price of HK$1.50 per Share, being the mid-point of the proposed Offer Price range of HK$1.31 to HK$1.68, and the Over-allotment Option is not exercised.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the Underwriters has any shareholding interests in our Company or any of our subsidiaries or any right or options (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Hong Kong Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

- the Hong Kong Public Offering of initially 40,000,000 Shares (subject to adjustment as mentioned below) (representing 10% of the initial total number of Offer Shares) in Hong Kong as described in the subsection headed "— The Hong Kong Public Offering" of this section; and

- the International Offering of initially 360,000,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below) (representing 90% of the initial total number of Offer Shares) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S and in the United States only to QIBs in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act.

Investors may apply for Hong Kong Public Offer Shares under the Hong Kong Public Offering or apply for, or indicate an interest in, International Offer Shares under the International Offering, but may not do both.

Haitong International Securities Company Limited and J.P. Morgan Securities (Asia Pacific) Limited are the Joint Global Coordinators. Haitong International Securities Company Limited, J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering), and J.P. Morgan Securities plc (in relation to the International Offering) are the Joint Bookrunners. Haitong International Securities Company Limited, J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering), J.P. Morgan Securities plc (in relation to the International Offering), and KGI Capital Asia Limited are the Joint Lead Managers. RHB Securities Hong Kong Limited is the Co-lead Manager.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation and, in the case of the International Offering only, the Over-allotment Option as described below in the subsection headed "— Over-Allotment and Stabilization" of this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Joint Global Coordinators (on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting".

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

Under the Hong Kong Public Offering, our Company is initially offering 40,000,000 Shares at the Offer Price for subscription by the public in Hong Kong, representing 10% of the total number of Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between (i) the

International Offering and (ii) the Hong Kong Public Offering, the Hong Kong Public Offer Shares will represent approximately 2.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involve dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the subsection headed "— The Hong Kong Public Offering — Conditions of the Hong Kong Public Offering" of this section.

Conditions of the Hong Kong Public Offering

Acceptance of all applications for the Hong Kong Public Offer Shares in the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the Global Offering and the Capitalization Issue (including any Shares which may be made available pursuant to the exercise of the Over-allotment Option), the Shares to be issued upon the exercise of the options which have been, or may be granted under the Share Option Schemes, and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event no later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed on or before Thursday, December 24, 2015 between our Company and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse, and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong

Kong Public Offering will be published by us in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Public Offer Shares". In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Wednesday, December 30, 2015, provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — The Hong Kong Public Offering — Grounds for termination of the Hong Kong Underwriting Agreement" has not been exercised.

Allocation

Allocation of Hong Kong Public Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided into two pools for allocation purposes: pool A and pool B. The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for the Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can receive an allocation of Hong Kong Public Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 20,000,000 Hong Kong Public Offer Shares (being 50% of the 40,000,000 Hong Kong Public Offer Shares initially comprised in the Hong Kong Public Offering) are liable to be rejected.

Reallocation

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached as further described below:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription

under the Hong Kong Public Offering, then no Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 40,000,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 120,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 160,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be 200,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators. If either the Hong Kong Public Offering or the International Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Offer Shares from such offering to the other, in such proportions as the Joint Global Coordinators deem appropriate.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she, and any person(s) for whose benefit he or she is making the application, have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$1.68 per Hong Kong Public Offer Share in addition to any brokerage, SFC transaction levy

and Stock Exchange trading fee payable on each Hong Kong Public Offer Share. If the Offer Price, as finally determined in the manner described in the subsection headed "— Pricing of the Global Offering" of this section below, is less than the maximum price of HK$1.68 per Hong Kong Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply for Hong Kong Public Offer Shares".

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Shares offered

Subject to reallocation as described above, the International Offering will consist of 360,000,000 Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering, assuming that the Over-allotment Option is not exercised. Subject to the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares initially offered under the International Offering will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S, and with QIBs in the United States pursuant to Rule 144A or another exemption from the registration requirements under the U.S. Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the subsection headed "— Pricing of the Global Offering" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis that would lead to the establishment of a solid professional and institutional shareholder base to the benefit, of our Company and our Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the International Underwriters exercisable by the Joint Global Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time, from the day on which trading of the Shares commences on the Stock Exchange until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to issue up to 60,000,000 additional Shares, representing in aggregate 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Shares will represent approximately 3.61% of our enlarged issued share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a public announcement will be made.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of the Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Tuesday, December 22, 2015, and in any event on or before Thursday, December 24, 2015, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$1.68 per Offer Share and is expected to be not less than HK$1.31 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Joint Global Coordinators (on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.genscript.com**, an announcement, or a

supplemental prospectus (as appropriate), in connection with such reduction. Upon issue of such an announcement or supplemental prospectus (as appropriate), the revised number of Offer Shares and/or indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. **Applicants should have regard to the possibility that any announcement or supplemental prospectus (as appropriate) in connection with any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day that is the last day for lodging applications under the Hong Kong Public Offering.** Such announcement or supplemental prospectus (as appropriate) will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application may or may not (depending on the information contained in the announcement or supplemental prospectus (as appropriate)) be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the announcement or supplemental prospectus (as appropriate) and all unconfirmed applications will not be valid. In the absence of any such notice or supplemental prospectus (as appropriate) published in relation to the reduction in the Offer Price, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company and the Joint Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting fees, SFC transaction levy and the Stock Exchange trading fees in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK$619.0 million, assuming an Offer Price per Offer Share of HK$1.68, or approximately HK$475.4 million, assuming an Offer Price per Offer Share of HK$1.31.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Hong Kong Public Offer Shares available under the Hong Kong Public Offering, are expected to be announced on Tuesday, December 29, 2015, in the manner set out in the paragraph "How to Apply for Hong Kong Public Offer Shares — Publication of results" in this prospectus.

OVER-ALLOTMENT AND STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

Haitong International Securities Company Limited has been appointed by us as the Stabilizing Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilizing Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Shares at a

level higher than that which might otherwise prevail for a limited period after the issue date. Short sales involve the sale by the Stabilizing Manager of a greater number of Shares than the Underwriters are required to purchase in the Global Offering. "Covered" short sales are sales made in amounts not greater than the Over-allotment Option. The Stabilizing Manager may close out the covered short position by either exercising the Over-allotment Option to purchase additional Offer Shares or purchasing Shares in the open market. In determining the source of the Offer Shares to close out the covered short position, the Stabilizing Manager will consider, among other things, the price of Offer Shares in the open market as compared to the price at which they may purchase additional Offer Shares pursuant to the Over-allotment Option. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or curbing a decline in the market price of the Offer Shares while the Global Offering is in progress. Any market purchases of our Offer Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager, or any person acting for it to conduct any such stabilizing action. Such stabilization, if commenced, will be conducted at the absolute discretion of the Stabilization Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares which may be made available upon exercise of the Over-allotment Option, being up to 60,000,000 Shares, which is in aggregate 15% of the Shares initially available under the Global Offering.

In Hong Kong, stabilizing activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules. Stabilizing actions permitted pursuant to the Securities and Futures (Price Stabilizing) Rules include:

(i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares;

(ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares;

(iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above;

(iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price;

(v) selling, or agreeing to sell, any of our Shares in order to liquidate any position established as a result of those purchases; and

(vi) offering or attempting to do anything as described in paragraphs (ii), (iii), (iv) or (v) above.

Stabilizing actions by the Stabilizing Manager, or any person acting for it, will be entered into in accordance with the laws, rules and regulations in place in Hong Kong on stabilization.

As a result of effecting transactions to stabilize or maintain the market price of the Shares, the Stabilizing Manager or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares, and there is no certainty as to the extent to which and the time period for

which it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilizing Manager or any person acting for it, which may include a decline in the market price of the Shares.

Stabilization cannot be used to support the price of the Shares for longer than the stabilization period, which begins on the day on which trading of the Shares commences on the Stock Exchange and ends on the thirtieth day after the last day for lodging of applications under the Hong Kong Public Offering. The stabilization period is expected to expire on Thursday, January 21, 2016. As a result, demand for the Shares, and their market price, may fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the Shares. As a result, the price of the Shares may be higher than the price that otherwise may exist in the open market. Any stabilizing action taken by the Stabilizing Manager or any person acting for it, may not necessarily result in the market share of the Shares staying at or above the Offer Price either during or after the stabilizing period. Bids for or market purchases of the Shares by the Stabilizing Manager or any person acting for it may be made at a price at or below the Offer Price and therefore at or below the price paid for the Shares by purchasers. A public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Joint Global Coordinators (or their affiliate(s)) may choose to borrow Shares from Shareholders of our Company under stock borrowing arrangements, or acquire Shares from other sources, including the exercise of the Over-allotment Option.

The Stabilizing Manager will enter into the Stock Borrowing Agreement with GS Corp, whereby the Stabilizing Manager may borrow Shares from GS Corp on the following conditions:

(a) the stock borrowing will only be effected by the Stabilizing Manager for the settlement of over-allocations in connection with the International Offering;

(b) the maximum number of Shares borrowed from GS Corp will be limited to 60,000,000 Shares, being the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option;

(c) the same number of Shares borrowed from GS Corp must be returned to it or its nominees (as the case may be) no later than the third Business Day following (i) the last day on which the Over-allotment Option may be exercised; (ii) the date on which the Over-allotment Option is exercised in full and the Shares to be allotted and issued upon exercise of the Over-allotment Option have been allotted and issued; or (iii) such earlier time as may be agreed in writing between GS Corp and the Stabilizing Manager;

(d) the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and

(e) no payments will be made to GS Corp by the Stabilizing Manager in relation to such stock borrowing arrangement.

The Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. The Stock Borrowing Arrangement is not subject to the restrictions of Rule

10.07(1)(a) of the Listing Rules, provided that it complies with the requirements set forth in Rule 10.07(3) of the Listing Rules. No payment will be made to GS Corp by the Stabilizing Manager or its agent in relation to such stock.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, December 30, 2015, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, December 30, 2015.

The Shares will be traded in board lots of 2,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Public Offer Shares, then you may not apply for, or indicate an interest for, International Offer Shares.

To apply for Hong Kong Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** Service Provider at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a corporate body, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four, and they may not apply by means of **White Form eIPO** service for the Hong Kong Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any of its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG PUBLIC OFFER SHARES

Which Application Channel to Use

For Hong Kong Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Thursday, December 17, 2015 until 12:00 noon on Tuesday, December 22, 2015:

(i) any of the following offices of the Joint Bookrunners:

Joint Bookrunners	Address
Haitong International Securities Company Limited	22/F Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering)	28/F Chater House 8 Connaught Road Central Hong Kong

Joint Bookrunners	Address
J.P. Morgan Securities plc (in relation to the International Offering)	25 Bank Street Canary Wharf London E14 5JP United Kingdom

(ii) any of the branches of the following receiving bank(s):

(1) Bank of Communications Co., Ltd. Hong Kong Branch

District	Branch Name	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	Taikoo Shing Sub-Branch	Shop 38, G/F., CityPlaza 2, 18 Taikoo Shing Road
Kowloon	Jordan Road Sub-Branch	1/F., Booman Building, 37U Jordan Road
	Wong Tai Sin Sub-Branch	Shop N118, 1/F, Temple Mall North, 136 Lung Cheung Road, Wong Tai Sin
New Territories	Tiu Keng Leng Sub-Branch	Shops Nos. L2–064 and L2-065, Level 2, Metro Town, Tiu Keng Leng

(2) Standard Chartered Bank (Hong Kong) Limited

District	Branch Name	Address
Hong Kong Island	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central, Hong Kong
	Causeway Bay Branch	G/F to 2/F, Yee Wah Mansion, 38–40A Yee Wo Street, Causeway Bay, Hong Kong
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay, Hong Kong
Kowloon	Telford Gardens Branch	Shop P9–12, Telford Centre, Telford Gardens, Tai Yip Street, Kwun Tong, Hong Kong
	Mei Foo Stage I Branch	G/F, 1C Broadway, Mei Foo Sun Chuen Stage I, Lai Chi Kok, Hong Kong
New Territories	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan, Hong Kong
	Metroplaza Branch	Shop No. 175–176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung, Hong Kong

You can collect a **YELLOW** Application Form and a prospectus during normal business hours, from 9:00 a.m. on Thursday, December 17, 2015 until 12:00 noon, on Tuesday, December 22, 2015 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. — Genscript Biotech Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- 9:00 a.m. to 5:00 p.m. on Thursday, December 17, 2015.
- 9:00 a.m. to 5:00 p.m. on Friday, December 18, 2015.
- 9:00 a.m. to 1:00 p.m. on Saturday, December 19, 2015.
- 9:00 a.m. to 5:00 p.m. on Monday, December 21, 2015.
- 9:00 a.m. to 12:00 noon on Tuesday, December 22, 2015.

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, December 22, 2015, the last application day or such later time as described in the subsection headed "— 10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you, and to do on your behalf all things necessary, to register any Hong Kong Public Offer Shares allocated to you in your name, or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is, or will be liable for, any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) agree and warrant that, if the laws of any place outside Hong Kong apply to your application, you have complied with all such laws and none of the Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Public Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "Personal Collection" section in the Prospectus to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made, and the only application intended by you to be made, to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) warrant (if the application is made for your own benefit) that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) warrant (if you are making the application as an agent for the benefit of another person) that (i) no other application has been or will be made, by you as agent for or for the benefit of that person or by that person, or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the Yellow Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the subsection headed "— 2. Who can apply", may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, December 17, 2015 until 11:30 a.m. on Tuesday, December 22, 2015, and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, December 22, 2015 or such later time under the subsection headed "— 10. Effects of Bad Weather on the Opening of the Applications Lists" in this section.

Note: (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives, or causes to give, **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the **White Form eIPO** Service Provider, will contribute HK$2 per each "Genscript Biotech Corporation" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of Dong Jiang — Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Public Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
- agree to accept the Hong Kong Public Offer Shares applied for or any lesser number allocated;
- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
- (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving bank, the Joint Global Coordinators, the Underwriters and/or their respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day that is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day that is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Public Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things, for which neither HKSCC or HKSCC Nominees shall be liable to our Company or any other person:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Public Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Public Offer Shares. Instructions for more than 2,000 Hong Kong Public Offer Shares must be in one of

the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- 9:00 a.m. to 8:30 p.m.(1) on Thursday, December 17, 2015.
- 8:00 a.m. to 8:30 p.m.(1) on Friday, December 18, 2015.
- 8:00 a.m. to 1:00 p.m.(1) on Saturday, December 19, 2015.
- 8:00 a.m. to 8:30 p.m.(1) on Monday, December 21, 2015.
- 8:00 a.m.(1) to 12:00 noon on Tuesday, December 22, 2015.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, December 17, 2015 until 12:00 noon on Tuesday, December 22, 2015 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, December 22, 2015, the last application day or such later time as described in the subsection headed "— 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications, or if more than one application is made for your benefit, the number of Hong Kong Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Note: (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Joint Global Coordinators, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Public Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, the Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, December 22, 2015.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please see the section headed "Structure of the Global Offering — Pricing of the Global Offering".

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, December 22, 2015. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, December 22, 2015 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Public Offer Shares on Tuesday, December 29, 2015 in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on our Company's website at **www.genscript.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.genscript.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Tuesday, December 29, 2015;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, December 29, 2015 to12:00 midnight on Monday, January 4, 2016;

- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, December 29, 2015 to Friday, January 1, 2016;

- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, December 29, 2015 to Thursday, December 31, 2015 at the receiving banks' designated branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Public Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Public Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application, or the application made by HKSCC Nominees on your behalf, cannot be revoked on or before the fifth day after the time of

the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application, or the application made by HKSCC Nominees on your behalf, may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified, but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application, or the application made by HKSCC Nominees on your behalf, has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Global Coordinators, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Public Offer Shares is void:**

The allotment of Hong Kong Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Public Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;

- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$1.68 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, December 29, 2015.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Public Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first- named

applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheque and share certificates are expected to be posted on or before Tuesday, December 29, 2015. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, December 30, 2015 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) ***If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, December 29, 2015, or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund check(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your refund check(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, December 29, 2015, by ordinary post and at your own risk.

(ii) ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, December 29, 2015, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into

CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, December 29, 2015, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Hong Kong Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer Shares allotted to you with that CCASS participant.

If you are applying as a CCASS investor participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m., on Tuesday, December 29, 2015 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) ***If you apply through the White Form eIPO service***

If you apply for 1,000,000 Hong Kong Public Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, December 29, 2015, or such other date as notified by our Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund checks.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, December 29, 2015 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund check(s) by ordinary post at your own risk.

(iv) ***If you apply via* Electronic Application Instructions *to HKSCC***

Allocation of Hong Kong Public Offer Shares

For the purposes of allocating Hong Kong Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or, each person for whose benefit instructions are given, will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, December 29, 2015, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Tuesday, December 29, 2015. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, December 29, 2015 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, December 29, 2015. Immediately following the credit of the Hong Kong Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, December 29, 2015.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement, as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

17 December 2015

The Directors
Genscript Biotech Corporation
Haitong International Capital Limited

Dear Sirs,

We set out below our report on the financial information of Genscript Biotech Corporation (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of profit or loss, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for each of the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 December 2012, 2013 and 2014 and 30 June 2015, and the statement of financial position of the Company as at 30 June 2015, together with the notes thereto (the "Financial Information"), and the comparative combined statement of profit or loss, combined statement of comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the six months ended 30 June 2014 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 17 December 2015 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 May 2015. Pursuant to a group reorganisation (the "2015 Reorganisation") as set out in note 1 of Section II below, the Company became the holding company of the other subsidiaries comprising the Group on 23 July 2015. Apart from the 2015 Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial

Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2012, 2013 and 2014, and the six months ended 30 June 2015 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements, the Financial Information and the Interim Comparative Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion and a review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and a review conclusion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

We have also performed a review of the Interim Comparative Information 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 consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the financial position of the Company as at 30 June 2015 and the Group as at 31 December 2012, 2013 and 2014 and 30 June 2015 and of the combined financial performance and cash flows of the Group for each of the Relevant Periods.

REVIEW CONCLUSION IN RESPECT OF THE INTERIM COMPARATIVE INFORMATION

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

The following is the Financial Information and the Interim Comparative Information of the Group for the Relevant Periods prepared on the basis set out in note 2.2 of Section II:

Combined statements of profit or loss

		Year ended 31 December			Six months ended 30 June	
		2012	**2013**	**2014**	**2014**	**2015**
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
REVENUE	5	52,990	60,104	69,994	33,521	41,050
Cost of sales		(17,547)	(21,846)	(25,896)	(12,089)	(14,192)
Gross profit		35,443	38,258	44,098	21,432	26,858
Other income and gains	5	1,603	1,182	1,468	1,217	737
Selling and distribution expenses		(10,339)	(12,813)	(15,538)	(7,570)	(8,357)
Administrative expenses		(15,018)	(16,855)	(21,446)	(9,714)	(11,325)
Other expenses		(415)	(1,906)	(335)	(5)	(17)
Finance costs	7	(170)	(337)	(411)	(215)	–
PROFIT BEFORE TAX	6	11,104	7,529	7,836	5,145	7,896
Income tax expense	10	(1,922)	(1,529)	(1,661)	(1,099)	(2,150)
PROFIT FOR THE YEAR/PERIOD		9,182	6,000	6,175	4,046	5,746
Attributable to:						
Owners of the parent		9,182	6,000	6,175	4,046	5,746
Non-controlling interests		–	–	–	–	–
		9,182	6,000	6,175	4,046	5,746
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	12					
Basic and diluted (US$)						
– For profit for the year/period		N/A	N/A	N/A	N/A	N/A

Details of the dividends payable and proposed for the year/period are disclosed in note 11 to the Financial Information.

