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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended: December 31, 2020

Or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Commission file number: 001-38205

ZAI LAB LIMITED

(Exact Name of Registrant as Specified in its Charter)

Cayman Islands		**98-1144595**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification No.)**
4560 Jinke Road Bldg. 1, Fourth Floor Pudong Shanghai, China		**201210**
(Address of principal executive offices)		**(Zip Code)**

+86 21 6163 2588
(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing 1 Ordinary Share, par value $0.00006 per share	**ZLAB**	**The Nasdaq Global Market**
Ordinary Shares, par value $0.00006 per share*	**9688**	**The Stock Exchange of Hong Kong Limited**

* Included in connection with the registration of the American Depositary Shares with the Securities and Exchange Commission. The ordinary shares are not registered or listed for trading in the United States but are listed for trading on The Stock Exchange of Hong Kong Limited.

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	☒	Accelerated Filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2020, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the ordinary shares, including in the form of American Depositary Shares ("ADSs"), each representing one ordinary share, held by non-affiliates of the registrant was approximately US$6.2 billion, based upon the closing price of the registrant's ADSs on the Nasdaq Global Market of US$82.13 on June 30, 2020.

As of February 26, 2021, 88,592,343 ordinary shares, par value $0.00006 per share, were outstanding, of which 60,078,450 ordinary shares were held in the form of ADSs.

DOCUMENTS INCORPORATED BY REFERENCE

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2020. Portions of such definitive proxy statement are incorporated by reference into Part III of this Annual Report on Form 10-K.

Zai Lab Limited
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Forward-Looking Statements

This Annual Report on Form 10-K contains forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, our operational results and other future conditions. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “seek,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” “contemplate” and other similar expressions, although not all forward-looking statements contain these identifying words. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report on Form 10-K and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. In the next section, we summarize some of those related risks. Although we base our forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Report on Form 10-K. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Annual Report on Form 10-K, those results or developments may not be indicative of results or developments in subsequent periods.

Note on Company—Usage of Terms

Unless the context requires otherwise, references in this Annual Report to “Zai Lab,” the “Company,” “we,” “us,” and “our” refer to Zai Lab Limited and its subsidiaries, on a consolidated basis; “Greater China” refers to mainland China, Hong Kong, Macau, and Taiwan; and “China” refers to mainland China.

Summary of Significant Risk Factors

The following is a summary of significant risk factors and uncertainties that may affect our business which are discussed in more detail below in "Part I—Item 1A—Risk Factors" included in this Annual Report:

- our ability to successfully commercialize ZEJULA, Optune and any other products and product candidates that we may obtain regulatory approval for;
- the anticipated amount, timing and accounting of revenues; contingent, milestone, royalty and other payments under licensing, collaboration, and acquisition agreements; tax positions and contingencies; collectability of receivables; pre-approval inventory; cost of sales; research and development costs; compensation and other selling, general and administrative expenses; amortization of intangible assets; foreign currency exchange risk; estimated fair value of assets and liabilities; and impairment assessments;
- expectations, plans and prospects relating to sales, pricing, growth and launch of our marketed and pipeline products;
- the potential impact of increased product competition in the markets in which we compete, including increased competition from new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways, including generic or biosimilar versions of our products;
- patent terms, patent term extensions, patent office actions and expected availability and any period of regulatory exclusivity;
- the timing, outcome and impact of administrative, regulatory, legal or other proceedings related to our patents and other proprietary and intellectual property rights, tax audits, assessments and settlements, pricing matters, sales and promotional practices, product liability and other matters;
- the drivers for growing our business, including our plans and intention to commit resources relating to discovery, research and development programs and business development opportunities as well as the potential benefits and results of certain business development transactions;
- our ability to finance our operations and business initiatives and obtain funding for such activities;
- the expectations, development plans and anticipated timelines, including costs and timing of potential clinical trials, filings and approvals of our products, product candidates and pipeline programs, including collaborations with third-parties, as well as the potential therapeutic scope of the development and commercialization of our and our collaborators' pipeline products;
- reputational or financial harm to our business arising from adverse safety events, including product liability claims or lawsuits affecting our or any of our licensors' marketed products, generic or biosimilar versions of our or any of our licensors' marketed products or any other products from the same class as one of our or any of our licensors' products;
- unexpected impacts on our business operations including sales, expenses, supply chain, manufacturing, cyber-attacks or other privacy or data security incidents, research and development costs, clinical trials and employees;
- the potential impact of measures being taken worldwide designed to reduce healthcare costs and limit the overall level of government expenditures, including the impact of pricing actions and reduced reimbursement for our products;
- our manufacturing capacity, use of third-party contract manufacturing organizations, plans and timing relating to changes in our manufacturing capabilities or activities in new or existing manufacturing facilities;
- lease commitments, purchase obligations and the timing and satisfaction of other contractual obligations;

- the impact of new laws, regulatory requirements, judicial decisions and accounting standards;
- the disruption of our business relationships with our licensors;
- the direct and indirect impact of the COVID-19 pandemic on our business and operations, our and our partners' ability to effectively travel, as needed, during the COVID-19 pandemic, and the duration and impact