Combined statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
PROFIT FOR THE YEAR/PERIOD	9,182	6,000	6,175	4,046	5,746
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Fair value change on available-for-sale investments	(15)	20	(9)	4	4
Exchange differences on translation of foreign operations	219	1,937	(266)	(750)	106
Net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:	204	1,957	(275)	(746)	110
Other comprehensive income/(loss) for the year/period, net of tax	204	1,957	(275)	(746)	110
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	9,386	7,957	5,900	3,300	5,856
Attributable to:					
Owners of the parent	9,386	7,957	5,900	3,300	5,856
Non-controlling interests	–	–	–	–	–
	9,386	7,957	5,900	3,300	5,856

Combined statements of financial position

		As at 31 December			As at 30 June
		2012	2013	2014	2015
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	13	38,636	38,271	37,530	38,416
Advance payments for property, plant and equipment		910	529	185	595
Prepaid land lease payments	14	4,385	4,425	8,220	8,140
Other intangible assets	15	211	264	349	358
Deferred tax assets	25	1,348	1,785	2,304	2,893
Total non-current assets		45,490	45,274	48,588	50,402
CURRENT ASSETS					
Inventories	18	1,244	1,404	1,777	2,136
Trade and notes receivables	19	7,908	9,010	12,157	13,940
Prepayments, deposits and other receivables	20	1,586	1,235	1,316	1,772
Due from the ultimate holding company	32	34	34	34	34
Due from the related party	32	100	115	–	–
Available-for-sale investments	16	303	4,105	2,526	–
Pledged short-term deposits	21	264	201	345	202
Cash and cash equivalents	21	18,660	22,457	25,637	25,684
Total current assets		30,099	38,561	43,792	43,768
CURRENT LIABILITIES					
Trade and notes payables	22	1,895	1,848	2,869	2,193
Other payables and accruals	23	18,776	15,437	15,132	17,285
Tax payable		1,266	1,858	49	1,652
Due to the ultimate holding company	32	2,577	2,532	2,570	2,570
Due to related parties	32	4,943	7,390	8,173	–
Government grants	24	795	820	395	39
Total current liabilities		30,252	29,885	29,188	23,739
NET CURRENT (LIABILITIES)/ ASSETS		(153)	8,676	14,604	20,029
TOTAL ASSETS LESS CURRENT LIABILITIES		45,337	53,950	63,192	70,431
NON-CURRENT LIABILITIES					
Deferred tax liabilities	25	56	–	–	–
Government grants	24	1,125	1,387	1,445	1,436
Total non-current liabilities		1,181	1,387	1,445	1,436

		As at 31 December			As at 30 June
		2012	2013	2014	2015
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
NET ASSETS		44,156	52,563	61,747	68,995
EQUITY					
Equity attributable to owners of the parent					
Share capital	26	364	364	364	364
Reserves	28	43,792	52,166	61,350	68,631
		44,156	52,530	61,714	68,995
Non-controlling interests		–	33	33	–
Total equity		44,156	52,563	61,747	68,995

Combined statements of changes in equity

	Attributable to owners of the parent										
	Share capital	Merger reserve*	Other reserve*	Share option reserves*	Statutory surplus reserves*	Retained earnings*	Available-for-sale investment revaluation reserves*	Foreign currency translation reserves*	Total	Non-controlling interests	Total equity
	US$'000 *(note 26)*	*US$'000* *(note 28)*	*US$'000*	*US$'000* *(note 27)*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2012	364	15,002	(314)	659	–	16,245	–	2,161	34,117	–	34,117
Profit for the year	–	–	–	–	–	9,182	–	–	9,182	–	9,182
Other comprehensive income for the year:											
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	(15)	–	(15)	–	(15)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	219	219	–	219
Total comprehensive income for the year	–	–	–	–	–	9,182	(15)	219	9,386	–	9,386
Equity-settled share option arrangements	–	–	–	653	–	–	–	–	653	–	653
Transfer from retained earnings	–	–	–	–	2,279	(2,279)	–	–	–	–	–
At 31 December 2012	364	15,002	(314)	1,312	2,279	23,148	(15)	2,380	44,156	–	44,156

	Attributable to owners of the parent										
	Share capital	Merger reserve*	Other reserve*	Share option reserves*	Statutory surplus reserves*	Retained earnings*	Available-for-sale investment revaluation reserves*	Foreign currency translation reserves*	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(note 26)	*(note 28)*		*(note 27)*							
At 1 January 2013	364	15,002	(314)	1,312	2,279	23,148	(15)	2,380	44,156	–	44,156
Profit for the year	–	–	–	–	–	6,000	–	–	6,000	–	6,000
Other comprehensive income for the year:											
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	20	–	20	–	20
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	1,937	1,937	–	1,937
Total comprehensive income for the year	–	–	–	–	–	6,000	20	1,937	7,957	–	7,957
Equity-settled share option arrangements	–	–	–	417	–	–	–	–	417	–	417
Transfer from retained earnings	–	–	–	–	718	(718)	–	–	–	–	–
Contribution by non-controlling-shareholders	–	–	–	–	–	–	–	–	–	33	33
At 31 December 2013	364	15,002	(314)	1,729	2,997	28,430	5	4,317	52,530	33	52,563

	Attributable to owners of the parent										
	Share capital	Merger reserve*	Other reserve*	Share option reserves*	Statutory surplus reserves*	Retained earnings*	Available-for-sale investment revaluation reserves*	Foreign currency translation reserves*	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(note 26)	*(note 28)*		*(note 27)*							
At 1 January 2014	364	15,002	(314)	1,729	2,997	28,430	5	4,317	52,530	33	52,563
Profit for the year	–	–	–	–	–	6,175	–	–	6,175	–	6,175
Other comprehensive income for the year:											
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	(9)	–	(9)	–	(9)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(266)	(266)	–	(266)
Total comprehensive income for the year	–	–	–	–	–	6,175	(9)	(266)	5,900	–	5,900
Equity-settled share option arrangements	–	–	–	3,284	–	–	–	–	3,284	–	3,284
Transfer from retained earnings	–	–	–	–	1,001	(1,001)	–	–	–	–	–
At 31 December 2014	364	15,002	(314)	5,013	3,998	33,604	(4)	4,051	61,714	33	61,747

	Attributable to owners of the parent										
	Share capital	Merger reserve*	Other reserve*	Share option reserves*	Statutory surplus reserves*	Retained earnings*	Available-for-sale investment revaluation reserves*	Foreign currency translation reserves*	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(note 26)	*(note 28)*		*(note 27)*							
(Unaudited)											
At 1 January 2014	364	15,002	(314)	1,729	2,997	28,430	5	4,317	52,530	33	52,563
Profit for the period	–	–	–	–	–	4,046	–	–	4,046	–	4,046
Other comprehensive income for the period:											
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	4	–	4	–	4
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	(750)	(750)	–	(750)
Total comprehensive income for the period	–	–	–	–	–	4,046	4	(750)	3,300	–	3,300
Equity-settled share option arrangements	–	–	–	1,186	–	–	–	–	1,186	–	1,186
At 30 June 2014	364	15,002	(314)	2,915	2,997	32,476	9	3,567	57,016	33	57,049

	Attributable to owners of the parent										
	Share capital	Merger reserve*	Other reserve*	Share option reserves*	Statutory surplus reserves*	Retained earnings*	Available-for-sale investment revaluation reserves*	Foreign currency translation reserves*	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(note 26)	*(note 28)*		*(note 27)*							
At 1 January 2015	364	15,002	(314)	5,013	3,998	33,604	(4)	4,051	61,714	33	61,747
Profit for the period	–	–	–	–	–	5,746	–	–	5,746	–	5,746
Other comprehensive income for the period:											
Change in fair value of available-for-sale investments, net of tax	–	–	–	–	–	–	4	–	4	–	4
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	106	106	–	106
Total comprehensive income for the period	–	–	–	–	–	5,746	4	106	5,856	–	5,856
Liquidation of a subsidiary	–	–	–	–	–	–	–	–	–	(33)	(33)
Equity-settled share option arrangements	–	–	–	1,425	–	–	–	–	1,425	–	1,425
At 30 June 2015	364	15,002	(314)	6,438	3,998	39,350	–	4,157	68,995	–	68,995

* These reserve accounts comprise the combined reserves of US$43,792,000, US$52,166,000, US$61,350,000 and US$68,631,000 in the combined statements of financial position as at 31 December 2012, 2013 and 2014 and 30 June 2015, respectively.

Combined statements of cash flows

	Notes	Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
		US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		11,104	7,529	7,836	5,145	7,896
Adjustments for:						
Provision provided for accounts receivables and other receivable		566	449	39	–	74
Impairment of property, plant and equipment		–	–	75	–	–
Depreciation of property, plant and equipment	13	3,609	4,494	4,703	2,361	2,384
Amortisation of other intangible assets	15	79	47	76	35	85
Amortisation of land use rights	14	92	94	122	47	88
Loss on disposal of items of property, plant and equipment	6	7	21	26	5	10
Interest income	5	(63)	(36)	(86)	(16)	(26)
Investment income		(94)	(132)	(207)	(144)	(187)
Finance costs	7	170	337	411	215	–
Equity-settled share option expense		653	417	3,284	1,186	1,425
		16,123	13,220	16,279	8,834	11,749
Increase in trade and notes receivables		(4,204)	(1,392)	(3,164)	(908)	(1,857)
(Increase)/decrease in prepayments, deposits and other receivables		(3,358)	195	(23)	(186)	(457)
Increase in inventories		(556)	(160)	(373)	(247)	(359)
(Increase)/decrease in an amount due from the related party		(100)	(15)	115	115	–
(Decrease)/increase in an amount due to the ultimate holding company		(1,195)	(45)	38	–	–
Decrease in government grants		(774)	(807)	(818)	(420)	(366)

	Notes	Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
		US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
Increase/(decrease) in trade and notes payables		1,088	(47)	1,021	704	(676)
Receipts in pledged short-term deposits	21	–	63	–	–	143
Payments in pledged short-term deposits	21	(63)	–	(144)	–	–
Increase in an amount due to related parties		–	–	–	5	–
Increase/(decrease) in other payables and accruals		4,249	2,406	3,178	(587)	2,207
Cash generated from operations		11,210	13,418	16,109	7,310	10,384
Interest received		63	36	86	16	26
Income taxes paid		(2,083)	(1,430)	(3,989)	(1,504)	(1,136)
Net cash flows from operating activities		9,190	12,024	12,206	5,822	9,274
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of available-for-sale investments	16	(19,380)	(24,308)	(30,447)	(12,152)	(4,087)
Proceeds from disposal of available-for-sale investments	16	21,633	20,854	32,400	13,124	6,804
Purchases of items of property, plant and equipment and construction in progress		(9,529)	(8,418)	(7,355)	(4,112)	(3,747)
Proceeds from disposal of items of property, plant and equipment		2	–	3	3	–
Prepayment of land lease payments	14	–	–	(4,012)	–	–
Purchases of other intangible assets	15	(49)	(96)	(162)	(19)	(91)
Receipt of government grants		6	1,054	459	–	–
Net cash flows used in investing activities		(7,317)	(10,914)	(9,114)	(3,156)	(1,121)

	Notes	Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
		US$'000	US$'000	US$'000	US$'000 (Unaudited)	US$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital injection by non-controlling shareholders		–	33	–	–	–
Repayment of entrusted loans		(4,866)	(5,302)	(15,142)	(4,876)	–
Proceeds from entrusted loans		4,937	7,594	7,776	4,876	–
Cash receipt from a related party		–	–	8,172	–	–
Repayment to a related party		–	–	–	–	(8,178)
Interest paid		(170)	(337)	(411)	(215)	–
Net cash flows (used in)/ from financing activities		(99)	1,988	395	(215)	(8,178)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		1,774	3,098	3,487	2,451	(25)
Net foreign exchange difference		108	699	(307)	(445)	72
Cash and cash equivalents at beginning of year/period	21	16,778	18,660	22,457	22,457	25,637
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	21	18,660	22,457	25,637	24,463	25,684

ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

		Year ended 31 December			Six months ended 30 June	
	Notes	**2012**	**2013**	**2014**	**2014**	**2015**
		US$'000	*US$'000*	*US$'000*	*US$'000* (*Unaudited*)	*US$'000*
Cash and bank balances		18,660	22,457	22,368	24,463	25,684
Non-pledged time deposits with original maturity of less than three months when acquired		–	–	3,269	–	–
Cash and cash equivalents as stated in the statement of financial position	21	18,660	22,457	25,637	24,463	25,684
Cash and cash equivalents as stated in the statement of cash flows		18,660	22,457	25,637	24,463	25,684

Statement of financial position

	Notes	As at 30 June 2015
		US$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	17	14,727
Total non-current assets		14,727
CURRENT ASSETS		
Prepayments, deposits and other receivables	20	548
Total current assets		548
CURRENT LIABILITIES		
Other payables		1,109
Due to subsidiaries	17	1,049
Total current liabilities		2,158
NET CURRENT LIABILITIES		(1,610)
TOTAL ASSETS LESS CURRENT LIABILITIES		13,117
EQUITY		
Share capital	26	364
Reserves		12,753
Total equity		13,117

II. NOTES TO FINANCIAL INFORMATION

1. Corporate information

Genscript Biotech Corporation incorporated on 21 May 2015 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grant Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the manufacturing and sales of life sciences research products and services. The products and services include mainly life sciences research services, preclinical drug development services, life sciences research catalog products and industrial synthetic biology products.

In the opinion of the Directors, the ultimate holding company of the Company is Genscript USA Corporation, which is incorporated in the United States of America.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company	Place and date of incorporation/ registration and business	Issued ordinary shares/paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Genscript (Hong Kong) Limited (a)	Hong Kong 8 January 2009	HK$155,000	100	–	sale of life sciences research products and services
Nanjing Jinsirui Biotechnology Co., Ltd. ("Nanjing Jinsirui") (b)	China 12 March 2009	US$41,019,975	–	100	manufacturing and sales of life sciences research products and services
Genscript USA Incorporated (c)	United States of America 26 March 2009	US$1	100	–	manufacturing and sales of life sciences research products and services
Jinsikang Technology (Nanjing) Co., Ltd. ("Nanjing Jinsikang") (b)	China 30 April 2009	RMB132,550,600	–	100	manufacturing and sales of life sciences research products and services

Company	Place and date of incorporation/ registration and business	Issued ordinary shares/paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Genscript Japan Inc. (c)	Japan 7 July 2011	JPY8,300,000	–	100	sale of life sciences research products and services
GS International Limited (a)	Hong Kong 6 June 2012	HK$10,000	–	100	investment holding
Nanjing Bestzyme Bioengineering Co., Ltd. (b)	China 6 June 2013	US$4,000,000	–	100	manufacturing and sales of life sciences research products and services
Nanjing Legend Biotechnology Co., Ltd. (d)	China 17 November 2014	US$500,000	–	100	manufacturing and sales of life sciences research products and services
Shanghai Jingrui Biotechnology Co., Ltd. (e)	China 6 March 2015	RMB1,000,000	–	100	manufacturing and sales of life sciences research products and services
Hubei Bestzyme Biotechnology Co., Ltd. (e)	China 29 January 2015	RMB10,000,000	–	100	manufacturing and sales of life sciences research products and services
Bestzyme Biotech Corporation (e)	Cayman Islands 27 May 2015	US$50,000	–	100	investment holding
Bestzyme Biotech Limited (e)	BVI 1 June 2015	US$10,000	–	100	investment holding
Bestzyme Biotech USA Incorporated (e)	United States of America 1 June 2015	US$0	–	100	investment holding
Bestzyme Biotech HK Limited (e)	Hong Kong 3 June 2015	HK$1	–	100	investment holding
Legend Biotech Corporation (e)	Cayman Islands 27 May 2015	US$50,000	–	100	investment holding

Company	Place and date of incorporation/ registration and business	Issued ordinary shares/paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Legend Biotech Limited (e)	BVI 2 June 2015	US$10,000	–	100	investment holding
Legend Biotech HK Limited (e)	Hong Kong 3 June 2015	HK$1	–	100	investment holding

(a) The statutory financial statements for the years ended 31 December 2012, 2013 and 2014 prepared in accordance with Hong Kong Financial Reporting Standards were audited by PL Luk & Company, Certified Public Accountants.

(b) The statutory financial statements for the years ended 31 December 2012, 2013 and 2014 prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by 瑞華會計師事務所(特殊普通合夥) ("Ruihua Certified Public Accountants").

(c) No statutory accounts have been prepared for these subsidiaries during the Relevant Periods as there is no statutory requirement for these companies to prepare audited financial statements.

(d) No statutory audited financial statements have been prepared since the date of incorporation.

(e) No statutory accounts have been prepared for these subsidiaries during the Relevant Periods as these subsidiaries have been incorporated/established after 31 December 2014.

2.1 Basis of presentation

Pursuant to the 2015 Reorganisation as more fully explained in the paragraph headed "2015 Reorganization" in the section headed "History and Reorganization" in the Prospectus, the Company went through a series of reorganisation in 2015. On 23 July 2015, the Company became the holding company of the companies now comprising the Group. The companies now comprising the Group were under the common control of Genscript Holding (Cayman) Limited (the "Parent Company") before and after the 2015 Reorganisation. Accordingly for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the acquisition of the 2015 Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Parent Company, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2012, 2013 and 2014, and the six months ended 30 June 2015 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Parent Comany's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the 2015 Reorganisation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on combination in full.

2.2 Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2015 have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods. All HKFRSs effective for the accounting period commencing from 1 January 2015, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

The financial statements have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. These financial statements are presented in United States dollars ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of combination

The Financial Information incorporates the financial statements of the Company and its subsidiaries for the Relevant Periods.

The acquisition among the entities under common control is dealt with in accordance with the principles set out in Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA ("AG 5") as if the acquisition had occurred from the date when the combining entities first came under the control of the controlling party.

As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using merger accounting principles. The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

All significant intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on combination in full.

Non-controlling interests represent the interests of outside shareholders not held by the Group in the results and net assets of the companies now comprising the Group.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.3 New and revised HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

[1] Effective for annual periods beginning on or after 1 January 2016

[2] Effective for annual periods beginning on or after 1 January 2018

[3] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of assessing the impact of these standards and amendments on the Financial Information of the Group.

2.4 Summary of significant accounting policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Business combinations for acquisition of subsidiaries other than common control and goodwill

Business combinations for acquisition of subsidiaries other than common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument

and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is controlled or jointly controlled by a person identified in (a); and

(vi) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%
Machinery and equipment	20% to $33^{1}/3$%
Computer and office equipment	20%
Motor vehicles	10%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents equipment under installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

Software	2 to 5 years

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms. Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in Administrative expense for receivables.

Available-for-sale investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition".

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for the investment, or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets, if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

Investments and other financial assets

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in the statement of profit or loss.

Available-for-sale investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to the ultimate holding company and related parties and interest-bearing loans and borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined and company statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is based on estimated selling price less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred income tax is provided, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred income tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting date.

Deferred tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the rendering of services, when the services have been rendered and it is probable that the economic benefits will flow to the Group and the relevant fees can be measured reliably;

(b) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(d) dividend income, when the shareholders' right to receive payment has been established.

Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

The employees of the Group's subsidiaries which operate in China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute 20% of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The non-PRC employees are covered by other defined contribution pension plans sponsored by respective local governments.

The Group has no further payment obligations once the above contributions have been paid. The Group's contributions to these plans are charged to the combined statement of comprehensive income as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currency translation

These financial statements are presented in United States dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of the subsidiaries established in PRC and Japan are currencies other than the US$. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statement of profit or loss are translated into United States dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity until the disposal of the respective foreign operation entity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the combined statements of cash flows, the cash flows of the PRC and Japan established subsidiaries are translated into US$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the PRC and Japan established companies which arise throughout the year are translated into US$ at the weighted average exchange rates for the year.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's Financial Information requires management to make significant judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different. The carrying values of deferred tax assets relating to recognised deductible temporary

differences were US$1,348,000, US$1,785,000, US$2,304,000 and US$2,893,000 as at 31 December 2012, 2013 and 2014 and 30 June 2015, respectively. Further details are contained in note 25 to the Financial Information.

Income tax

The Group is subject to income taxes in various regions. As a result, certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgments based on currently enacted tax laws, regulations and other related policies are required in determining the provision for corporate income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the corporate income tax and tax provisions over the period in which the differences are realised. The income tax expenses amounted to US$1,922,000, US$1,529,000, US$1,661,000, US$1,099,000 (unaudited) and US$2,150,000 for the years ended at 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2014 and 2015, respectively.

Impairment of trade and other receivables

Impairment of trade and other receivables is made based on an assessment of the recoverability of trade and other receivables. The identification of impairment requires management's judgements and estimates. Where the actual outcome is different from the original estimate, such differences will impact on the carrying values of the trade and other receivables and impairment loss over the period in which such estimate has been changed. The provision for impairment of trade and other receivables amounted to US$679,000, US$1,128,000, US$1,167,000, and US$1,241,000 as at 31 December 2012, 2013 and 2014 and 30 June 2015, respectively.

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or management will write off or write down technically obsolete or non-strategic assets that have been abandoned.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in market conditions. Management reassesses these estimates at each reporting date. The net carrying values of inventories were US$1,244,000, US$1,404,000, US$1,777,000 and US$2,136,000 as at 31 December 2012, 2013 and 2014 and 30 June 2015, respectively.

Share-based compensation

The fair value of most share options granted by the Group is estimated using the binomial model. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Management estimates expected volatility based on the historical volatility of the comparable company's stock. Expiration date is the basis for determining the expected life of an option. The risk-free interest rate is based on treasury yield curve rates with a remaining term which approximates the expected life assumed at the date of grant. Changes in these input variables would affect the amount of expense associated with share-based compensation. The compensation expense recognised for all share-based awards is net of estimated forfeitures. The Company estimates forfeiture rates based on historical analysis of option forfeitures. If actual forfeitures vary from estimated forfeitures, adjustments to compensation expense may be required. The equity-settled share option expenses amounted to US$653,000, US$417,000, US$3,284,000, US$1,186,000 (unaudited) and US$1,425,000 for the years ended at 31 December 2012, 2013 and 2014 and for the six months ended 30 June 2014 and 2015, respectively.

4. Operating segment information

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

(a) Life science research services, comprising gene and peptide syntheses, DNA/primer synthesis, DNA sequencing, custom antibody production, protein expression, and stable cell line production;

(b) Preclinical drug development services, comprising integrated services in three areas, namely protein and antibody engineering, *in vitro* drug studies, and *in vivo* drug studies;

(c) Life sciences research catalog products, comprising antibodies, recombinant proteins, products for protein isolation and analysis, molecular biology reagents, peptide, biochemicals, and stable cell lines; and

(d) Industrial synthetic biology products, comprising industrial enzyme development and production.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of segment revenue less segment cost of sales.

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.

Year ended 31 December 2012

	Life sciences research services	Preclinical drug development services	Life science research catalog products	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment revenue				
External customers	48,571	2,626	1,793	52,990
Segment results	32,679	1,692	1,072	35,443
Other income and gains				1,603
Selling and distribution expenses				(10,339)
Administrative expenses				(15,018)
Other expenses				(415)
Finance costs				(170)
Profit before tax				11,104

Year ended 31 December 2013

	Life sciences research services	Preclinical drug development services	Life science research catalog products	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment revenue				
External customers	55,354	3,223	1,527	60,104
Segment results	35,428	1,940	890	38,258
Other income and gains				1,182
Selling and distribution expenses				(12,813)
Administrative expenses				(16,855)
Other expenses				(1,906)
Finance costs				(337)
Profit before tax				7,529

Year ended 31 December 2014

	Life science research services	Preclinical drug development services	Life sciences research catalog products	Industrial synthetic biology products	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Segment revenue					
External customers	63,220	4,382	2,044	348	69,994
Segment results	39,943	2,796	1,359	–	44,098
Other income and gains					1,468
Selling and distribution expenses					(15,538)
Administrative expenses					(21,446)
Other expenses					(335)
Finance costs					(411)
Profit before tax					7,836

Six months ended 30 June 2015

	Life science research services	Preclinical drug development services	Life sciences research catalog products	Industrial synthetic biology products	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Segment revenue					
External customers	36,775	2,641	1,181	453	41,050
Segment results	24,395	1,698	739	26	26,858
Other income and gains					737
Selling and distribution expenses					(8,357)
Administrative expenses					(11,325)
Other expenses					(17)
Finance costs					–
Profit before tax					7,896

Six months ended 30 June 2014 (Unaudited)

	Life science research services	Preclinical drug development services	Life sciences research catalog products	Industrial synthetic biology products	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Segment revenue					
External customers	30,320	2,163	943	95	33,521
Segment results	19,547	1,391	551	(57)	21,432
Other income and gains					1,217
Selling and distribution expenses					(7,570)
Administrative expenses					(9,714)
Other expenses					(5)
Finance costs					(215)
Profit before tax					5,145

Geographic information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
North America	27,120	31,367	36,473	17,067	21,565
Europe	11,994	12,396	14,714	7,464	8,426
China	5,390	7,145	8,676	3,645	5,993
Asia Pacific (excluding China and Japan)	4,198	4,857	5,602	2,761	2,746
Japan	3,684	3,523	3,582	2,103	1,842
Others	604	816	947	481	478
Total	52,990	60,104	69,994	33,521	41,050

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
China	43,267	42,487	45,572	46,961
Other countries	875	1,002	712	548
Total	44,142	43,489	46,284	47,509

The non-current assets information above is based on the locations of assets and excludes deferred tax assets.

Information about a major customer

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue for the Relevant Periods and the six months ended 30 June 2014.

5. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of services provided and goods sold, after allowances for returns and trade discounts during the reporting period.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Revenue					
Rendering of services	51,197	58,577	67,602	32,483	39,416
Sales of goods	1,793	1,527	2,392	1,038	1,634
	52,990	60,104	69,994	33,521	41,050
Other income and gains					
Bank interest income	63	36	86	16	26
Government grants	1,446	913	1,167	477	374
Investment income	94	132	207	144	187
Others	–	101	8	580	150
	1,603	1,182	1,468	1,217	737

6. Profit before tax

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

		Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Cost of inventories sold		721	637	1,033	544	869
Cost of services provided		16,826	21,209	24,863	11,545	13,323
Depreciation of items, of property plant and equipment	13	3,609	4,494	4,703	2,361	2,384
Amortisation of other intangible assets*	15	79	47	76	35	85
Amortisation of prepaid land lease payments	14	92	94	122	47	88
Provision for impairment of trade receivables	19	440	290	17	–	74
Provision for impairment of other receivables	20	126	159	22	–	–
Minimum lease payments under operating leases:						
– Land and buildings		597	645	680	367	361
Auditors' remuneration		119	118	195	14	168
Employee benefit expense (excluding directors' remuneration):						
Wages and salaries		18,090	22,628	27,362	13,290	14,838
Pension scheme contributions (defined contribution scheme)		1,422	1,831	2,821	1,428	1,454
Equity-settled share option expense		42	41	1,243	426	873
		19,554	24,500	31,426	15,144	17,165
Research and development costs		5,508	6,064	5,589	2,516	2,439
Net foreign exchange loss		408	1,863	307	–	–
Loss on disposal of items of property, plant and equipment		7	21	26	5	10

* The amortisation of other intangible assets for the Relevant Periods is included in "Administrative expenses" on the face of the combined statements of profit or loss.

7. Finance costs

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Interest on bank loans wholly repayable within five years	170	337	411	215	–

8. Directors' remuneration

Directors' remuneration for the year/period, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Other employments:					
Salaries, allowances and benefits in kind	771	820	791	440	376
Performance related bonuses	65	119	205	56	74
Equity-settled share option expense	611	376	2,041	760	552
Pension scheme contributions	4	8	12	5	6
	1,451	1,323	3,049	1,261	1,008

During and before the Relevant Periods, certain directors were granted share options, in respect of their services to the Group, under the share option scheme Genscript (Cayman) Limited, an intermediate holding company, further details of which are set out in note 27 to the Financial Information. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and remuneration disclosures.

(a) Independent non-executive directors

The Company did not have any executive directors, non-executive directors and independent non-executive directors at any time during the Relevant Periods since the Company was incorporated on 21 May 2015.

Subsequent to the end of the Relevant Periods, Mr. Zhang Fangliang, Ms. Wang Ye and Mr. Meng Jiange were appointed as executive directors of the Company in August 2015. Mr. Wang Luquan, Mr. Huang Zuie-Chin and Mr. Pan Yuexin were appointed as non-executive directors of the Company in August 2015. Mr. Guo Hongxin, Mr. Dai Zumian and Ms. Zhang Min were appointed as independent non-executive directors of the Company in August 2015.

Certain of the directors received remuneration from the subsidiaries now comprising the group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

(b) Executive directors and non-executive directors

	Salaries, allowances and benefits in kind*	Performance related bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2012					
Executive directors:					
Mr. Zhang Fangliang	194	–	–	–	194
Ms. Wang Ye	316	65	543	–	924
Mr. Meng Jiange	87	–	5	4	96
	597	65	548	4	1,214
Non-executive director:					
Mr. Wang Luquan	174	–	63	–	237
Year ended 31 December 2013					
Executive directors:					
Mr. Zhang Fangliang	219	49	–	3	271
Ms. Wang Ye	329	70	334	–	733
Mr. Meng Jiange	90	–	13	5	108
	638	119	347	8	1,112
Non-executive director:					
Mr. Wang Luquan	182	–	29	–	211

	Salaries, allowances and benefits in kind*	Performance related bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2014					
Executive directors:					
Mr. Zhang Fangliang	231	–	–	6	237
Ms. Wang Ye	365	199	2,021	–	2,585
Mr. Meng Jiange	102	6	17	6	131
	698	205	2,038	12	2,953
Non-executive director:					
Mr. Wang Luquan	93	–	3	–	96
Six months ended 30 June 2015					
Executive directors:					
Mr. Zhang Fangliang	124	–	–	3	127
Ms. Wang Ye	195	58	518	–	771
Mr. Meng Jiange	57	16	34	3	110
	376	74	552	6	1,008
Six months ended 30 June 2014 (Unaudited)					
Executive directors:					
Mr. Zhang Fangliang	113	–	–	3	116
Ms. Wang Ye	184	50	748	–	982
Mr. Meng Jiange	50	6	9	2	67
	347	56	757	5	1,165
Non-executive director:					
Mr. Wang Luquan	93	–	3	–	96

* The benefits in kind include contributions paid for directors' U.S. social security and medical insurance by the Group.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. Five highest paid employees

The five highest paid employees of the Group during the Relevant Periods and for the six months ended 30 June 2014 included 3, 3, 2, 2 and 3 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining 2, 2, 3, 3 and 2 highest paid employees who are neither a director nor chief executive of the Group, during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Salaries, allowances and benefits in kind	295	354	625	189	314
Performance related bonuses	30	55	73	25	70
Equity-settled share option expense	3	14	36	–	38
Pension scheme contributions	–	–	–	–	–
	328	423	734	214	422

The number of the non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees				
	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
HK$500,000 to HK$1,000,000	–	–	–	2	1
HK$1,000,001 to HK$1,500,000	2	1	–	–	2
HK$1,500,001 to HK$2,000,000	–	1	2	–	–
HK$2,000,001 to HK$2,500,000	–	–	1	–	–

During the Relevant Periods and years before, share options were granted to a non-director highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 27 to the Financial Information. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the Relevant Periods is included in the above non-director, highest paid employees' remuneration disclosures.

10. Income tax

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of Cayman and BVI, the Group is not subject to any income tax in Cayman and BVI.

The subsidiary incorporated in Hong Kong is subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the Relevant Periods.

Pursuant to the rules and regulations of Japan, the Group is subject to 18% of taxable income in Japan for the year of 2012, 15% for the years of 2013 and 2014 and for the six months ended 30 June 2014, and 25.5% for the taxable income over JPY8,000,000 part and 15% for less than JPY8,000,000 part for the six months ended 30 June 2015.

Pursuant to the rules and regulations of the United States of America, the Group is subject to federal tax rate at 34% and state tax rate at 9% of taxable income in USA.

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.

Nanjing Jinsirui is qualified as High and New Technology Enterprises and Advanced Technology Service Enterprises and Nanjing Jinsikang is qualified as Advanced Technology Service Enterprises; both of them were subject to a preferential income tax rate of 15% for the Relevant Periods.

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2014 is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Current — China	1,272	1,243	1,846	1,025	1,768
Current — Elsewhere	1,157	751	338	447	969
Deferred (note 25)	(507)	(465)	(523)	(373)	(587)
Total tax charge for the year/period	1,922	1,529	1,661	1,099	2,150

A reconciliation of the tax expense applicable to profit before tax using the statutory rate in China to the tax expense at the effective tax rates is as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Profit before tax	11,104	7,529	7,836	5,145	7,896
At the PRC's statutory income tax rate of 25%	2,776	1,882	1,959	1,286	1,974
Effect of tax rate differences in other countries	140	213	(48)	8	523
Preferential income tax rates applicable to subsidiaries	(901)	(620)	(1,060)	(449)	(885)
Additional deductible allowance for research and development expenses	(332)	(279)	(413)	(174)	(124)
Effect of non-deductible expenses	304	311	946	338	475
Tax losses not recognised	–	93	345	135	220
Others	(65)	(71)	(68)	(45)	(33)
Tax charge at the Group's effective rate	1,922	1,529	1,661	1,099	2,150

11. Dividend

No dividend has been paid or declared by the Group since the date of its incorporation.

12. Earnings per share attributable to equity holders of the parent

No earnings per share information was presented as its inclusion is not considered meaningful for the purpose of this report.

13. Property, plant and equipment

	Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
31 December 2012						
At 1 January 2012:						
Cost	217	12,050	319	1,035	1,985	15,606
Accumulated depreciation and impairment	(20)	(3,008)	(39)	(291)	–	(3,358)
Net carrying amount	197	9,042	280	744	1,985	12,248
At 1 January 2012, net of accumulated depreciation and impairment	197	9,042	280	744	1,985	12,248
Additions	206	3,003	–	638	26,135	29,982
Disposals	–	(9)	–	–	–	(9)
Depreciation provided during the year	(457)	(2,804)	(47)	(301)	–	(3,609)
Exchange realignment	2	19	–	(1)	4	24
Transfers	27,035	436	–	302	(27,773)	–
At 31 December 2012, net of accumulated depreciation and impairment	26,983	9,687	233	1,382	351	38,636
At 31 December 2012:						
Cost	27,460	15,501	320	1,972	351	45,604
Accumulated depreciation and impairment	(477)	(5,814)	(87)	(590)	–	(6,968)
Net carrying amount	26,983	9,687	233	1,382	351	38,636
31 December 2013						
At 31 December 2012 and at 1 January 2013:						
Cost	27,460	15,501	320	1,972	351	45,604
Accumulated depreciation and impairment	(477)	(5,814)	(87)	(590)	–	(6,968)
Net carrying amount	26,983	9,687	233	1,382	351	38,636

	Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2013, net of accumulated depreciation and impairment	26,983	9,687	233	1,382	351	38,636
Additions	78	56	–	372	2,548	3,054
Disposals	–	(17)	–	(4)	–	(21)
Depreciation provided during the year	(599)	(3,366)	(30)	(499)	–	(4,494)
Exchange realignment	822	225	25	13	11	1,096
Transfers	–	1,953	1	412	(2,366)	–
At 31 December 2013, net of accumulated depreciation and impairment	27,284	8,538	229	1,676	544	38,271
At 31 December 2013:						
Cost	28,384	17,867	331	2,777	544	49,903
Accumulated depreciation and impairment	(1,100)	(9,329)	(102)	(1,101)	–	(11,632)
Net carrying amount	27,284	8,538	229	1,676	544	38,271
31 December 2014						
At 31 December 2013 and at 1 January 2014:						
Cost	28,384	17,867	331	2,777	544	49,903
Accumulated depreciation and impairment	(1,100)	(9,329)	(102)	(1,101)	–	(11,632)
Net carrying amount	27,284	8,538	229	1,676	544	38,271
At 1 January 2014, net of accumulated depreciation and impairment	27,284	8,538	229	1,676	544	38,271
Additions	67	10	–	24	4,115	4,216
Disposals	–	(27)	–	(2)	–	(29)
Depreciation provided during the year	(623)	(3,546)	(31)	(503)	–	(4,703)
Impairment	–	(75)	–	–	–	(75)
Exchange realignment	(98)	(23)	–	(5)	(24)	(150)
Transfers	–	2,942	–	208	(3,150)	–
At 31 December 2014, net of accumulated depreciation and impairment	26,630	7,819	198	1,398	1,485	37,530

	Buildings	Machinery and equipment	Motor vehicles	Computer and office equipment	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 31 December 2014:						
Cost	28,347	20,578	330	2,984	1,485	53,724
Accumulated depreciation and impairment	(1,717)	(12,759)	(132)	(1,586)	–	(16,194)
Net carrying amount	26,630	7,819	198	1,398	1,485	37,530
30 June 2015						
At 31 December 2014 and at 1 January 2015:						
Cost	28,347	20,578	330	2,984	1,485	53,724
Accumulated depreciation	(1,717)	(12,759)	(132)	(1,586)	–	(16,194)
Net carrying amount	26,630	7,819	198	1,398	1,485	37,530
At 1 January 2015, net of accumulated depreciation and impairment	26,630	7,819	198	1,398	1,485	37,530
Additions	54	–	–	–	3,196	3,250
Disposals	–	(9)	–	(1)	–	(10)
Depreciation provided during the period	(319)	(1,798)	(15)	(252)	–	(2,384)
Exchange realignment	24	11	–	(6)	1	30
Transfers	91	1,968	–	82	(2,141)	–
At 30 June 2015, net of accumulated depreciation and impairment	26,480	7,991	183	1,221	2,541	38,416
At 30 June 2015:						
Cost	28,517	22,412	330	3,055	2,541	56,855
Accumulated depreciation	(2,037)	(14,421)	(147)	(1,834)	–	(18,439)
Net carrying amount	26,480	7,991	183	1,221	2,541	38,416

14. Prepaid land lease payments

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Carrying amount at 1 January	1,681	4,477	4,520	8,395
Additions	2,884	–	4,012	–
Recognised	(92)	(94)	(122)	(88)
Exchange realignment	4	137	(15)	8
Carrying amount at end of year/ period	4,477	4,520	8,395	8,315
Current portion included in prepayments, deposits and other receivables	(92)	(95)	(175)	(175)
Non-current portion	4,385	4,425	8,220	8,140

As at the 31 December 2012, 2013 and 2014 and 30 June 2015, the Group has not obtained certificates of ownership in respect of certain leasehold lands of the Group in the PRC with aggregate net carrying amounts of nil, nil, US$3,985,000 and US$3,948,000, respectively. The Directors are of the view that the Group is entitled to lawfully and validly occupy and use the above-mentioned leasehold lands. All the land use rights of the Group are located in the China and are held on leases of 50 years.

15. Other intangible assets

	Software	Patents and license	Total
	US$'000	*US$'000*	*US$'000*
31 December 2012			
At 1 January 2012:			
Cost	359	–	359
Accumulated amortisation	(118)	–	(118)
Net carrying amount	241	–	241
Cost at 1 January 2012, net of accumulated amortisation	241	–	241
Additions	49	–	49
Amortisation provided during the year *(note 6)*	(79)	–	(79)
At 31 December 2012	211	–	211
At 31 December 2012 and 1 January 2013:			
Cost	408	–	408
Accumulated amortisation	(197)	–	(197)
Net carrying amount	211	–	211

	Software	Patents and license	Total
	US$'000	*US$'000*	*US$'000*
31 December 2013			
Cost at 1 January 2013, net of accumulated amortisation	211	–	211
Additions	96	–	96
Amortisation provided during the year *(note 6)*	(47)	–	(47)
Exchange realignment	4	–	4
At 31 December 2013	264	–	264
At 31 December 2013 and 1 January 2014:			
Cost	510	–	510
Accumulated amortisation	(246)	–	(246)
Net carrying amount	264	–	264
31 December 2014			
Cost at 1 January 2014, net of accumulated amortisation	264	–	264
Additions	162	–	162
Amortisation provided during the year *(note 6)*	(76)	–	(76)
Exchange realignment	(1)	–	(1)
At 31 December 2014	349	–	349
At 31 December 2014:			
Cost	671	–	671
Accumulated amortisation	(322)	–	(322)
Net carrying amount	349	–	349
30 June 2015			
Cost at 1 January 2015, net of accumulated amortisation	349	–	349
Additions	75	16	91
Amortisation provided during the period *(note 6)*	(83)	(2)	(85)
Exchange realignment	3	–	3
At 30 June 2015	344	14	358
At 30 June 2015:			
Cost	746	16	762
Accumulated amortisation	(402)	(2)	(404)
Net carrying amount	344	14	358

16. Available-for-sale investments

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current				
Investment in wealth management products, at fair value	303	4,105	2,526	–

The available-for-sale investments were investments in wealth management products issued by banks with expected interest rates ranging from 1.49% to 6.30% per annum with a maturing period of 30 to 252 days in the PRC. The fair value of the financial products approximates to their cost plus expected interest.

17. Investments in subsidiaries

	Company
	As at 30 June 2015
	US$'000
Unlisted shares, at cost	14,727

Particulars of the principal subsidiaries please refer to Note 1 under Section II.

The amounts due to subsidiaries included in the Company's current liabilities of US$1,049,000 is unsecured, interest-free and are repayable on demand.

18. Inventories

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Raw materials	784	757	896	1,154
Work in progress	224	243	409	294
Finished goods	236	404	472	688
	1,244	1,404	1,777	2,136

19. Trade and notes receivables

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables	8,461	9,853	12,916	14,703
Notes receivable	–	–	101	171
	8,461	9,853	13,017	14,874
Less: Impairment of trade receivables	(553)	(843)	(860)	(934)
	7,908	9,010	12,157	13,940

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 60 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

Movements in the provision for impairment of trade receivables were as follows:

	Total
	US$'000
At 1 January 2012	113
Impairment losses recognised	440
At 31 December 2012 and 1 January 2013	553
Impairment losses recognised	290
At 31 December 2013 and 1 January 2014	843
Impairment losses recognised	17
At 31 December 2014 and 1 January 2015	860
Impairment losses recognised	74
At 30 June 2015	934

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in payments and only a portion of the receivables is expected to be recovered.

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

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 3 months	6,891	6,561	10,055	11,698
3 months to 6 months	584	1,394	1,339	1,557
6 months to 12 months	550	1,018	565	514
1 year to 2 years	193	666	414	332
2 years to 3 years	243	6	336	500
More than 3 years	–	208	207	102
	8,461	9,853	12,916	14,703

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Neither past due nor impaired	3,248	2,812	7,784	7,799
Less than 3 months past due	3,062	4,413	3,441	4,938
Over 3 months within one year past due	1,598	1,785	831	1,032
	7,908	9,010	12,056	13,769

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The notes receivable were due within five months. No notes receivable were discounted or endorsed as at 31 December 2014 and 30 June 2015.

20. Prepayments, deposits and other receivables

Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Other receivables	428	468	591	631
VAT recoverable (i)	230	37	217	124
Prepayments	791	638	444	969
Advance to employees	130	169	157	138
Prepaid expense	133	208	214	217
	1,712	1,520	1,623	2,079
Less: Impairment of other receivables	(126)	(285)	(307)	(307)
	1,586	1,235	1,316	1,772

(i) The Group's domestic sales of goods and rendering of services are subject to China Value Added Tax ("VAT"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is mainly the net difference between output and deductible input VAT.

Movements in the provision for impairment of other receivables were as follows:

	Individually impaired
	US$'000
At 1 January 2012	–
Charge for the year	126
At 31 December 2012 and 1 January 2013	126
Charge for the year	159
At 31 December 2013 and 1 January 2014	285
Charge for the year	22
At 31 December 2014 and 1 January 2015	307
Charge for the period	–
At 30 June 2015	307

The ageing analysis of the prepayments, deposits and other receivables that are not considered to be impaired is as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Neither past due nor impaired	1,586	1,235	1,316	1,772

Company

	As at 30 June 2015
	US$'000
Other receivables	50
Prepayments	498
	548

21. Cash and cash equivalents and pledged short-term deposits

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash and bank balances	18,660	22,457	25,637	25,684
Pledged short-term deposits	264	201	345	202
	18,924	22,658	25,982	25,886
Less: Pledged short-term deposits for letters of credit	(213)	(201)	(345)	(202)
Pledged short-term deposits for notes payables	(51)	–	–	–
Cash and cash equivalents	18,660	22,457	25,637	25,684
Denominated in USD	5,384	12,284	5,987	5,832
Denominated in RMB	7,773	3,473	16,354	15,275
Denominated in JPY	2,102	5,063	1,225	970
Denominated in EUR	1,896	858	771	1,769
Denominated in other currencies	1,505	779	1,300	1,838
Cash and cash equivalents	18,660	22,457	25,637	25,684

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. The remittance of funds out of China is subject to exchange restrictions imposed by the PRC government.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are pledged for letter of credit and notes payable. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values as at the end of each of the relevant periods.

22. Trade and notes payables

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payables	1,793	1,848	2,869	2,193
Notes payable	102	–	–	–
	1,895	1,848	2,869	2,193

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

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 3 months	1,666	1,726	2,813	2,148
3 months to 6 months	156	79	10	14
6 months to 12 months	17	43	19	3
Over 1 year	56	–	27	28
	1,895	1,848	2,869	2,193

As at 31 December 2012, notes payable of US$102,000 were secured by the Group's short-term deposits with a carrying amount of US$51,000 (note 21).

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

23. Other payables and accruals

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Other payables	939	680	973	2,427
Accrued expenses	787	846	1,101	599
Accrued payroll	3,394	4,582	5,657	5,810
Advances from customers	2,792	3,715	5,197	6,379
Taxes payable other than corporate income tax	233	728	801	754
Payables for purchases of machinery and construction of buildings	10,631	4,886	1,403	1,316
	18,776	15,437	15,132	17,285

24. Government grants

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
At 1 January	2,681	1,920	2,207	1,840
Grants received during the year/period	6	1,054	459	–
Amount released	(774)	(807)	(818)	(366)
Exchange realignment	7	40	(8)	1
At end of year/period	1,920	2,207	1,840	1,475
Current	795	820	395	39
Non-current	1,125	1,387	1,445	1,436
	1,920	2,207	1,840	1,475

The grants were related to the subsidies received from local government authorities for the purpose of compensation for expenditure on certain facilities and credited to a deferred income account. The grants were released to the statement of profit or loss over the expected useful life of the relevant assets. We also received certain financial subsidies from local government authorities to support local business. And there were no unfulfilled conditions and other contingencies attached to these government grants. These government grants were recognised in the statement of profit or loss upon received.

25. Deferred tax

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation
	US$'000
At 1 January 2012	248
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(2)
At 31 December 2012 and 1 January 2013	246
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(12)
At 31 December 2013 and 1 January 2014	234
Deferred tax charged to the statement of profit or loss during the year *(note 10)*	(20)
At 31 December 2014 and 1 January 2015	214
Deferred tax charged to the statement of profit or loss during the period *(note 10)*	(26)
Gross deferred tax liabilities at 30 June 2015	188

The movements in deferred tax assets during the Relevant Periods are as follows:

Deferred tax assets

	Accrued expenses	Decelerated depreciation for tax purposes	Impairment of assets	Unrealised profit from intercompany transactions	Government grants	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2012	284	143	21	584	–	1,032
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	142	157	110	95	1	505
Exchange realignment	1	–	–	–	–	1
At 31 December 2012 and 1 January 2013	427	300	131	679	1	1,538
Deferred tax credited/(charged) to the statement of profit or loss during the year *(note 10)*	196	180	147	(222)	152	453
Exchange realignment	11	12	3	–	2	28
At 31 December 2013 and 1 January 2014	634	492	281	457	155	2,019
Deferred tax credited to the statement of profit or loss during the year *(note 10)*	198	151	62	26	66	503
Exchange realignment	(1)	(2)	–	–	(1)	(4)
At 31 December 2014 and 1 January 2015	831	641	343	483	220	2,518
Deferred tax credited/(charged) to the statement of profit or loss during the period *(note 10)*	459	80	26	(3)	(1)	561
Exchange realignment	1	1	–	–	–	2
Gross deferred tax assets at 30 June 2015	1,291	722	369	480	219	3,081

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Net deferred tax assets recognised in the combined statement of financial position	1,348	1,785	2,304	2,893
Net deferred tax liabilities recognised in the combined statement of financial position	56	–	–	–

The Group has tax losses arising in Japan of nil, US$621,000, nil and nil that are available indefinitely for offsetting against future taxable profits as at 31 December 2012, 2013 and 2014 and 30 June 2015.

The Group has tax losses arising in China of nil, nil, US$1,382,000 and US$2,260,000 that will expire in one to five years for offsetting against future taxable profits as at 31 December 2012, 2013 and 2014 and 30 June 2015. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

At 31 December 2012, 2013 and 2014 and 30 June 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in China for which deferred tax liabilities have not been recognised totaled US$3,230,000, US$3,995,000, US$5,415,000 and US$6,634,000 at 31 December 2012, 2013and 2014 and 30 June 2015, respectively.

26. Share capital

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Issued and fully paid:				
363,749,999 ordinary shares	–	–	–	14,777

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

	Number of shares in issue	Share capital	Share premium account	Total
		US$'000	*US$'000*	*US$'000*
At 1 January 2015	–	–	–	–
Issuance	363,749,999	364	14,413	14,777
At 30 June 2015	363,749,999	364	14,413	14,777

The Company was incorporated in the Cayman Islands on 21 May 2015 with an authorised share capital of US$50,000 divided in 50,000,000 shares of US$0.001 par value each, issued to Genscript Holdings (Cayman) Limited ("GS Cayman"). On 8 June 2015, GS Cayman transferred all of the issued and outstanding share of GS USA to the Company and in consideration of which, the Company allotted and issued 313,749,999 shares to GS Cayman credited as fully-paid.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 27 to the financial statements.

27. Share option scheme

Genscript USA Corporation ("GS Corp"), the ultimate holding company of the Company, operated a share option scheme (the "GS Corp Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. 6,150,000 share options were granted to 11 employees with vesting dates falling from 31 December 2007 to 31 December 2013 and exercise prices of US$0.006 to US$0.040. The expiration date of the options granted was 10 years after the grant date.

Genscript Holding (Cayman) Limited Corporation ("GS Cayman"), the immediate holding company of the Company, operated a share option scheme (the "GS Cayman Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. On 10 August 2009, the Group cancelled the options granted under GS Corp Scheme and replaced them with 6,692,730 new options granted under GS Cayman Scheme, with the same exercise price and other terms except the vesting dates were changed to from 31 December 2007 to 31 December 2016. The replacement was treated as modification with incremental fair value being recognised over the vesting period of the replacement options granted by GS Cayman. Between 26 March 2009 and 30 March 2015, 148,845,690 share options under GS Cayman Scheme were additionally granted to 167 employees with vesting dates falling from 3 July 2009 to 30 March 2022 and exercise prices of from US$0.005 to US$0.200. The expiration date of the options granted is 10 years after the grant date. As of 30 June 2015, 170 employees of the Group were granted with 155,538,420 share options under GS Cayman Scheme.

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

	Year ended 31 December					
	2012		2013		2014	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise	Number of options
	US$ per share	*'000*	*US$ per share*	*'000*	*US$ per share*	*'000*
At the beginning of the year	0.1016	38,870	0.1364	60,103	0.1374	61,103
Granted during the year	0.2000	21,233	0.2000	1,000	0.1351	66,360
At the end of the year	0.1364	60,103	0.1374	61,103	0.1362	127,463

	Six months ended 30 June			
	2014		2015	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
	US$ per share	*'000*	*US$ per share*	*'000*
At the beginning of the period	0.1374	61,103	0.1362	127,463
Granted during the period	0.1339	65,160	0.1549	28,600
Forfeited during the period	–	–	0.1500	(525)
At the end of the period	0.1356	126,263	0.1396	155,538

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

31 December 2012 Number of options exercisable	Exercise price*	Exercise period
'000	*US$ per share*	
6,314	0.005	2008/05/12~2019/12/31
1,375	0.006	2007/12/31~2015/10/01
1,375	0.008	2007/12/31~2015/10/01
396	0.009	2009/07/03~2019/07/31
715	0.014	2008/03/03~2019/07/31
1,540	0.015	2010/01/15~2019/12/31
682	0.020	2010/03/28~2018/01/15
423	0.027	2011/12/08~2019/07/31
1,089	0.030	2010/01/01~2019/12/20
244	0.036	2010/01/05~2019/07/31
134	0.040	2012/12/31~2019/08/10
1,500	0.050	2010/12/31~2019/12/31
1,259	0.150	2009/12/31~2020/12/31
12,800	0.200	2011/07/15~2020/07/31
29,846		

31 December 2013 Number of options exercisable	Exercise price*	Exercise period
'000	*US$ per share*	
6,314	0.005	2008/05/12~2019/12/31
1,375	0.006	2007/12/31~2015/10/01
1,375	0.008	2007/12/31~2015/10/01
396	0.009	2009/07/03~2019/07/31
715	0.014	2008/03/03~2019/07/31
1,540	0.015	2010/01/15~2019/12/31
880	0.020	2010/03/28~2018/01/15
423	0.027	2011/12/08~2019/07/31
1,556	0.030	2010/01/01~2019/12/20
348	0.036	2010/01/05~2019/07/31
321	0.040	2012/12/31~2019/08/10
2,154	0.050	2010/12/31~2019/12/31
15	0.100	2013/08/10~2025/07/31
2,077	0.150	2009/12/31~2025/07/31
23,100	0.200	2011/07/15~2020/07/31
42,589		

31 December 2014 Number of options exercisable	Exercise price*	Exercise period
'000	*US$ per share*	
6,314	0.005	2008/05/12~2019/12/31
1,375	0.006	2007/12/31~2015/10/01
1,375	0.008	2007/12/31~2015/10/01
396	0.009	2009/07/03~2019/07/31
715	0.014	2008/03/03~2019/07/31
1,540	0.015	2010/01/15~2019/12/31
880	0.020	2010/03/28~2018/01/15
423	0.027	2011/12/08~2019/07/31
1,919	0.030	2010/01/01~2019/12/20
462	0.036	2010/01/05~2019/07/31
552	0.040	2012/12/31~2019/08/10
2,804	0.050	2010/12/31~2019/12/31
183	0.100	2013/08/10~2025/07/31
11,600	0.120	2014/12/31~2025/07/31
13,383	0.150	2009/12/31~2025/07/31
33,712	0.200	2011/07/15~2025/07/31
77,633		

30 June 2014 Number of options exercisable	Exercise price*	Exercise period
'000	*US$ per share*	
6,314	0.005	2008/05/12~2019/12/31
1,375	0.006	2007/12/31~2015/10/01
1,375	0.008	2007/12/31~2015/10/01
396	0.009	2009/07/03~2019/07/31
715	0.014	2008/03/03~2019/07/31
1,540	0.015	2010/01/15~2019/12/31
880	0.020	2010/03/28~2018/01/15
423	0.027	2011/12/08~2019/07/31
1,556	0.030	2010/01/01~2019/12/20
462	0.036	2010/01/05~2019/07/31
321	0.040	2012/12/31~2019/08/10
2,154	0.050	2010/12/31~2019/12/31
15	0.100	2013/08/10~2025/07/31
2,577	0.150	2009/12/31~2025/07/31
24,100	0.200	2011/07/15~2020/07/31
44,203		

30 June 2015 Number of options exercisable	Exercise price*	Exercise period
'000	*US$ per share*	
6,314	0.005	2008/05/12~2019/12/31
1,375	0.006	2007/12/31~2015/10/01
1,375	0.008	2007/12/31~2015/10/01
396	0.009	2009/07/03~2019/07/31
715	0.014	2008/03/03~2019/07/31
1,540	0.015	2010/01/15~2019/12/31
880	0.020	2010/03/28~2018/01/15
423	0.027	2011/12/08~2019/07/31
1,919	0.030	2010/01/01~2019/12/20
462	0.036	2010/01/05~2019/07/31
552	0.040	2012/12/31~2019/08/10
2,804	0.050	2010/12/31~2019/12/31
183	0.100	2013/08/10~2025/07/31
11,600	0.120	2014/12/31~2025/07/31
13,963	0.150	2009/12/31~2025/07/31
33,712	0.200	2011/07/15~2025/07/31
78,213		

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

The fair value of the share options granted during the years of 2012, 2013 and 2014 and six months ended 30 June 2015 were US$1,100,707 (US$0.052 each), US$73,461 (US$0.073 each), US$5,879,435 (US$0.089 each) and US$3,647,751 (US$0.130 each) of which the Group recognised share option expenses of US$653,000, US$417,000, US$3,284,000, US$1,186,000 (unaudited) and US$1,425,000 during the year ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2014 and 2015.

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

		As at 31 December			As at 30 June
		2012	2013	2014	2015
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Dividend yield (%)		0	0	0	0
Expected volatility (%)		46–50	50	47–48	43–48
Historical volatility (%)		N/A	N/A	N/A	N/A
Risk-free interest rate (%)		1.01–1.65	1.24	2.23–2.73	1.50–1.94
Expected life of options (year)		3.42–6.42	3.84	3.38–5.67	2.88–5.38
Weighted average share price (HK$ per share)		0.96–1.18	1.23	1.28–1.56	1.86

The expected life of the options is based on the historical data over the past six years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

28. Reserves

(a) Group

(i) Merger reserve

The merger reserve of the Group represents the capital contributions from the then equity holders of the Group's subsidiaries.

(ii) Statutory Surplus Reserves

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with a functional currency other than USD.

(b) Company

	Share Premium account	Share option reserve	Accumulated loss	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2015	–	–	–	–
Total comprehensive income for the period	–	–	(1,660)	(1,660)
Issuance	14,413	–	–	14,413
At 30 June 2015	14,413	–	(1,660)	12,753

29. Contingent assets

On 15 September 2011, the Group initiated legal proceedings against one of its competitors and one of its former employees in the United States, primarily due to their infringement of our intellectual property rights of the Group. On 30 July 2015, the court entered a judgment in favor of the Group. The court awarded the Group damages from the defendants in the amount of approximately US$10 million. On 11 November 2015, the Group entered into a settlement agreement with the defendants. Under the settlement agreement, instead of the full amount of damages awarded by the court, the Group agreed to accept a sum that it considered and negotiated primarily based on the amount of damages payable by the relevant defendants under the court order. Due to the confidentiality clause in the settlement agreement, the settlement amount receivable of the Group is not disclosed in the financial statements. The directors, based on the settlement agreement signed, believe that an inflow of economic benefits is probable based on best estimation.

30. Operating lease commitments

The Group leases certain of its production and office properties under operating lease arrangements. Leases for properties are negotiated for terms of one to seven years. As at 31 December 2012, 2013 and 2014 and 30 June 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	655	619	874	780
In the second to fifth years, inclusive	2,012	1,681	1,910	1,711
After five years	203	–	–	–
	2,870	2,300	2,784	2,491

31. Commitments

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at the end of the reporting period:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Contracted, but not provided for:				
Plant and machinery	76	237	40	265

32. Related party transactions

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

Company	Relationship
Genscript USA Corporation ("GS Corp")	Ultimate holding company
Genscript Holding (Cayman) Limited ("GS Cayman")	Immediate holding company
Chongyang Jinrui Rabbit Breeding Limited ("Jinrui Rabbit")	An entity controlled by an immediate family of the controlling shareholder
Nanjing Jinsite Biotech Co., Ltd ("Jinsite")	An entity under significant influence of the controlling shareholder

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

		Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Purchases of raw materials from Jinrui Rabbit	(i)	5	41	34	–	12
Collection by GS Corp on behalf of the Group		1,195	45	–	–	–
Entrust loans from Jinsite	(ii)	4,937	7,594	7,776	4,876	–
Funding from Jinsite	(iii)	–	–	8,172	–	–

Notes:

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

(ii) The entrusted loans in 2012, 2013 and 2014 were unsecured, with an annual interest of 5.8% and repayable within one year.

(iii) The funding from Jinsite is unsecured, interest-free and repayable on demand.

(b) Outstanding balances with related parties:

The Group had the following significant balances with its related parties during the Relevant Periods:

(i) Due from the ultimate holding company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
GS Corp	34	34	34	34

(ii) Due from the related party

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Jinsite	100	115	–	–

(iii) Due to the ultimate holding company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
GS Corp	2,577	2,532	2,570	2,570

(iv) Due to related parties

		As at 31 December			As at 30 June
		2012	2013	2014	2015
		US$'000	*US$'000*	*US$'000*	*US$'000*
Jinrui Rabbit		–	–	1	–
Jinsite — Entrusted loans	(i)	4,943	7,390	–	–
Jinsite — Funding	(ii)	–	–	8,172	–
		4,943	7,390	8,173	–

(i) The entrusted loans in 2012 and 2013 were unsecured, with an annual interest of 5.8% and repayable within one year.

(ii) The funding from Jinsite is unsecured, interest-free and repayable on demand.

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

	Year ended 31 December			Six months ended 30 June	
	2012	**2013**	**2014**	**2014**	**2015**
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Short term employee benefits	1,068	1,357	1,424	625	764
Pension scheme contribution	12	18	23	10	13
Equity-settled share option expense	618	393	2,181	810	597
Total compensation paid to key management personnel	1,698	1,768	3,628	1,445	1,374

Further details of directors' emoluments are included in note 8 to the Financial Information.

The related party transactions in respect of items in note 32(a) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

33. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2012

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	US$'000	*US$'000*	*US$'000*
Available-for-sale investments	–	303	303
Trade and notes receivables	7,908	–	7,908
Financial assets included in prepayments, deposits and other receivables	302	–	302
Due from the ultimate holding company	34	–	34
Due from the related party	100	–	100
Cash and cash equivalents	18,660	–	18,660
Pledged short-term deposits	264	–	264
	27,268	303	27,571

Financial liabilities

	Financial liabilities at amortised cost	Total
	US$'000	*US$'000*
Trade and notes payables	1,895	1,895
Financial liabilities included in accrued liabilities and other payables	12,269	12,269
Due to related parties	4,943	4,943
Due to the ultimate holding company	2,577	2,577
	21,684	21,684

As at 31 December 2013

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	US$'000	*US$'000*	*US$'000*
Available-for-sale investments	–	4,105	4,105
Trade and notes receivables	9,010	–	9,010
Financial assets included in prepayments, deposits and other receivables	183	–	183
Due from the ultimate holding company	34	–	34
Due from the related party	115	–	115
Cash and cash equivalents	22,457	–	22,457
Pledged short-term deposits	201	–	201
	32,000	4,105	36,105

Financial liabilities

	Financial liabilities at amortised cost	Total
	US$'000	*US$'000*
Trade and notes payables	1,848	1,848
Financial liabilities included in accrued liabilities and other payables	6,425	6,425
Due to related parties	7,390	7,390
Due to the ultimate holding company	2,532	2,532
	18,195	18,195

As at 31 December 2014

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	US$'000	*US$'000*	*US$'000*
Available-for-sale investments	–	2,526	2,526
Trade and notes receivables	12,157	–	12,157
Financial assets included in prepayments, deposits and other receivables	284	–	284
Due from the ultimate holding company	34	–	34
Cash and cash equivalents	25,637	–	25,637
Pledged short-term deposits	345	–	345
	38,457	2,526	40,983

Financial liabilities

	Financial liabilities at amortised cost	Total
	US$'000	*US$'000*
Trade and notes payables	2,869	2,869
Financial liabilities included in accrued liabilities and other payables	3,435	3,435
Due to related parties	8,173	8,173
Due to the ultimate holding company	2,570	2,570
	17,047	17,047

As at 30 June 2015

Financial assets

	Loans and receivables	Total
	US$'000	*US$'000*
Trade and notes receivables	13,940	13,940
Financial assets included in prepayments, deposits and other receivables	324	324
Due from the ultimate holding company	34	34
Cash and cash equivalents	25,684	25,684
Pledged short-term deposits	202	202
	40,184	40,184

Financial liabilities

	Financial liabilities at amortised cost	Total
	US$'000	*US$'000*
Trade and notes payables	2,193	2,193
Financial liabilities included in accrued liabilities and other payables	4,263	4,263
Due to the ultimate holding company	2,570	2,570
	9,026	9,026

34. Fair value and fair value hierarchy of financial instruments

Financial assets and liabilities not presented at their fair value on the statement of financial position mainly represent cash and cash equivalents, pledged short-term deposits, accounts and notes receivables, financial assets included in prepayments, deposits and other receivables, amounts due from the ultimate holding company and the related party, tax payable, amounts due to the ultimate holding company and related parties, trade and notes payables, and financial liabilities included in other payables and accruals. Their fair values are approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of unlisted available-for-sale investments require the Directors to make estimates about the expected future cash flows from future proceeds when the investments mature and the faire values have been estimated to be the principle plus estimated interest income. The Directors believe that the estimated fair values which are recorded in the combined statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

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

Fair value hierarchy

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

Asset measured at fair value:

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active inputs (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Available-for-sale investment:				
Investment in wealth management products	–	303	–	303

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active inputs (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Available-for-sale investment:				
Investment in wealth management products	–	4,105	–	4,105

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active inputs (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Available-for-sale investment:				
Investment in wealth management products	–	2,526	–	2,526

Fair value hierarchy

During the Relevant Periods, 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.

The Group did not have any financial liabilities measured at fair value as at 31 December 2012, 2013 and 2014 and 30 June 2015.

35. Financial risk management objectives and policies

The Group's principal financial instruments comprise interest-bearing loans, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 5%, 5%, 4% and 3% of the Group's sales for the year ended 31 December 2012, 2013 and 2014 and six months ended 30 June 2015 were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 7%, 4%, 3% and 4% of costs for the year ended 31 December 2012, 2013 and 2014 and six months ended 30 June 2015 were denominated in the units' functional currencies.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign currency	**Increase/(decrease) in profit before tax**
	%	*US$'000*
Year ended 31 December 2012		
If US$ strengthens against RMB	5	206
If US$ weakens against RMB	(5)	(206)
Year ended 31 December 2013		
If US$ strengthens against RMB	5	84
If US$ weakens against RMB	(5)	(84)
Year ended 31 December 2014		
If US$ strengthens against RMB	5	433
If US$ weakens against RMB	(5)	(433)
Six months ended 30 June 2015		
If US$ strengthens against RMB	5	572
If US$ weakens against RMB	(5)	(572)

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of senior management.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged short-term deposits, available-for-sale financial assets, other receivables and an amount due from the related party, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different regions.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 19 and 20 to the Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables, other financial assets) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing loans and borrowings.

The maturity profile of the Group's financial liabilities as at 31 December 2012, 2013 and 2014 and 30 June 2015, based on contractual undiscounted payments, is as follows:

Year ended 31 December 2012

	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and notes payables	76	1,819	–	–	–	1,895
Other payables and accruals	224	12,045	–	–	–	12,269
Due to the ultimate holding company	–	2,577	–	–	–	2,577
Due to related parties	–	170	4,879	–	–	5,049
	300	16,611	4,879	–	–	21,790

Year ended 31 December 2013

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and notes payables	162	1,686	–	–	–	1,848
Other payables and accruals	197	6,172	56	–	–	6,425
Due to the ultimate holding company	–	2,532	–	–	–	2,532
Due to related parties	–	9	7,585	–	–	7,594
	359	10,399	7,641	–	–	18,399

Year ended 31 December 2014

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and notes payables	105	2,764	–	–	–	2,869
Other payables and accruals	339	3,073	–	23	–	3,435
Due to the ultimate holding company	–	2,570	–	–	–	2,570
Due to related parties	8,173	–	–	–	–	8,173
	8,617	8,407	–	23	–	17,047

Six months ended 30 June 2015

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and notes payables	81	2,112	–	–	–	2,193
Other payables and accruals	470	3,793	–	–	–	4,263
Due to the ultimate holding company	–	2,570	–	–	–	2,570
	551	8,475	–	–	–	9,026

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2012, 2013 and 2014, and the six months ended 30 June 2015.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes amounts due to the ultimate holding company and related parties.

The gearing ratios as at the end of the Reporting Periods were as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	US$'000	*US$'000*	*US$'000*	*US$'000*
Due to the ultimate holding company	2,577	2,532	2,570	2,570
Due to related parties	4,943	7,390	8,173	–
Total debt	7,520	9,922	10,743	2,570
Total equity	44,156	52,563	61,747	68,995
Gearing ratio	17.0%	18.9%	17.4%	3.7%

36. Events after the reporting period

a) On 15 July 2015, the Company approved a share option scheme (the "Pre-IPO Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Immediately after the approval, the Group cancelled the options granted under the GS Cayman Scheme and replaced them with new options granted by the Company with same conditions including exercise prices and vesting periods, which was treated as modification to the GS Cayman options granted with incremental fair value being recognised over the vesting period of the replacement options granted by the Company.

b) On 31 July 2015, the Company issued 8,580,000 ordinary shares of par value US$0.001 each, credited as fully paid, to GS Cayman, at a cash consideration of US$8.58 million.

c) On 11 November 2015, the Group and the relevant defendants entered into a settlement agreement to settle the dispute of intellectual property infringement. Please refer to Note 29 for details of the settlement.

37. Subsequent financial statements

No audited financial statements have been prepared by the Company or any of the companies comprising the Group in respect of any period subsequent to 30 June 2015.

Yours faithfully,

Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the Accountants' Report on the financial information of the Group for the Track Record Period prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules are set out below to illustrate the effect of the Global Offering on the combined net tangible assets of our Group attributable to the equity owners of our Company as of June 30, 2015 as if the Global Offering had taken place on that date.

The unaudited pro forma adjusted net tangible assets have been prepared for illustrative purposes only and, because of their hypothetical nature, they may not give a true picture of the combined net tangible assets of our Group had the Global Offering been completed as of June 30, 2015 or of any future dates. The unaudited pro forma adjusted net tangible assets are prepared based on the audited combined net tangible assets of our Group attributable to the equity owners of our Company as of June 30, 2015 as set out in the Accountants' Report of our Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of our Group attributable to the equity owners of our Company as of June 30, 2015[(1)]	**Estimated net proceeds from the Global Offering[(2)]**	**Unaudited pro forma adjusted net tangible to the equity owners of our Company**	**Unaudited pro forma adjusted net tangible assets per Share[(3)]**	
	US$'000	*US$'000*	*US$'000*	*US$*	*HK$*
Based on an Offer Price of HK$1.31 per Share	68,637	61,328	129,965	0.08	0.63
Based on an Offer Price of HK$1.68 per Share	68,637	79,847	148,484	0.09	0.72

Notes:

(1) The audited combined net tangible assets of our Group attributable to the equity owners of our Company as of June 30, 2015 are extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of our Group attributable to the equity owners of our Company as of June 30, 2015 of US$68,995,000 with an adjustment for the intangible assets as of June 30, 2015 of US$358,000.

(2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$1.31 and HK$1.68 per Share, respectively, after deduction of the underwriting fees and other related expenses payable by our Company and takes no account of (i) any Shares which may fail to be issued upon the exercise of the Over-allotment Option or (ii) any Shares which may be issued upon the exercise of any option which has been or may be granted under the Share Option Schemes or (iii) any Shares which may be granted and issued or repurchased by our Company pursuant to the General Mandate to Issue Shares and General Mandate to Purchase Shares.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,600,000,000 Shares were in issue assuming that the Global Offering has been completed on June 30, 2015 but takes no account of any Shares which may fail to be issued upon the exercise of the Over-allotment Option or of any Shares which may be issued upon the exercise of any option which have been or may be granted under the Share Option Schemes or any Shares which may be granted and issued or repurchased by our Company pursuant to the General Mandate to Issue Shares and the General Mandate to Purchase Shares.

(4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to June 30, 2015.

(5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in U.S. dollars are converted into Hong Kong dollars at the rate of US$1.000 to HK$7.7522.

B. ACCOUNTANTS' REPORT ON PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this prospectus.

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

17 December 2015

To the Directors of Genscript Biotech Corporation

We have completed our assurance engagement to report on the compilation of pro forma financial information of Genscript Biotech Corporation (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma combined net tangible assets of the Group as at June 30, 2015, and related notes as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 17 December 2015 (the "Pro Forma Financial Information"), in connection with the proposed initial public offering of the shares of the Company (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on pages II-I to II-2 of the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at June 30, 2015 as if the global offering had taken place at June 30, 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended June 30, 2015, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2015 of the properties held by the Group.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

17 December 2015

The Board of Directors
Genscript Biotech Corporation
No. 28 Yongxi Road
Jiangning Science Park
Nanjing City
Jiangsu Province
The PRC

Dear Sirs,

In accordance with your instructions to value the properties held by Genscript Biotech Corporation (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 October 2015 (the "valuation date").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property interest in Group I, due to the nature of the buildings and structures of the property and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available. The property interest has therefore been valued by Cost Approach with reference to its depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

We have attributed no commercial value to the property interest in Group II, which has not been assigned to the Group as at the valuation date, thus the title of the property is not vested in the Group.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation - Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Fangda Partners, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in May 2015 by Ms. Winnie Xu and Ms. Wody Ding. Ms. Winnie Xu is a China Public Valuer and has 4 years' experience in the valuation of properties in the PRC. Ms. Wody Ding has 4 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 21 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Market value in existing state as at 31 October 2015
		RMB
1.	Two parcels of land, various buildings and structures No. 28 Yongxi Road Jiangning Science Park Nanjing City Jiangsu Province The PRC	209,441,000

Group II — Property interest contracted to be acquired by the Group in the PRC

No.	Property	Market value in existing state as at 31 October 2015
		RMB
2.	A parcel of land No. 28 Yongxi Road Jiangning Science Park Nanjing City Jiangsu Province The PRC	No commercial value
	Total:	**209,441,000**

VALUATION CERTIFICATE

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015
				RMB
1.	Two parcels of land, various buildings and structures No. 28 Yongxi Road Jiangning Science Park Nanjing City Jiangsu Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 71,838.18 sq.m. and 7 buildings and various structures erected thereon which were completed in various stages between 2010 and 2012. The buildings mainly include laboratory buildings, industrial buildings and warehouses and have a total gross floor area of approximately 31,180.09 sq.m. The structures mainly include fire control pool, sewage treatment tank and landscaped facilities. The land use rights of the property have been granted for terms expiring on 17 November 2060 and 10 November 2061 for industrial use.	As at the valuation date, the property was occupied by the Group for industrial, office and ancillary purposes.	209,441,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates – Ning Jiang Guo Yong (2011) Di No. 29448 and Ning Jiang Guo Yong (2014) Di No. 04287, the land use rights of 2 land parcels (Nos. 21108118015 and 21108118023) of the property with a total site area of approximately 71,838.18 sq.m. have been granted to Nanjing Jinsirui Biotechnology Co., Ltd. ("GS China"), an indirect wholly owned subsidiary of the Company, for terms expiring on 17 November 2060 and 10 November 2061 for industrial use.

2. Pursuant to 7 Building Ownership Certificates – Ning Fang Quan Zheng Jiang Chu Zi Di Nos. JN00424557, JN00424558, JN00424559, JN00424563, JN00424566, JN00424562 and JN00432422, 7 buildings of the property with a total gross floor area of approximately 31,180.09 sq.m. are owned by GS China.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a. GS China has obtained the land use rights of the land parcels and the ownership rights of the buildings mentioned in notes 1 and 2 respectively. Under the terms specified in the Land Use Rights Certificates, and subject to the terms and conditions under the land use right grant contracts in relation to these parcels of land, GS China is entitled to transfer, lease, mortgage or otherwise dispose of these land use rights and buildings; and

   b. According to the confirmation by the Group, the property is not subject to any mortgage or court seizure.

4. As the property is the major asset held by the Group, we are of the view that the property is a material property.

Details of the material property

a) General description of location of the property	:	The property is located at the western and eastern side of Yongxi Road and the southern side of Jingyou Road of Jiangning Science Park, which is a hi-tech industrial development zone of Jiangning District of Nanjing City. The site of the property is in regular shape and neighbouring Xingqiao Y-Tec company. The neighborhood of the property is mainly industrial buildings and undeveloped land. It is about 15 minutes' drive from Nanjing Medical University & Jiangsu Institute of Commerce Station of Metro Line 1.
b) Details of encumbrances, liens, pledges, mortgages against the property	:	Nil.
c) Environmental Issue	:	No environmental study has been carried out.
d) Details of investigations, notices, pending litigation, breaches of law or title defects	:	Nil.
e) Future plans for construction, renovation, improvement or development of the property and estimated associated costs	:	As advised by the Group, there is no plan for new major development or renovation in the next 12 months from the date of this document.

VALUATION CERTIFICATE

Group II — Property interest contracted to be acquired by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015
				RMB
2.	A parcel of land No. 28 Yongxi Road Jiangning Science Park Nanjing City Jiangsu Province The PRC	The property comprises a parcel of land with a site area of approximately 60,762.40 sq.m. The property is located at the northern side of Yuehua Road and the eastern side of Qiande Road, Jiangning Science Park, Nanjing City.	The property is currently vacant.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3201212014CR0070 dated 15 July 2014, the land use rights of the land parcel (No. Ning 2014JN045) were contracted to be granted to Nanjing Jinsirui Biotechnology Co., Ltd. ("GS China"), an indirect wholly owned subsidiary of the Company, with the particulars as follows:

Site Area	:	60,762.40 sq.m.
Land Use	:	Industrial
Land Term	:	50 years
Plot Ratio	:	1.0-1.5
Land Premium	:	RMB23,700,000

2. As at the valuation date, the property has not been assigned to the Group and thus the title of the property has not been vested in the Group. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB36,579,000, on condition that the relevant title certificates have been obtained by the Group and the Group is entitled to freely transfer, lease, mortgage or otherwise dispose of the property.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

   a) GS China will obtain the land use rights of the property after fulfilling the registration process of the land use rights and obtaining the relevant Land Use Rights Certificate.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on May 21, 2015 under the Cayman Companies Law. The Company's constitutional documents consist of its Memorandum and Articles.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on December 7, 2015. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time

prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; or

(ee) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all traveling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as

mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled

capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Cayman Companies Law and to confirmation by the court, a company limited by shares may, if so authorized by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution – majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purpose as paid up on the share, and on a show of hands every member who is present in person (or, in the case of a member being a

corporation, by its duly authorized representative) or by proxy shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

(i) at least two members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

(ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorized as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized in accordance with this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorized by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorized by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting of the Company must be called by at least 21 days' notice in writing, and a general meeting of the Company other than an annual general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and

agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorized by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all members of the Company.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of Directors in place of those retiring;

(dd) the appointment of auditors;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Cayman Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by check or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the check or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending checks for dividend entitlements or dividend warrants by post if such checks or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a check or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and which may still

accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending checks for dividend entitlements or dividend warrants by post if such checks or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a check or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all checks or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and

(iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on May 21, 2015 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancelation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by

the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so

redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorized by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as canceled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorized in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either canceled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions thereto) which

permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

(i) an act which is ultra vires the company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Cayman Companies Law on the power of directors to dispose of assets of a company, however the directors have certain duties of care, diligence and skill and also fiduciary duties to act in good faith, for proper propose and in the best interest of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from June 2, 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Cayman Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound

up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal advisor on Cayman Islands law, has sent to the Company a letter of advice which summarizes certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

1. FURTHER INFORMATION ABOUT OUR COMPANY

(i) Incorporation

Our Company was incorporated on May 21, 2015 in the Cayman Islands as an exempted company with limited liability under the Companies Law. We have established a principal place of business in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Hong Kong and application has been made with the Registrar of Companies in Hong Kong for our Company to be registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. Dr. Zhang and Mr. Meng have been appointed as the authorized representatives of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong. The address for service of process on our Company in Hong Kong is the same as its registered place of business in Hong Kong.

As we are incorporated in the Cayman Islands, our corporate structure, Memorandum of Association and Articles of Association are subject to the laws of the Cayman Islands. A summary of our constitution and the relevant aspects of the Cayman Islands company law is set out in Appendix IV in this prospectus.

(ii) Changes in Share Capital of our Company

(a) on May 21, 2015, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. The authorized share capital was US$50,000 divided into 50,000,000 Shares of par value of US$0.001 each;

(b) on May 21, 2015, one share of par value US$0.001 was allotted and issued fully-paid as subscriber's shares to Reid Services Limited, an Independent Third Party, which in turn transferred such one Share to GS Cayman at par. On the same date, 49,999,999 Shares were allotted and issued to GS Cayman credited as fully-paid;

(c) on June 8, 2015, the authorized share capital of our Company was increased from US$50,000 divided into 50,000,000 ordinary shares of par value US$0.001 each to US$5,000,000 divided into 5,000,000,000 ordinary shares of par value US$0.001 each, by the creation of 4,950,000,000 ordinary shares of par value US$0.001 each.

As at the Latest Practicable Date, our Company had an authorized share capital of US$5,000,000, divided into 5,000,000,000 Shares, and an issued share capital of US$617,500, divided into 617,500,000 Shares, all fully paid or credited as fully paid.

Upon completion of the Pre-IPO Reorganization, the issued share capital of our Company will be US$586,625, divided into 586,625,000 Shares, all fully paid or credited as fully paid.

For further details of the 2015 Reorganization, please see the section headed "History and Reorganization — 2015 Reorganization" of this prospectus.

Save for aforesaid and as mentioned in the subsection headed "— 1. Further Information about our Company — (iv) Written Resolutions of our Sole Shareholder Passed on December 7, 2015" below, there has been no alteration in the share capital of our Company since its incorporation.

(iii) Share Capital of our Company after the Global Offering and the Capitalization Issue

Immediately following the completion of the Global Offering and the Capitalization Issue but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options that have been or may be granted under the Share Option Schemes, the authorized share capital of our Company will be US$5,000,000, divided into 5,000,000,000 Shares and the issued share capital of our Company will be US$1,600,000 divided into 1,600,000,000 Shares, all fully paid or credited as fully paid, and 3,400,000,000 Shares will remain unissued.

Other than the exercise of the Over-allotment Option, the exercise of any options which have been or may be granted under the Share Option Schemes or the exercise of the general mandate to issue Shares referred to in the subsection headed "— 1. Further Information about our Company — (iv) Written Resolutions of our Sole Shareholder Passed on December 7, 2015", our Directors do not have any present intention to issue any part of the authorized but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this Appendix and the section headed "History and Reorganization" in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

(iv) Written Resolutions of our Sole Shareholder Passed on December 7, 2015

Pursuant to the resolutions in writing passed by our sole Shareholder on December 7, 2015:

(a) our Company approved and adopted the Memorandum and Articles;

(b) conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and Shares to be issued pursuant to the Global Offering, the Capitalization Issue, the exercise of the Over-allotment Option and the Shares to be issued upon the exercise of any options which have been or may be granted under the Share Option Schemes; (ii) the Offer Price having been fixed on or around the Price Determination Date; (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and (iv) the obligations of the Underwriter(s) under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Joint Global Coordinators) (on behalf of the Underwriter(s)) and the Underwriting Agreements not being terminated in accordance with their respective terms or otherwise:

    (i) the Global Offering and the Capitalization Issue were approved and our Directors were authorized to effect the same and to allot and issue the new Shares pursuant to the Global Offering and the Capitalization Issue;

    (ii) the proposed listing of the Shares on the Stock Exchange was approved and our Directors were authorized to implement such listing; and

(iii) the Over-allotment Option was approved and the Directors were authorized to effect the same and to allot and issue up to 60,000,000 Shares upon the exercise of the Over-allotment Option;

(iv) conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares pursuant to the Global Offering, our Directors were authorized to capitalize an amount of approximately US$613,375 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 613,375,000 Shares for allotment and issue to the Shareholders of our Company whose name appeared on the register of members of the Company or the principal share register as at the close of business on a date after the completion of the Pre-IPO Reorganization and before the Listing as determined by Directors (or another date as the Directors may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their respective shareholdings in the Company, and the Shares allotted and issued shall rank pari passu in all respects with the then existing issued Shares;

(c) a general unconditional mandate was granted to our Directors to, inter alia, issue, allot and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that:

(1) the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors shall not exceed the aggregate of:

(i) 20% of the total nominal or par value of the share capital of our Company in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes); and

(ii) the total nominal or par value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below;

(2) the aggregate nominal or par value of the Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares pursuant to:

(i) a rights issue;

(ii) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles;

(iii) any specific authority granted by the Shareholders in general meeting; or

(iv) the exercise of any options which have been or may be granted under the Share Option Schemes;

(3) this general mandate to issue Shares will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

(d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate nominal or par value not exceeding 10% of the aggregate nominal or par value of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes). This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with the Listing Rules and all applicable laws. Such mandate will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting;

(e) the general unconditional mandate as mentioned in paragraph (c) above was extended by the addition to the aggregate nominal or par value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal or par value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (d) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options which have been or may be granted under the Share Option Schemes).

(f) conditional on (1) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the new Shares to be issued pursuant to the exercise of any options which may be granted pursuant to the Post-IPO Share Option Scheme, and (2) the commencement of trading of the Shares on the Main Board of the Stock Exchange, (i) the adoption of the Post-IPO Share Option Scheme was approved and (ii) the Directors were authorized to allot,

issue and deal with Shares pursuant to the exercise of any options which may be granted pursuant to the Post-IPO Share Option Scheme.

2. OUR MAJOR OPERATING SUBSIDIARIES

The particulars of our major operating subsidiaries are provided in the Accountants' Report, the text of which is set out in Appendix I in this prospectus.

3. CHANGES IN THE SHARE CAPITAL OF OUR SUBSIDIARIES

The following changes in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

(a) PRC subsidiaries

GS China

In December 2013, the registered capital of GS China was increased to US$43,020,000 by GS HK. The increase in registered capital was for the expansion of our Group's production capacity which requires the purchase of more equipment and instruments at the research and production facility at Jiangning, Nanjing, China.

Nanjing Jinsikang

Pursuant to an equity transfer agreement dated September 2, 2013, GS HK transferred the entire equity interests in Nanjing Jinsikang to GS China at the consideration of US$11,520,000, which was determined primarily from the appraised shareholders' equity of Nanjing Jinsikang as at October 31, 2012. Upon completion of such transfer, the entire equity interests of Nanjing Jinsikang were owned by GS China, both of which are principally engaged in the provision of life sciences research and application services and products, and Nanjing Jinsikang subsequently became a domestic company under the PRC laws. Concurrently, the registered capital of Nanjing Jinsikang was converted from US$20,000,000 to RMB132,550,599.80 as a requirement for conversion into a domestic company under the PRC laws. Upon completion of the aforesaid transfer and as at the Latest Practicable Date, GS China owns the entire equity interests in Nanjing Jinsikang.

BSJ Nanjing

Pursuant to an equity transfer agreement dated June 12, 2015, GS HK transferred its entire equity interests in BSJ Nanjing to BSJ HK at the consideration of US$2,450,636.58, which was determined based on the appraised net asset value of BSJ Nanjing as at March 31, 2015. Upon completion of the aforesaid transfer and as at the Latest Practicable Date, BSJ HK owns the entire equity interests in BSJ Nanjing.

In November 2015, the registered capital of BSJ Nanjing was increased to US$14,000,000 by BSJ HK. The increase in registered capital of BSJ Nanjing was for the expansion of its production capacity.

Legend Nanjing

On June 12, 2015, GS HK entered into an equity transfer agreement with Legend HK, pursuant to which GS HK agreed to transfer the entire equity interests in Legend Nanjing to Legend HK at a consideration of US$500,000, which was determined based on the registered capital of Legend Nanjing.

In November 2015, the registered capital of Legend Nanjing was increased to US$2,500,000 by Legend HK. The increase in registered capital of Legend Nanjing was for the expansion of its production capacity.

(b) Offshore subsidiaries

GS HK

On July 23, 2015, GS Cayman transferred 155,000 shares of GS HK, representing the entire issued shares of GS HK, to GS BVI at the consideration of the allotment and issue of 245,170,001 Shares by our Company to GS Cayman credited as fully-paid, which was pursuant to the 2015 Reorganization. Upon completion of the aforesaid transfer, the entire issued shares of GS HK are owned as to by GS BVI and GS HK has become our indirectly wholly owned subsidiary.

GS BVI

On July 23, 2015, GS Cayman transferred 155,000 shares of GS HK, representing the then entire issued shares of GS HK to GS BVI and in consideration of which our Company allotted and issued 245,170,001 Shares, credited as fully paid, to GS Cayman. Upon the completion of such transfer, the entire issued shares of GS HK was owned as to by GS BVI.

GS USA

On June 8, 2015, pursuant to the 2015 Reorganization, GS Cayman transferred all of the issued and outstanding share of GS USA to our Company and in consideration of which, our Company allotted and issued 313,749,999 Shares to GS Cayman credited as fully paid. Upon completion of the aforesaid transfer, the entire issued and outstanding share of common stock of GS USA was held by our Company, and GS USA has become our wholly owned subsidiary.

For the details of changes in the share capital of our major operating subsidiaries, please see the section headed "History and Reorganization" of this prospectus. Save as disclosed in this section and the section headed "History and Reorganization" of this prospectus, there has been no alterations in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. SHARE REPURCHASE MANDATE

This section includes information relating to the repurchase by our Company of the Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

A. Relevant Legal and Regulatory Requirements

The Listing Rules permit a company whose primary listing is on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the written resolutions passed by our sole Shareholder on December 7, 2015, a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) such number of Shares as will represent up to 10% of the aggregate nominal or par value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to any exercise of the Over-allotment Option or the options which have been or may be granted under the Share Option Schemes), such mandate to remain in effect until (i) the conclusion of the next annual general meeting of our Company, or (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles of Association or any applicable laws to be held, or (iii) such mandate being revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever occurs first (the "Relevant Period").

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association of our Company, the Companies Law, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Subject to the foregoing, such repurchases by our Company may only be made out of our Company's profits, our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase, or, if so authorized by the Articles of Association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the Shares to be purchased must have been provided for out of either or both of the profits of our Company or our Company's share premium account, or, if so authorized by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

(iii) Trading Restrictions

A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Suspension of Repurchase

Pursuant to the Listing Rules, a listed company may not make any repurchases of shares after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required by the Listing Rules); and (b) the deadline for a listed company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and in each case ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange unless the circumstances are exceptional.

(v) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vi) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person" (as defined in the Listing Rules) and a core connected person is prohibited from knowingly selling his securities to the company on the Stock Exchange.

B. Reasons for Repurchases

Our Directors believe that it is in our Company's and our Shareholders' best interests for our Directors to have general authority from the Shareholders to enable our Company to execute repurchases of the Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

C. Funding of Repurchases

In repurchasing securities, a listed company may only apply funds legally available for such purpose in accordance with its Memorandum of Association and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this prospectus and taking into account our Company's current working capital position, our Directors consider that, if the repurchase mandate were to be exercised in full, there might have a material adverse effect on our Company's working capital and/or our Company's gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on our Company's working capital requirements or the gearing position which in the opinion of our Directors are from time to time appropriate for our Company.

D. General

Exercise in full of the current repurchase mandate, on the basis of 1,600,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue and assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 160,000,000 Shares being repurchased by our Company during the Relevant Period.

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to us or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Codes on Takeovers and Mergers (the "Takeover Code"). Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interests, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of Shares on the Stock Exchange. Save as

aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate immediately after the listing of the Shares on the Stock Exchange.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% of the Shares then in issue could only be implemented if the Stock Exchange agrees to waive the Listing Rules requirements regarding the public shareholding referred to above. A waiver of this provision is not normally granted other than in exceptional circumstances.

No core connected person (as defined in the Listing Rules) of our Company has notified us that he or she or it has a present intention to sell Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

Save as disclosed in the section headed "— 1. Further Information about our Company — (ii) Changes in Share Capital of our Company" of this Appendix, no repurchase of Shares has been made by our Company since its incorporation.

5. CORPORATE REORGANIZATION

The companies comprising our Group underwent the 2015 Reorganization in preparation for the listing of the Shares on the Hong Kong Stock Exchange and will conduct Pre-IPO Reorganization immediately before Listing. Please see the sections headed "History and Reorganization — 2015 Reorganization" and "History and Reorganization — Pre-IPO Reorganization" in this prospectus for further details.

6. FURTHER INFORMATION ABOUT OUR BUSINESS

A. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or our subsidiaries within the two years preceding the date of this prospectus and are or may be material:

1) a stock transfer agreement dated June 8, 2015 between GS Cayman, our Company and GS USA pursuant to which GS Cayman transferred all issued and outstanding shares of GS USA to our Company for a consideration of allotment and issue of 313,749,999 Shares by our Company to GS Cayman;

2) an equity transfer agreement dated June 12, 2015 between GS HK and BSJ HK pursuant to which GS HK transferred its entire equity interests in BSJ Nanjing to BSJ HK for a consideration of US$2,450,636.58;

3) an equity transfer agreement dated June 12, 2015 between GS HK and Legend HK, pursuant to which GS HK transferred its entire equity interests in Legend Nanjing to Legend HK for a consideration of US$500,000;

4) an instrument of transfer and bought and sold notes dated July 23, 2015 between GS Cayman and GS BVI pursuant to which GS Cayman transferred 155,000 ordinary shares of GS HK to GS BVI for a consideration of allotment and issue of 245,170,001 Shares by our Company to GS Cayman;

5) a loan facility agreement dated July 29, 2015 between GS USA and GS Cayman, pursuant to which GS USA shall make available to GS Cayman a loan in the amount of US$500,000 at an interest rate equal to the sum of 1.5% per annum;

6) a lock up agreement dated December 11, 2015 between the Series A Investors, the Company and GS Corp, pursuant to which the Series A Investors agreed not to sell or otherwise transfer or dispose of any Shares owned by such Series A Investor as of the date of Listing for up to 180 days following the effective date of the dealing of Shares on the Main Board of the Stock Exchange;

7) a cornerstone investment agreement dated December 11, 2015 entered into between the Company, Commotra Company Limited and J.P. Morgan Securities (Asia Pacific) Limited pursuant to which Commotra Company Limited agreed to subscribe for and purchase at the Offer Price for such number of Shares that shall be equal to 5% of our Company's enlarged share capital (assuming that the Over-allotment Option is fully exercised), being 83,000,000 Shares, on the terms as more particularly set out in the section headed "Cornerstone Investor";

8) a framework strategic cooperation agreement dated December 11, 2015 entered into between our Company and China Resources Strategic Investment Company Limited, pursuant to which the parties agreed to establish a cooperative relationship in the industrial enzymes and antibody drugs businesses;

9) the Pre-IPO Reorganization Agreement;

10) the Deed of Indemnity;

11) the Deed of Non-competition; and

12) the Hong Kong Underwriting Agreement.

B. Our Intellectual Property Rights

As at the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.

(i) Trademarks

As at the Latest Practicable Date, members of our Group have registered the following trademarks in the U.S., the PRC and Hong Kong, which are material to our business:

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration Number	Expiry Date/ Renewal Date
1.	eStain	9	GS USA	US	4072200	December 13, 2017
2.	eBlot	9	GS USA	US	4273634	January 8, 2019
3.	GENE-BRICK	42	GS USA	US	4302829	March 12, 2019
4.	PROTBANK	42	GS USA	US	4401361	September 10, 2019
5.	CLONEARCH	42	GS USA	US	4298210	March 5, 2019
6.	CellPower	42	GS USA	US	4456511	December 24, 2019
7.	BESTZYME	1	GS USA	US	4700506	March 10, 2021
8.	LanPower	1, 42	GS USA	US	4646346	November 25, 2020
9.	VectorArk	39, 40, 42	GS USA	US	4756760	June 16, 2015
10.	GenScript	42	GS USA	US	4833056	October 13, 2021
11.		9	GS China	PRC	10529440	September 13, 2023

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration Number	Expiry Date/ Renewal Date
12.		1	GS China	PRC	7334963	April 13, 2021
13.	金斯瑞	1	GS China	PRC	7334972	September 20, 2020
14.		42	GS China	PRC	7334986	December 6, 2020
15.	金斯瑞	42	GS China	PRC	7334988	December 6, 2020
16.	HighDEX	1	BSJ Nanjing	PRC	13412067	February 6, 2025
17.		42	GS China	Hong Kong	303425706	May 28, 2025

As at the Latest Practicable Date, our Group has applied for the registration of the following trademarks in the PRC and the U.S., which are material to our business:

No.	Trademark	Type and Class	Name of Applicant	Place of Application	Application Number	Application Date
1.	Highalco	1	BSJ Nanjing	PRC	15660726	November 6, 2014
2.	DexFree	1	BSJ Nanjing	PRC	15697531	November 14, 2014
3.		42	GS USA	US	86647176	June 1, 2015

(ii) Domain Names

As at the Latest Practicable Date, our Group has registered the following domain names which are material to our business:

Domain Name	Owner	Date of Registration	Expiry Date
genscript.com	GS USA	October 19, 2001	October 19, 2016
bestzyme.com	GS USA	April 12, 2013	April 12, 2016
genscript.com.cn	GS China	September 15, 2005	September 15, 2017

Information contained in the above websites does not form part of this prospectus.

(iii) Patents

As at the Latest Practicable Date, members of our Group have registered the following patents in the PRC and the U.S., which are material to our business:

No.	Type	Registered Owner	Patent number	Place of Registration	Expiry Date
1.	Method of sequence optimization for improved recombinant protein expression using a particle swarm optimization algorithm (一種利用計算機swarm算法來進行序列優化和提高重組蛋白表達的方法)	GS China	US8326547	US	January 22, 2031
2.	Rapid ELISA processes and related compositions (一種快速檢測抗原的ELISA方法以及所需的配方)	GS China	US7824867	US	September 9, 2028
3.	Rapid C-ELISA process and related compositions (一種快速檢測抗原的C-ELISA方法以及所需的配方)	GS China	US7816092	US	May 13, 2028

No.	Type	Registered Owner	Patent number	Place of Registration	Expiry Date
4.	Homologous recombination-based DNA cloning methods and compositions (基於由含核酸外切酶和單鏈DNA結合蛋白在內的混合酶介導的、受體載體和供體DNA分子之間的體外同源重組處理方法和材料)	GS China	US8815600	US	February 1, 2031
5.	Homologous recombination-based DNA cloning compositions (基於由含核酸外切酶和單鏈DNA結合蛋白在內的混合酶介導的、受體載體和供體DNA分子之間的體外同源重組材料)	GS China	US8501454	US	September 10, 2029
6.	Methods and compositions for enhanced expression and secretion of proteins (優化的信號肽編碼序列用以增強蛋白表達、並且促進蛋白質的分泌)	GS China	US8603780	US	July 16, 2032
7.	Composition related to rapid ELISA process (用於可快速檢測抗原的ELISA方法所需的配方)	GS HK	US8334103	US	December 6, 2028
8.	Rapid electrophoresis binding method and related kits and compositions (一種快速的基質中結合的生物聚合物的染色方法以及與此方法相關的試劑盒和配方)	GS China	US8968541	US	June 16, 2032
9.	Gel electrophoresis device for loading large sample volumes (一種可以增大上樣量的電泳裝置)	GS China	US9061236	US	July 16, 2033
10.	Antibody humanization by framework assembly (一種通過框架區組裝產生人源化抗體的方法)	GS China	US9090994	US	June 8, 2032

No.	Type	Registered Owner	Patent number	Place of Registration	Expiry Date
11.	A rapid staining method of biopolymers (生物聚合物快速染色法)	GS China	ZL201010220009.5	PRC	June 24, 2030
12.	Method for preparing DNA adaptor (製備DNA接頭的方法)	GS China	ZL200410065679.9	PRC	November 11, 2024
13.	An appliance/device for rapid protein staining and membrane transferring (一種用於蛋白質快速染色、轉印的儀器)	GS China	ZL201020694719.7	PRC	December 30, 2020
14.	A new magnetic mixing equipment (新型磁力混合設備)	GS China	ZL201120114698.1	PRC	April 18, 2021
15.	Monumental adornments carrying genetic material (一種攜帶遺傳物質的紀念品)	GS China	ZL201120363964.4	PRC	September 25, 2021
16.	A semi-automatic peptide synthesis instrument (半自動多肽合成儀)	GS China	ZL201220019160.7	PRC	January 16, 2022
17.	A device to retain fluid on solid surface (一種固體表面液體保留裝置)	GS China	ZL201220336981.3	PRC	July 10, 2022
18.	A type of gel cassettes with large sample loading volume (一種大上樣量的電泳凝膠制具)	GS China	ZL201320033876.7	PRC	January 21, 2023
19.	Methods and compositions for cloning a donor DNA molecule into an acceptor vector at a predetermined location (基於同源重組DNA的克隆方法及組合物)	GS USA	ZL200980143524.3	PRC	September 9, 2029

As at the Latest Practicable Date, members of our Group have submitted the following applications for patent registration, which are material to our business:

No.	Type	Name of Applicant	Application number	Place of Application	Application Date
1.	Compositions and methods for increasing protein half-life in a serum (一種提高血清中蛋白質半衰期的方法和組合物)	GS China	61/843628	US	July 8, 2013
2.	Monumental adornments carrying genetic material and methods of producing monumental adornments (一種攜帶遺傳物質的紀念品及其製備方法)	GS China	201110288949.2	PRC	September 26, 2011
3.	A method for producing humanized antibody or antigen-recognizing fragment (一種生產人源化抗體或抗原結合片段的方法)	GS China	201210292518.8	PRC	August 16, 2012
4.	An automatic biopolymer staining method and related device (一種生物聚合物自動染色法及染色裝置)	GS China	201380060140.1	PRC	November 11, 2013
5.	Trastuzumab IgG variants and functions of the Trastuzumab IgG variants (曲妥珠單抗突變體IgG及其應用)	GS China	201310081620.8	PRC	March 14, 2013
6.	A type of alkaline-resistant protein A mutants and its applications (一類突變的具有高耐鹼特性的蛋白A及其應用)	GS China	201310087284.8	PRC	March 18, 2013
7.	A Bacillus subtilis host strain that can secrete enzymes or proteins with high efficiency (一株可高效表達外源分泌蛋白酶的枯草芽孢桿菌)	GS China	201310100812.9	PRC	March 26, 2013

No.	Type	Name of Applicant	Application number	Place of Application	Application Date
8.	A high efficiency and high sensitivity system and device for bio-macromolecules transferring and staining (一種高效高靈敏度的生物大分子轉膜、染色系統和設備)	GS China	201310025508.2	PRC	January 22, 2013
9.	A recombinant gene and a method for improving expression of glucoamylase from aspergillus (一段重組基因及提高黑麴黴表達糖化酶的方法)	BSJ Nanjing	201410173213.4	PRC	April 25, 2014

Save as disclosed above, there are no other trademarks, domain names, patents or other intellectual property rights which are material in relation to the business of our Company.

7. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

A. Disclosure of Interests

(i) Disclosure of interests and short positions of our Directors and our chief executive of our Company in the Shares, underlying Shares or debentures of our Company and our associated corporations

Immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which have been or may be granted under the Share Option Schemes), the interests or short positions of Directors and the chief executive of our Company in the shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered into in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed will be as follows:

Long position in our Shares

Name of Director	Capacity/Nature of Interest	Number of Shares held/interested	Approximate percentage of shareholding
			(%)
Dr. Zhang	Interest in controlled corporation *(Note 1)* and interest conferred from proxy *(Note 2)*	897,813,764	56.11
Dr. Wang *(Note 3)*	Interest in controlled corporation	211,093,017	13.19
Ms. Wang *(Note 4)*	Interest in controlled corporation	106,882,591	6.68

Notes:

(1) Immediately after the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Dr. Zhang will hold approximately 40.59% of the issued share capital of GS Corp, which in turn hold 908,502,024 Shares, representing approximately 56.78% of the issued share capital of our Company. Dr. Zhang is deemed, or taken to be interested in, all the Shares held by GS Corp for the purpose of the SFO.

(2) On August 14, 2008, Dr. Zhang, Dr. Wang and Ms. Wang entered into the GS Corp Shareholder Voting Agreement whereby Dr. Zhang, Dr. Wang and Ms. Wang agreed to vote unanimously in the shareholder meetings of GS Corp and contemporaneously, proxies were conferred by Dr. Wang and Ms. Wang to Dr. Zhang authorizing Dr. Zhang to vote and exercise all voting and related rights with respect to the shares that each Dr. Wang and Ms. Wang beneficially owned in GS Corp. On May 29, 2015, Ms. Wu signed a proxy agreement whereby she conferred all her voting and related rights in relation to all the shares that she owned in GS Corp, i.e. 108,625,000 shares of GS Corp.

(3) Immediately after the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Dr. Wang holds approximately 23.235% in the issued share capital of GS Corp, which in turn holds 211,093,117 Shares, representing approximately 13.19% of the issued share capital of our Company.

(4) Immediately after the Global Offering and the Capitalization Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or issued pursuant to the options which have been or may be granted under the Share Option Schemes), Ms. Wang holds approximately 11.59% in the issued share capital of GS Corp, which in turn holds 106,882,591 Shares, representing approximately 6.68% of the issued share capital of our Company.

Long position in our underlying Shares

Name of Director	Capacity/Nature of Interest	Number of underlying Shares held/interested	Approximate percentage of shareholding
			(%)
Dr. Zhang	Interest conferred from proxy *(Note 1)*	155,538,420	9.72
Ms. Wang	Beneficial owner *(Note 2)*	70,075,000	4.38
Mr. Meng	Beneficial owner *(Note 2)*	3,000,000	0.19
Dr. Wang	Beneficial owner *(Note 2)*	2,000,000	0.13

Notes:

(1) All the grantees of the Pre-IPO Share Option Scheme have also conferred their proxy whereby all their respective voting and relating rights in relation to the Options that each grantee holds in our Company, the aggregate of 155,538,420 Shares (representing approximately 9.72% of our total issued share capital immediately after completion of the Global Offering and the Capitalization Issue assuming that the Over-allotment Option, the options which have been or may be granted under the Share Option Schemes are not exercised).

(2) These represented the underlying Shares under the options conditionally granted to each of the above Directors under the Pre-IPO Share Option Scheme.

(ii) Disclosure of interests under the SFO and disclosure of interests for Substantial Shareholders

So far as is known to any Director or chief executive of our Company, immediately following completion of the Global Offering and the Capitalization Issue but without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options that have been or may be granted under the Shares Option Schemes, the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or the underlying Shares which must be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Long position in our Shares

Name	**Capacity/Nature of interest**	**Number of Shares/underlying Shares held**	**Percentage of shareholding in our Company**
			(%)
GS Corp *(Note 1)*	Interest in controlled corporation	908,502,024	56.78
KPCB China Fund *(Note 2)*	Beneficial Interest	216,921,134	13.56
KPCB China Associates, Ltd. *(Note 2)*	Interest in controlled corporation	233,198,381	14.58

Notes:

(1) GS Corp is a Company incorporated in the State of Delaware of the United States and owned as to approximately 40.59%, approximately 23.235%, approximately 23.235%, approximately 11.76% and approximately 1.18% by Dr. Zhang, Dr. Wang, Ms. Wu, Ms. Wang and Mr. Mu, respectively.

(2) KPCB China Fund and KPCB China Founders Fund are exempted limited partnerships established in the Cayman Islands, whose general partner is KPCB China, a company incorporated in the Cayman Islands. KPCB China has sole voting and investment power over the shares in KPCB China Fund and KPCB China Founders Fund. KPCB China is deemed to be interested in all the Shares held by KPCB China Fund and KPCB China Founders Fund under the SFO.

As at the Latest Practicable Date, so far as is known to our Directors, other than our Company, no other persons were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our subsidiaries.

B. Directors' Service Contracts

Our executive Directors have entered into service contracts with our Company for a fixed term of three years commencing from December 1, 2015 which can be terminated before the expiration of the term by not less than six months' notice in writing served by either party on the other.

Our non-executive Directors have signed appointment letters with our Company for a term of three years with effect from August 24, 2015. Under their respective appointment letters, each of Dr. Wang, Mr. Huang Zuie-Chin and Mr. Pan Yuexin is entitled to a fixed Directors fee of nil, nil and HKD240,000 per annum. Their appointments are subject to termination in accordance with their respective terms.

Our Independent Non-executive Directors have signed appointment letters with our Company for a term of three years with effect from August 24, 2015. Under their respective appointment letters, each of the Independent Non-executive Directors is entitled to a fixed Directors fee of HKD240,000 per annum. Their appointments are subject to termination in accordance with their respective terms.

Save as disclosed above, none of our Directors has entered into a service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

C. Directors' Remuneration

The aggregate remuneration (including salaries, allowances and benefits in kind, performance related bonuses, equity-settled share option expenses and pension scheme contributions) paid to our Directors for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 were approximately US$1.5 million, US$1.3 million, US$3.0 million and US$1.0 million, respectively.

There was no arrangement under which a director waived or agreed to waive any remuneration for any of the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 by any member of our Group to any of our Directors.

Under the arrangements currently in force, our Company estimates the aggregate remuneration payable to, and benefits in kind receivable by (excluding any discretionary bonuses), our Directors in respect of the year ending 2015 to be approximately RMB1.2 million.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

D. Personal Guarantees

Save as disclosed in the section headed "Relationship with Controlling Shareholders — Financial Independence" in this prospectus, our directors have not provided personal guarantees in favor of lenders in connection with banking facilities granted to us.

E. Agency Fees or Commission Received

Save as disclosed in this prospectus, no commissions, discounts, agency fees brokerages or other special terms have been granted in connection with the issue or sale of any of our capital within the two years ended on the date of this prospectus.

F. Connected and Related-Party Transactions

During the two years preceding the date of this prospectus, we were engaged in related party transactions as described under note 32 to the Accountants' Report set out in Appendix I to this prospectus.

G. Disclaimers

Save as disclosed in this prospectus:

(a) none of our Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of our Directors nor any of the persons listed in the subsection headed "— 10. Other Information — F. Qualifications of Experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of our Directors is materially interested in any contract or arrangement with our Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;

(e) save in connection with Underwriting Agreements, none of the persons listed in the subsection headed "— 10. Other Information — F. Qualifications of Experts" below has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

(f) save for the Underwriting Agreements, none of the persons listed in the subsection headed "— 10. Other Information — F. Qualifications of Experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and

(g) so far as is known to our Directors, none of our Directors or their close associates or any Shareholder (which to the knowledge of our Directors owns 5% or more of the issued share capital of our Company) has any interest in any of the five largest suppliers or customers of our Group.

8. PRE-IPO SHARE OPTION SCHEME

(a) Introduction

The purpose of the Pre-IPO Share Option Scheme is to attract skilled and experienced personnel, to incentivise them to remain with our Group and to motivate them to strive for the future development and expansion of our Group by providing them with the opportunity to acquire equity interests in our Company. The principal terms of the Pre-IPO Share Option Scheme were approved by Board's meeting held on July 15, 2015 ("**Adoption Date**"). The Pre-IPO Share Option Scheme was also effective on the same date.

(b) Summary of the major terms of the Pre-IPO Share Option Scheme

(i) Purpose

The Pre-IPO Share Option Scheme is share incentive schemes and is established to recognize and acknowledge the contributions that the eligible participants (as described in (ii) below) have or may have made to our Group. The Pre-IPO Share Option Scheme will provide the eligible participants with an opportunity to have a personal stake in our Company with a view to achieving the following objectives:

(1) to attract skilled and experienced personnel;

(2) to incentivize them to remain with our Group; and

(3) to motivate them to strive for the future development and expansion of our Group by providing them with the opportunity to acquire equity interests in our Company.

(ii) The Grantees

The Pre-IPO Share Option Scheme is available to the Directors, employees or consultants of any member of our Group, as the Board may in its absolute discretion considers to have contributed or will contribute to the Group and select with the assistance of the senior management team.

(iii) Term

Our Board shall be entitled (but shall not be bound) at any time from the Adoption Date to the day immediately prior to the Listing Date or after termination (in accordance with paragraph headed "(xi) Termination of the Pre-IPO Share Option Scheme" below) (the "Term") to make an offer to any eligible Grantee under the Pre-IPO Share Option Scheme. All options which are granted under the Pre-IPO Share Option Scheme on any day prior to the Listing Date will continue to be subject to the terms and conditions under the Pre-IPO Share Option Scheme after the Listing Date.

(iv) Maximum Number of Shares to be Allotted

The maximum number of the Shares with respect to which options may be granted under the Pre-IPO Share Option Scheme shall be 155,538,420 Shares (immediately before Pre-IPO Reorganization) or 147,761,499 (immediately before completion of the Global Offering and the Capitalization Issue), both representing approximately 25.19% of the then respective issued share capital of our Company. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, representing approximately 15.89% of our issued share capital immediately after completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option and the options which have been or may be granted under the Share Option Schemes are not exercised).

(v) Exercise Price

The Exercise Price in respect of each Share issued pursuant to the exercise of Options granted hereunder shall be determined by our Board at its own discretion and set out in the relevant notices of grant.

(vi) Exercise Period and Vesting Period

Any Pre-IPO Share Option may be exercised during the period to be determined by our Board and notified to the Grantee in the notice of grant, or, where applicable, any period for the exercise of an option which shall not exceed ten years from the offer date of the Pre-IPO Share Option.

(vii) Conditions for vesting

As provided in the notices of grant to the Grantees, the Pre-IPO Share Options are subject to the following vesting conditions:

1) the Grantee shall not be in violation of any of our Company's policies and/or not acting in any way which is contrary to the best interests of our Company; and

2) in relation to the termination of employment of the Grantee, the Grantees are subject to the exercise conditions as set out in the paragraph headed "(xii) Rights on termination of employment" below, or unless approved by the Board.

(viii) Rights Personal to Grantees

The option shall be personal to the Grantee and shall not be assignable nor transferable, and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option.

(ix) Ranking of Shares

The Shares which are allotted and issued upon the exercise of an option shall be subject to all the provisions of the memorandum of association and bye-laws of the Company for the time being in force and shall rank *pari passu* in all respects with, and shall have the same voting, dividend, transfer and other rights (including those rights arising on a winding up of the Company) as, the existing fully paid Shares in issue on the date on which those Shares are allotted and issued upon the exercise of the Pre-IPO Share Option and, without prejudice to the generality of the foregoing, shall entitle the holders to participate in all dividends or other distributions paid or made on or after the date on which the Shares are allotted and issued, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the date on which the Shares are allotted and issued.

(x) Right to Cancel Options

Our Board may at any time cancel an option granted but not exercised by the Grantee.

Any and all securities, options or other rights to acquire securities of our Company (of GS Corp or any parent or subsidiary of our Company) that our Company (of GS Corp or any parent or subsidiary of our Company) may have granted or issued to the participant prior to the date of adoption of the Pre-IPO Share Option Scheme are hereby canceled and any written or oral agreement with our Company (of GS Corp or any parent or subsidiary of our Company) with respect to any such options, rights or other securities are hereby terminated and shall have no further force or effect.

(xi) Expiry of Option

An option or any part thereof shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(a) the expiry of the exercise period;

(b) the date on which the Grantee:

(i) becomes an officer, director, employee, consultant, advisor, partner of, or a shareholder or other proprietor owning more than a 5% interest in, any competitor of our Group; or

(ii) knowingly performs any act that may confer any competitive benefit or advantage upon any competitor of our Group;

(c) the expiry of the period for exercising the Option in the event of a general offer by way of takeover of our Company or in the event of a general offer for Shares by way of scheme of arrangement;

(d) the date on which the compromise or arrangement between our Company and the Shareholders and/or the creditors of our Company for the purposes of reconstruction of our Company becomes effective;

(e) the date of the commencement of the winding-up of our Company;

(f) the expiry of the period for exercising the option due to termination of the Grantee's employment or service with our Company or any of our subsidiaries for any reason other than for cause;

(g) the date on which the Grantee (whether intentionally or otherwise) commits a breach of assigning or transferring the option to a third party;

(h) the date on which the Grantee is declared bankrupt or enters into any arrangement or composition with his creditors generally; and

(i) in respect of Shares underlying an option which are subject to performance or other vesting condition(s), the date on which the conditions to vesting (as set out in the paragraph headed "(vii) Conditions for vesting" above) of the relevant Shares underlying the option are not satisfied.

(xii) Rights on termination of employment

In relation to termination of the Grantee's employment or service by our Company or any of our subsidiaries, the option by such Grantee shall be exercisable during its term to the extent vested until the end of the exercise period specified below:

Reason for Termination of Service	**End of Exercise Period if Service is Terminated PRIOR to the Listing Date**	**End of Exercise Period if Service is Terminated ON OR AFTER the Listing Date**
Termination as a service provider due to disability	The later of 30 days from the Listing Date and 6 months from termination	6 months from termination
Termination as a service provider due to death	The later of 30 days from the Listing Date and 6 months from termination	6 months from termination

If the Grantee's employment or service with our Company or any of our subsidiaries is terminated for any reason other than for cause (including by reason of resignation, retirement, death, disability or non-renewal of the employment or service agreement upon its expiration for any reason other than for cause) prior to the expiry of the exercise period of any option, our Board shall determine at its absolute discretion and shall notify the Grantee whether the Grantee shall be entitled, following such termination of employment or service, to exercise the option (to the extent not already exercised) in respect of vested and unvested Shares as at the date the Grantee's employment or service is terminated and the period during which such option may be exercised.

(xiii) Effect of alterations to capital

In the event of an alteration in the capital structure of our Company by way of a capitalisation of profits or reserves, bonus issue, rights issue, open offer, subdivision or consolidation of shares or reduction of the share capital of our Company in accordance with applicable laws and the Listing Rules (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company or any of its subsidiaries is a party or in connection with any share option, restricted share or other equity-based incentive schemes of our Company) whilst any option remains unvested or has vested but has not yet been exercised and/or satisfied, such corresponding adjustments (if any) shall be made to:

(a) the scheme mandate limit of 320,000,000 Shares representing 20% of the Shares in issue on the Listing Date;

(b) the number or nominal or par value of Shares underlying the option so far as unvested, unexercised or exercised but not yet satisfied; and/or

(c) the exercise price of the options,

or any combination thereof, provided that:

(i) any such adjustments give a Grantee the same proportion of the share capital of our Company as that to which that Grantee was previously entitled; and

(ii) any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures,

but no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. In respect of any such adjustments, the auditors of our Company or an independent financial advisor to our Company (as the case may be) must confirm to our Board in writing that the adjustments are in their opinion fair and reasonable.

(ix) No grant of options on or after the Listing Date

Save for the options which have been granted before the Listing Date, no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date under any circumstances.

(x) Consideration of Shares

All Shares granted under Pre-IPO Share Options Scheme are for RMB1.00/US$1.00 consideration.

(xi) Termination of the Pre-IPO Share Option Scheme

Our Company by ordinary resolution in general meeting or the Board may at any time terminate this Scheme and in such event, no further options may be offered or granted but in all other respects the terms of this Scheme shall remain in full force and effect in respect of Pre-IPO Share Options which are granted during the Term and which remain unexercised immediately prior to the termination of the Pre-IPO Share Option Scheme.

(c) Outstanding Options Granted

As at the Latest Practicable Date, we had conditionally granted options to subscribe for an aggregate of 155,538,420 Shares to 170 participants in consideration of an option price of RMB1.00/US$1.00 for each acceptance of an offer of options under the Pre-IPO Share Option Scheme. There are a total of 170 participants, including two executive Directors, one non-executive Director, four members of the senior management of our Group, five of them are Grantees With More Than 2,400,000 Adjusted Shares and 158 employees of our Group. The Adjusted Shares to be subjected to the Pre-IPO Share Option Scheme shall be 302,260,940 Shares, representing approximately 15.89% of the issued share capital of our Company immediately after the completion of the Global Offering and the Capitalization Issue (assuming the Pre-IPO Share Options are exercised in full and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme).

No further options will be granted under the Pre-IPO Share Option Scheme after the Latest Practicable Date. Application has been made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the outstanding options granted under the Pre-IPO Share Option Scheme.

Details of (a) directors of our Company or its subsidiaries; (b) members of senior management of our Group; and (c) other employees who are not director of our Company or its subsidiaries or the senior management members of our Group or connected person of our Company who have been conditionally granted options under the Pre-IPO Share Option Scheme are set out below:

Name of Grantee	Residential address	Position held within our Group	Exercise price before Pre-IPO Reorganization (in US$) (number of corresponding underlying shares)	Adjusted exercise price after Pre-IPO Reorganization, but before Capitalization Issue and Global Offering (in US$) (number of corresponding underlying shares)	Adjusted exercise price after Global Offering and Capitalization on Issue (in US$) (number of corresponding underlying shares)	Number of underlying shares subject to the options	Number of adjusted underlying shares subject to the options as a result of Pre-IPO Reorganization	Number of underlying Adjusted Shares under the option granted	Approximate percentage of total number of options granted as at the Latest Practicable Date (%)	Approximate percentage of issued Shares immediately after completion of Global Offering and the Capitalization Issue (%)
						(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*
Directors of our Company or its subsidiaries										
Ms. Wang Ye (王燁)	Room 204 Block 30 Tanxiangzuo Shizhengtianyuancheng Tianyuan East Road Jiangning District, Nanjing PRC	Executive Director and chief operating officer	$0.02 (825,000) $0.05 (2,750,000) $0.12 (35,000,000) $0.20 (31,500,000)	$0.021 (783,750) $0.053 (2,612,500) $0.126 (33,250,000) $0.211 (29,925,000)	$0.01 (1,603,239) $0.026 (5,344,130) $0.062 (68,016,194) $0.103 (61,214,573)	70,075,000	66,571,250	136,178,136	45.05	7.16
Mr. Meng Jiange (孟建革)	16-602, London City, West Garden Bai Jia Lake, Jiangning District, Nanjing, Jiangsu Province, PRC	Executive Director and vice president of finance	$0.15 (2,000,000) $0.20 (1,000,000)	$0.158 (1,900,000) $0.211 (950,000)	$0.077 (3,886,640) $0.103 (1,943,320)	3,000,000	2,850,000	5,829,960	1.93	0.31
Dr. Wang Luquan (王魯泉)	56 Cortland Drive East Brunswick NJ 08816-2385, U.S.A.	Non-executive Director	$0.20 (2,000,000)	$0.211 (1,900,000)	$0.103 (3,886,640)	2,000,000	1,900,000	3,886,640	1.29	0.20

Name of Grantee	Residential address	Position held within our Group	Exercise price before Pre-IPO Reorganization (in US$) (number of corresponding underlying shares)	Adjusted exercise price after Pre-IPO Reorganization, but before Capitalization Issue and Global Offering (in US$) (number of corresponding underlying shares)	Adjusted exercise price after Global Offering and Capitalization on Issue (in US$) (number of corresponding underlying shares)	Number of underlying shares subject to the options *(Note 1)*	Number of adjusted underlying shares subject to the options as a result of Pre-IPO Reorganization *(Note 2)*	Number of underlying Adjusted Shares under the option granted *(Note 3)*	Approximate percentage of total number of options granted as at the Latest Practicable Date (%)	Approximate percentage of issued Shares immediately after completion of Global Offering and the Capitalization Issue (%) *(Note 4)*
Senior management of our Group										
Dr. Zhu Li (朱力)	33345 7th Street Union City California, U.S.A.	Vice president of strategy	$0.15 (1,800,000)	$0.158 (1,710,000)	$0.077 (3,497,976)	1,800,000	1,710,000	3,497,976	1.16	0.18
Dr. Chou Chuan-Chu (周傳初)	909 Prospect Street Westfield New Jersey 07090, U.S.A.	Department head of the preclinical drug development service business segment	$0.15 (500,000) $0.20 (1,000,000)	$0.158 (475,000) $0.211 (950,000)	$0.077 (971,660) $0.103 (1,943,320)	1,500,000	1,425,000	2,914,980	0.96	0.15
Mr. Chen Zhiqiang (陳志強)	3-2, No. 134 Chezhan Road, Puqi Chibi, Hubei Province PRC	Senior vice president of public relation department	$0.005 (5,500,000) $0.15 (1,000,000)	$0.005 (5,225,000) $0.158 (950,000)	$0.003 (10,688,259) $0.077 (1,943,320)	6,500,000	6,175,000	12,631,579	4.18	0.66

Name of Grantee	Residential address	Position held within our Group	Exercise price before Pre-IPO Reorganization (in US$) (number of corresponding underlying shares)	Adjusted exercise price after Pre-IPO Reorganization, but before Capitalization Issue and Global Offering (in US$) (number of corresponding underlying shares)	Adjusted exercise price after Global Offering and Capitalization on Issue (in US$) (number of corresponding underlying shares)	Number of underlying shares subject to the options *(Note 1)*	Number of adjusted underlying shares subject to the options as a result of Pre-IPO Reorganization *(Note 2)*	Number of underlying Adjusted Shares under the option granted *(Note 3)*	Approximate percentage of total number of options granted as at the Latest Practicable Date (%)	Approximate percentage of issued Shares immediately after completion of Global Offering and the Capitalization Issue (%) *(Note 4)*
Dr. Zhang Chifa (張遲發)	Room 505, Building 16 Century Dongshan No.168, Wan'an West Road, Jiangning District Nanjing, Jiangsu Province PRC	Department head of the synthetic biology product segment	$0.005 (110,000) $0.009 (110,000) $0.15 (1,000,000) $0.20 (28,000)	$0.005 (104,500) $0.009 (104,500) $0.158 (950,000) $0.211 (26,600)	$0.003 (213,765) $0.005 (213,765) $0.077 (1,943,320) $0.103 (54,413)	1,248,000	1,185,600	2,425,263	0.80	0.13
Grantees With More Than 2,400,000 Adjusted Shares										
Mr. Yu Jibin (于繼彬) *(note 5)*	Block C, Building 35, Heshan Garden, Suzhou New District, Suzhou, Jiangsu Province, PRC	Vice President of Operations	$0.005 (660,000) $0.015 (1,540,000)	$0.005 (627,000) $0.016 (1,463,000)	$0.003 (1,282,591) $0.008 (2,992,713)	2,200,000	2,090,000	4,275,304	1.41	0.23
Mr. Wang Ke (王珂)	67 Durham Ave, Metuchen, NJ 08840, U.S.A.	Director of Technical Support	$0.04 (274,120) $0.15 (1,500,000)	$0.042 (260,414) $0.158 (1,425,000)	$0.021 (532,703) $0.077 (2,914,980)	1,774,120	1,685,414	3,447,683	1.14	0.18

Name of Grantee	Residential address	Position held within our Group	Exercise price before Pre-IPO Reorganization (in US$) (number of corresponding underlying shares)	Adjusted exercise price after Pre-IPO Reorganization, but before Capitalization Issue and Global Offering (in US$) (number of corresponding underlying shares)	Adjusted exercise price after Global Offering and Capitalization on Issue (in US$) (number of corresponding underlying shares)	Number of underlying shares subject to the options	Number of adjusted underlying shares subject to the options as a result of Pre-IPO Reorganization	Number of underlying Adjusted Shares under the option granted	Approximate percentage of total number of options granted as at the Latest Practicable Date (%)	Approximate percentage of issued Shares immediately after completion of Global Offering and the Capitalization Issue (%)
						(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*
Mr. Yan Lei (閻雷)	11 Hendrickson Dr, Belle Mead, NJ 08502, U.S.A.	Director of Production	$0.006 (1,375,000) $0.02 (55,000) $0.04 (108,900)	$0.006 (1,306,250) $0.021 (52,250) $0.042 (103,455)	$0.003 (2,672,065) $0.010 (106,883) $0.021 (211,628)	1,538,900	1,461,955	2,990,576	0.99	0.16
Ms. Li Qianzhi (李倩芝)	20 Brown Ct, East Brunswick, NJ 08816, U.S.A.	Sales Manager	$0.008 (1,375,000) $0.04 (110,000)	$0.008 (1,306,250) $0.042 (104,500)	$0.004 (2,672,065) $0.021 (213,765)	1,485,000	1,410,750	2,885,830	0.96	0.16
Mr. Zhao Jun (趙君)	104, Building 2, Yinghu Garden, Chunhua Street, Jiangning District, Nanjing, Jiangsu Province, PRC	Director of Japan Business	$0.009 (44,000) $0.014 (22,000) $0.027 (22,000) $0.15 (1,200,000) $0.20 (21,200)	$0.009 (41,800) $0.015 (20,900) $0.028 (20,900) $0.158 (1,140,000) $0.211 (20,140)	$0.005 (85,506) $0.007 (42,753) $0.014 (42,753) $0.077 (2,331,984) $0.103 (41,198)	1,309,200	1,243,740	2,544,194	0.84	0.14
TOTAL						**94,430,220**	**89,594,709**	**183,508,121**	**60.71**	**9.66**

Notes:

1. Based on the underlying shares before the Pre-IPO Reorganization.

2. Based on the underlying shares after the Pre-IPO Reorganization, but before the Global Offering and Capitalization Issue.

3. Based on the Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue and the assumption that no Shares are issued pursuant to the exercise of the Over-allotment Option, or the options which have been or may be granted under the Share Option Schemes.

4. Assuming that the Pre-IPO Share Options are exercised in full and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme; the relevant percentages are calculated based on 1,902,260,940 Shares, being the number of Shares in issue on the Listing Date assuming that the Offer Shares have been issued and the Over-allotment Options not exercised in full.

5. Mr. Yu Jibin resigned from the Group on May 20, 2015. In accordance with the terms of the Pre-IPO Share Option Scheme, the Board has determined that Mr. Yu Jibin shall be entitled, following his termination, to exercise the option, to the extent not already exercised.

As at the Latest Practicable Date, particulars of outstanding options that had been conditionally granted by us under the Pre-IPO Share Option Scheme to (i) directors of our Company or its subsidiaries; (ii) senior management members of our Group; and (iii) our other employees who are not director of our Company or its subsidiaries or senior management members of our Group or connected person of our Company were as follows.

Category	Total number of Grantees in each category	Number of underlying Shares subject to the options	Number of adjusted underlying shares subject to the options as a result of Pre-IPO Reorganization	Number of underlying Adjusted Shares under the options granted	Approximate percentage of issued Shares immediately after completion of Global Offering and the Capitalization Issue
		(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*
Directors of our Company or its subsidiaries	3	75,075,000	71,321,250	145,894,736 *(Note 5)*	7.67%
Member of senior management of our Group	4	11,048,000	10,495,600	21,469,798 *(Note 6)*	1.12%
Grantees With More Than 2,400,000 Adjusted Shares	5	8,307,220	7,891,859	16,143,587 *(Note 7)*	0.87%
Other employees who are not director of our Company or its subsidiaries or senior management members of our Group or connected person of our Company (other than Grantees With More Than 2,400,000 Adjusted Shares)	158	61,108,200	58,052,790	118,752,819 *(Note 8)*	6.23%
Total number of outstanding options granted under the Pre-IPO Share Option Scheme:	**170**	**155,538,420**	**147,761,499**	**302,260,940**	**15.89%**

Notes:

1. Based on the underlying shares before the Pre-IPO Reorganization.

2. Based on the underlying shares after the Pre-IPO Reorganization, but before the Global Offering and Capitalization Issue.

3. Based on the Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue and the assumption that no Shares are issued pursuant to the exercise of the Over-allotment Option or the options which have been or may be granted under the Share Option Schemes; the relevant percentages are calculated based on 1,902,260,940 Shares, being the number of Shares in issue on the Listing Date assuming that the Offer Shares have been issued and the Over-allotment Option not exercised in full.

4. Assuming that the Pre-IPO Share Options are exercised in full and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme.

5. The vesting dates of the Pre-IPO Share Options of the Directors range from December 31, 2010 to May 1, 2020. The exercise prices of the Pre-IPO Share Options of the Directors immediately before completion of the Global Offering and the Capitalization Issue range from US$0.021 to US$0.211. The adjusted exercise prices of the Pre-IPO Share Options of the Directors immediately after the completion of the Global Offering (assuming the Pre-IPO Share Options are exercised in full and after Capitalization Issue and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme) range from US$0.01 to US$0.103.

6. The vesting dates of the Pre-IPO Share Options of the senior management members of our Group range from July 3, 2009 to October 1, 2020. The exercise prices of the Pre-IPO Share Options of the senior management members of our Group immediately before completion of the Global Offering and the Capitalization Issue range from US$0.005 to US$0.211. The adjusted exercise prices of the Pre-IPO Share Options of the senior management members of our Group immediately after the completion of the Global Offering (assuming the Pre-IPO Share Options are exercised in full and after Capitalization Issue and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme) range from US$0.003 to US$0.103.

7. The vesting dates of the Pre-IPO Share Options of the Grantees With More Than 2,400,000 Adjusted Shares range from December 31, 2007 to December 31, 2018. Immediately before completion of the Global Offering and the Capitalization Issue, the exercise prices of the Pre-IPO Share Options of the Grantees With More Than 2,400,000 Adjusted Shares range from US$0.005 to US$0.211. Immediately after the completion of the Global Offering (assuming the Pre-IPO Share Options are exercised in full and after Capitalization Issue and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme), the adjusted exercise prices of the Pre-IPO Share Options of the Grantees With More Than 2,400,000 Adjusted Shares range from US$0.003 to US$0.103.

8. The vesting dates of the Pre-IPO Share Options of for the Employee Grantees range from December 31, 2007 to December 31, 2025. The exercise prices of the Pre-IPO Share Options of the Employee Grantees immediately before completion of the Global Offering and the Capitalization Issue range from US$0.005 to $0.211. The adjusted exercise prices of the Pre-IPO Share Options of the Employee Grantees immediately after the completion of the Global Offering (assuming the Pre-IPO Share Options are exercised in full and after Capitalization Issue and without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Post-IPO Share Option Scheme) range from US$0.003 to US$0.103.

A full list of all the 170 Grantees who have been granted options to subscribe for Shares under the Pre-IPO Share Option Scheme containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and Rule 17.02(1)(b) of and paragraph 27 of Part A of Appendix I to the Listing Rules is available for public inspection during the period as referred to in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection — 2. Documents Available for Inspection" in Appendix VI to this prospectus.

Save as disclosed, no other option has been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme. No options will be granted under the Pre-IPO Share Option Scheme after the Latest Practicable Date.

(d) Dilution effect and impact on earnings per Share

Assuming all outstanding options as at Latest Practicable Date were exercised as at January 1, 2015, this would have a dilutive effect on the shareholdings of our Shareholders of approximately 20.12% and, as a result of the adjustment in share-based compensation expenses for the six months ended June 30, 2015, an anti-dilutive effect of approximately 11.34% on our earnings per Share for the six months ended June 30, 2015.

(e) Disclosure in annual and interim reports

We will disclose details of the Pre-IPO Share Option Scheme in our annual and interim reports including the number of options, date of grant, exercise price, exercise period and vesting period during the financial year/period in the annual/interim reports in accordance with the Listing Rules in force from time to time.

(f) Waiver and Exemption

Our Company has applied for and has been granted a waiver from (i) a waiver from the Stock Exchange from strict compliance with the disclosure requirements under Rule 17.02(1)(b) and paragraph 27 of Appendix 1A to the Listing Rules; and (ii) an exemption from the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with the disclosure requirements of paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Please see the section headed "Waivers and Exemptions from Strict Compliance with the Listing Rules and Exemptions from Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance — Waiver and Exemption in relation to Pre-IPO Share Option Scheme" in this prospectus for details.

9. POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted by written resolutions of our sole Shareholder on December 7, 2015. The terms of our Post-IPO Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The following summary does not form, nor is intended to be, part of the Post-IPO Share Option Scheme nor should it be taken as affective the interpretation of the rules of the Post-IPO Share Option Scheme. For the purpose of this paragraph 9, references to "Board" shall mean the board of Directors or a committee thereof appointed for the purpose of administering the Post-IPO Share Option Scheme; references to "Participant" shall mean any Director (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of our Group; references to "Grantee" shall mean any Participants who accepts an offer of the grant of an option in accordance with the terms of the Post-IPO Share Option Scheme or (where the context so permits) any person who is entitled to any such option in consequence of the death of the original Grantee, or the legal representative of such person.

(i) Purpose

The purpose of the Post-IPO Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in our Company and to encourage Participants to work towards enhancing

the value of our Company and its Shares for the benefit of our Company and its Shareholders as a whole. The Post-IPO Share Option Scheme will provide our Company with a flexible means of either retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to Participants.

(ii) Who may join

On and subject to the terms of the Post-IPO Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Participants as the Board may in its absolute discretion select.

(iii) Administration

The Post-IPO Share Option Scheme shall be subject to the administration of the Board. The Board shall have the right to:

(a) interpret and construe the provisions of the Post-IPO Share Option Scheme;

(b) determine the persons who will be offered options under the Post-IPO Share Option Scheme, the number of Shares and the subscription price, subject to paragraph (vi) below, in relation to such options;

(c) subject to paragraphs (xiv) and (xv) below, make such appropriate and equitable adjustments to the terms of the options granted under the Post-IPO Share Option Scheme as it deems necessary; and

(d) make such other decisions or determinations as it shall deem appropriate in the administration of the Post-IPO Share Option Scheme.

(iv) Grant of options

On and subject to the terms of the Post-IPO Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and Substantial Shareholders of our Company or their respective associates), the Board shall be entitled at any time within ten years after the date of adoption of the Post-IPO Share Option Scheme to make an offer for the grant of an option to any Participant as the Board may in its absolute discretion select. The offer shall specify the terms on which the option is granted. Such terms may include any minimum periods for which an option must be held and/or any minimum performance targets that must be reached, before the options can be exercised in whole or in part, and may include at the discretion of the Board other terms imposed (or not imposed) either on a case by case basis or generally.

No offer shall be made and no option shall be granted to any Participant after inside information has come to our Company's knowledge until it has announced the information. In particular, our Company shall not grant any option during the period commencing one month immediately preceding the earlier of:

(a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's results for any year, half year, quarter or any other interim period (whether or not required under the Listing Rules); and

(b) the deadline for our Company to publish an announcement of, its results for any year or half-year under the Listing Rules, or quarter or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. For the avoidance of doubt, the period during which no options shall be granted mentioned above shall include any period of delay in the publication of a results announcement.

(v) Payment on acceptance of option offer

An offer shall remain open for acceptance by the Participant concerned for a period of 21 days from the date of the offer HK$1.00 is payable by the Grantee to our Company on acceptance of the offer of the option.

(vi) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (c) the nominal value of a Share on the date of grant.

(vii) Option period

The period within which the Shares must be taken up under an option shall be the period of time to be notified by the Board to each Grantee at the time of making an offer, which shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed ten years from the date of grant of the relevant option. The current Post-IPO Share Option Scheme shall be valid and effective for a period of ten years commencing on the date on which the following conditions are established:

(a) the passing of the necessary resolutions by our Shareholders to approve and adopt the rules of the Post-IPO Share Option Scheme prior to the Listing;

(b) the listing committee of the Stock Exchange granting approval of the listing of, and the permission to deal in, our Shares to be allotted and issued pursuant to the exercise of the subscription rights attaching to the Post-IPO Share Options;

(c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, following the waivers of any conditions by the Joint Global Coordinators (acting for and on behalf of the Underwriters) and not being terminated in accordance with the respective terms; and

(d) the commencement of dealings in our Shares on the Stock Exchange.

(viii) Rights are personal to grantee

An option shall be personal to the Grantee and shall not be assignable or transferable.

(ix) Rights attaching to Shares allotted

The Shares to be allotted and issued upon the exercise of an option shall be subject to all the provisions of the Memorandum and Articles of Association of our Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of our Company. Prior to the Grantee being registered on the register of members of our Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company), in respect of the Shares to be issued upon the exercise of the option.

(x) Exercise of option

Subject to the terms and conditions upon which an option is granted, an option may be exercised by the Grantee at any time during the option period, provided that:

(a) in the event the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant for any reason other than (l) his or her death or (2) on one or more of the grounds of termination of employment or engagement specified in paragraph (xi)(f) below, the option shall lapse on the date of cessation of such employment or engagement and not be exercisable unless the Board otherwise determines in which event the option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of any member of our Group) shall be the last actual working day on which the Grantee was physically at work with our Company or the relevant subsidiary, whether salary is paid in lieu of notice or not;

(b) in the event the Grantee dies before exercising the option in full and none of the events for termination of employment or engagement under paragraph (xi)(f) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the option up to the entitlement of such Grantee as at the date of death;

(c) if a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (x)(d) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company;

(d) if a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company;

(e) in the event a notice is given by our Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company at any time within such period as shall be notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option; and

(f) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph (x)(d) above, between our Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by our Company exercise the Option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(xi) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(a) the expiry of the option period;

(b) the date or the expiry of the periods for exercising the option as referred to in paragraph (x) above;

(c) subject to the scheme of arrangement (referred to in paragraph (x)(d) above) becoming effective, the expiry of the period for exercising the option as referred to in paragraph (x)(d) above;

(d) subject to paragraph (x)(e) above, the date of the commencement of the winding-up of our Company;

(e) the date on which the Grantee commits a breach of paragraph (viii) above;

(f) the date on which the Grantee (being an employee or a director of any member of our Group) ceases to be a Participant by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offense involving his or her integrity or honesty, or on any other ground on which an employer would be entitled to terminate his or her employment summarily;

(g) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;

(h) where the Grantee is an employee, a director, officer or contract consultant of a member of our Group (other than our Company), the date on which such member ceases to be a subsidiary; and

(i) unless the Board otherwise determines, and other than in the circumstances referred to in paragraph (x)(a) or (b) above, the date the Grantee ceases to be a Participant (as determined by a Board resolution) for any reason.

Transfer of employment or engagement or relationship from one member of our Group to another member of our Group shall not be considered as a cessation of employment, engagement or relationship.

(xii) Cancelation of option

Any options granted but not exercised may be canceled if the Grantee so agrees and new options may be granted to the Grantee provided such new options are granted within the limits prescribed by paragraph (xiii) below and otherwise comply with the terms of the Post-IPO Share Option Scheme.

(xiii) Maximum number of Shares subject to options

(a) The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Post-IPO Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time ("**Scheme Limit**");

(b) The Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "Scheme Mandate Limit"), being 160,000,000 Shares. Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit;

(c) Our Company may refresh the Scheme Mandate Limit at any time subject to prior Shareholders' approval. However, the Scheme Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the Post-IPO Share Option Scheme and other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, canceled, lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the limit as refreshed. A circular must be sent to Shareholders in connection with the meeting at which their approval will be sought;

(d) Our Company may also seek separate Shareholders' approval for granting options beyond the Scheme Mandate Limit to Participants specifically identified by our Company before the aforesaid Shareholders' meeting where such approval is sought. A circular shall be sent to Shareholders containing a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified Participants, and how those Options serve such purpose;

(e) The total number of Shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised, canceled and outstanding Options) in any 12 month period shall not exceed 1% of the Shares in issue (the "Individual Limit"). Any further grant of options to a Participant which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including exercised, canceled and outstanding options) in the 12 month period up to and including the date of grant of such further options exceeding the Individual Limit shall be subject to Shareholders' approval in advance with such Participant and his close associates (or his associates if such participant is a connected person) abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of such Participant and the number and terms of the Options granted and to be granted. The number and terms of Options to be granted to such Participants shall be fixed before Shareholders' approval is sought and the date of the Board meeting for proposing such further grant shall for all purposes be the Date of Grant for the purpose of calculating the Subscription Price; and

(f) The maximum number of Shares referred to in this paragraph (xiii) shall be adjusted, in such manner as the auditors or the financial advisor of our Company retained for such purpose shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (xiv) below by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of Shares, reduction of the share capital of our Company.

(xiv) Reorganization of capital structure and special dividends

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of Shares, or reduction of the share capital of our Company (other than an issue of Shares as consideration in a transaction), such corresponding alterations (if any) shall be made to: (i) the number or nominal amount of Shares subject to the option so far as unexercised; or (ii) the subscription price; or (iii) the method of exercise of the option; or any combination thereof, as the auditors or a financial advisor engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either

generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled, but so that no such adjustments be made to the extent that a Share would be issued at less than its nominal value.

(xv) Alteration of the Post-IPO Share Option Scheme

(a) Subject to paragraph (xv)(b) below, the Board may amend any of the provisions of the Post-IPO Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the Post-IPO Share Option Scheme, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date);

(b) Those specific provisions of the Post-IPO Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Participants, and no changes to the authority of our Directors or administrator of the Post-IPO Share Option Scheme in relation to any alteration of the terms of the Post-IPO Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Post-IPO Share Option Scheme which are of a material nature, or any change to the terms of options granted, must also, to be effective, be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The Post-IPO Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules; and

(c) Notwithstanding any approval obtained pursuant to paragraph (xv)(a) above, no amendment shall operate to adversely affect the terms of issue of any option granted or agreed to be granted prior to such amendment except with the consent or sanction in writing of such number of Grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the options granted under the Post-IPO Share Option Scheme, except where such amendment takes effect automatically under the existing terms of the Post-IPO Share Option Scheme.

(xvi) Termination of Post-IPO Share Option Scheme

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Post-IPO Share Option Scheme and in such event no further options will be offered or granted but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect. Options which are unexercised and unexpired immediately prior to the termination of the operation of the Post-IPO Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Post-IPO Share Option Scheme.

(xvii) Offers made to a director, chief executive or employee who is also Substantial Shareholder of our Company or any of their respective associates

Each grant of options to any director, chief executive or Substantial Shareholder of our Company (or any of their respective associates) (as the aforesaid terms are defined in rule 14A.06(2) of the Listing Rules) shall be subject to the prior approval of the Independent Non-executive Directors of our Company

(excluding any independent non-executive Director who is a proposed recipient of the grant of options). Where any grant of options to a Substantial Shareholder or an independent non-executive Director of our Company, or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, canceled and outstanding) to such person in the 12 month period (or such other period as may from time to time be specified by the Stock Exchange) up to and including the date of grant:

(a) representing in aggregate over 0.1% (or such other percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$5 million (or such other amount as may from time to time be specified by the Stock Exchange).

Such grant of options shall be subject to prior approval by the Shareholders (voting by way of poll). The Grantee, his associates and all core connected persons (as defined in the Listing Rules) of our Company shall abstain from voting at such general meeting, except that any such person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(xviii) Conditions of Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme shall take effect subject to:

(a) the Listing Committee granting approval of the Post-IPO Share Option Scheme and the granting of options thereunder;

(b) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options under the Post-IPO Share Option Scheme; and

(c) the commencement of dealings in the Shares on the Stock Exchange.

(xix) Present status of the Post-IPO Share Option Scheme

As at the Latest Practicable Date, no option has been granted or agreed to be granted under the Post-IPO Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Post-IPO Share Option Scheme, being 160,000,000 Shares in total.

10. OTHER INFORMATION

A. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, no member of our Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or

claim of material importance was known to our Directors to be pending or threatened by or against our Group, that would have a material adverse effect on its business, financial condition or results of operations.

B. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sponsor's fees payable by us in respect of the Sponsor's services as sponsor for the Listing is HK$6 million.

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Schemes). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

C. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2015 (being the date to which the latest audited combined financial statements of our Group were prepared).

D. Tax and other indemnities

(i) Tax on Dividends

No tax is payable in Hong Kong in respect of dividends paid by us.

(ii) Profits Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profit tax, which is currently imposed at the rate of 16.5% on corporations and at a rate of 15.0% on unincorporated businesses. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

(iii) Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

(iv) Estate Duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of AIAIO Estate Duty) Ordinance 2005 which came into effect on February 11, 2006. The estate of a person who died before February 11, 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including July 15, 2005 to February 11, 2006 with the principal value exceeding HK$7.5 million shall be a nominal amount of HK$100. Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

(v) Deed of Indemnity

Pursuant to the Deed of Indemnity given by each of our Controlling Shareholders in favor of our Company (and its subsidiaries) and conditional on the fulfillment of the conditions stated in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Conditions of the Hong Kong Public Offering" in this prospectus, our Controlling Shareholders have agreed and undertaken to each of the members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against any taxation falling on any members of our Group resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the Listing Date or any event, transaction, act or omission occurring or deemed to occur on or before the Listing Date whether alone or in conjunction with any other event, act or omission occurring or deemed to occur on or before the Listing Date and whether or not such taxation is chargeable against or attributable to any other person, firm or company. For the avoidance of doubt, the aforesaid provision shall require our Controlling Shareholders to indemnify and at all times keep each of the members of our Group indemnified, in each case, in respect of any additional taxation which may fall on our Company or any other member of our Group in respect of a taxation claim resulting from a reassessment or similar action by a taxation authority against any member of our Group of taxation due and whether or not such reassessment is effected in respect of taxation which our Company or any other members of our Group had previously reached agreement with a taxation authority.

Under the Deed of Indemnity, the Controlling Shareholders have also agreed and undertaken to each of members of our Group on a joint and several basis that they would indemnify and at all times keep the same indemnified on demand from and against all sums, outgoings, fees, demands, claims, damages, losses, costs, charges, liabilities, fines, penalties and expenses incurred or suffered by our Company or any members of our Group resulting from the Reorganization and any and all of the non-compliances of any of the members of our Group with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Companies Ordinance or other applicable laws, rules or regulations in their respective place of incorporations or operation which has occurred at any time on or before the Listing Date.

However, the indemnities given by our Controlling Shareholders under the Deed of Indemnity do not cover, and our Controlling Shareholders shall be under no liability in respect of, any liability on taxation and taxation claim:

(a) to the extent that provision has been made in the audited combined accounts of our Group or the audited accounts of any of the members of our Group for an accounting period ended on or before June 30, 2015;

(b) falling on any members of our Group in respect of any accounting period commencing on or after June 30, 2015 unless such liability would not have arisen but for some act or omission of, or transaction entered into by, our Controlling Shareholders or any members of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:

    (i) in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets, on or before the Listing Date; or

    (ii) pursuant to a legally binding commitment created on or before the date of the deed of indemnity or pursuant to any statement of intention made in this prospectus;

(c) to the extent that such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong, the PRC, the U.S. or elsewhere), including without limitation the Inland Revenue Department, the tax bureau of the PRC and the United States Internal Revenue Service, having retrospective effect coming into force after the Listing Date or to the extent that such liability arises or is increased by an increase in rates of taxation or other penalties after the Listing Date with retrospective effect;

(d) to the extent that such liability is discharged by another person who is not a member of our Group and that none of the member of our Group is required to reimburse such person in respect of the discharge of such liability; or

(e) to the extent of any provision or reserve made for such liability in the audited accounts referred to in Clause (a) above which is finally established to be an overprovision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce our Controlling Shareholders' liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

(vi) Consultation with professional advisors

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the tax implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of our Company, the Sponsor, the Underwriters, any of their respective directors, or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, the Shares.

E. Miscellaneous

(a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(iv) no commission has been paid or payable (except commissions to the Underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of any member of our Group;

(v) no founders, management or deferred shares of our Company or any of its subsidiaries has been issued or agreed to be issued;

(b) None of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(c) Our Company has no outstanding convertible debt securities;

(d) There has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(e) Our Directors have been advised that the adoption of a Chinese name by our Company, for identification purposes only, does not contravene Cayman Islands law;

(f) There is no arrangement under which future dividends are waived or agreed to be waived;

(g) No company within our Group is presently listed on any stock exchange or traded on any trading system; and

(h) Our principal share register will be maintained by our principal registrar, Appleby Trust (Cayman) Ltd. in the Cayman Islands and our Hong Kong branch share register will be maintained by our Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands.

F. Qualifications of Experts

The following are the qualifications of experts who have opined or advised on information contained in this prospectus:

Name	Qualification
Haitong International Capital Limited	Licensed to engage in Type 6 (advising on corporate finance) regulated activities under the SFO
Fangda Partners	PRC legal advisor
Ernst & Young	Certified Public Accountants
Appleby	Legal advisor to our Company as to the laws of the Cayman Islands
Dorsey & Whitney	Legal advisor as to Hong Kong sanction law
Dorsey & Whitney LLP	Legal advisor as to U.S. sanction law and U.S. law with respect to certain U.S. subsidiaries of our Group
Dorsey & Whitney (Europe) LLP	Legal advisor as to E.U. and United Nations sanctions
Clayton Utz	Legal advisor as to the international sanctions laws of Australia
Mori Hamada & Matsumoto	Legal advisor as to the law of Japan
Frost & Sullivan	Industry consultant
Mr. Henry Cheng	Legal advisor as to the Predecessor Companies Ordinance non-compliance
Mr. Godwin Ng	Legal advisor as to Hong Kong tax non-compliance
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer

G. Consents of Experts

Each of Haitong International Capital Limited, Fangda Partners, Ernst & Young, Appleby, Dorsey & Whitney, Dorsey & Whitney LLP, Dorsey & Whitney (Europe) LLP, Clayton Utz, Mori Hamada & Matsumoto, Frost & Sullivan, Mr. Henry Cheng, Mr. Godwin Ng and Jones Lang LaSalle Corporate Appraisal and Advisory Limited has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion and/or legal memorandum (as the case may be) and references to its name included in the form and context in which it respectively

appears. None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

H. Promoter

Our Company has no promoter for purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given, nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

I. Preliminary Expenses

The preliminary expenses incurred by our Company were approximately US$4,588 and were payable or paid by our Company.

J. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of binding all persons concerned by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

The English text shall prevail over the Chinese text.

K. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the section headed "6. Further Information About Our Business — A. Summary of Material Contracts" in Appendix V to this prospectus; and

(c) the written consents referred to in the section headed "Statutory and General Information — 10. Other Information — G. Consents of Experts" in Appendix V to this prospectus.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Peter Yuen & Associates in association with Fangda Partners at 26/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles of our Company;

(b) the auditor's report on the combined financial statements of our Group for each of the three years ended December 31, 2012, 2013 and 2014 and six months ended June 30, 2015 included in the Accountants' Report prepared by Ernst & Young, the text of which can be found in Appendix I to this prospectus;

(c) the report from Ernst & Young relating to our unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;

(d) the letter, summary of valuations and valuations certificates relating to the property interests of our Group by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which can be found in Appendix III to this prospectus;

(e) the PRC legal opinions issued by Fangda Partners, our PRC legal advisor, in respect of certain aspects of our Group and our property interests in the PRC;

(f) the letter of advice prepared by Appleby, our legal advisor as to the laws of the Cayman Islands, summarizing certain aspects of Cayman Islands company law as referred to in Appendix IV to this prospectus;

(g) the legal opinions issued by Dorsey & Whitney, our legal advisor as to the law of the United States, in respect of certain aspects of the U.S. subsidiaries of our Group (including but without limitation the subsidiaries incorporated in the U.S. after Reorganization);

(h) the legal opinions issued by Mori Hamada & Matsumoto in respect of certain aspects of our Group in Japan;

(i) the international sanctions memoranda (except Australia) issued by Dorsey & Whitney, Dorsey & Whitney LLP and Dorsey & Whitney (Europe) LLP in respect of our Group's sales in the Sanctioned Countries;

(j) the international sanctions memorandum (for Australia) issued by Clayton Utz in respect of our Group's sales in the Sanctioned Countries;

(k) the legal opinion prepared by Mr. Henry Cheng in respect of the Predecessor Companies Ordinance non-compliance;

(l) the legal advice prepared by Mr. Godwin Ng in respect of certain Hong Kong tax non-compliance;

(m) the industry report prepared by Frost & Sullivan;

(n) the Pre-IPO Share Option Scheme;

(o) the Post-IPO Share Option Scheme;

(p) the list of all the grantees who have been conditionally granted options to subscribe for the Shares under the Pre-IPO Share Option Scheme, containing all the details as required under the Hong Kong Listing Rules and Companies (Winding Up and Miscellaneous Provisions) Ordinance;

(q) the material contracts referred to in the section headed "Statutory and General Information — 6. Further Information about Our Business — A. Summary of Material Contracts" in Appendix V to this prospectus;

(r) the written consents referred to in the section headed "Statutory and General Information — 10. Other Information — G. Consents of Experts" in Appendix V to this prospectus;

(s) the service contracts and letters of appointment referred to in the section headed "Statutory and General Information — 7. Further Information about our Directors and Substantial Shareholders — B. Directors' Service Contracts" in Appendix V to this prospectus; and

(t) the Cayman Companies Law.

GENSCRIPT BIOTECH CORPORATION
金斯瑞生物科技股份有限公司*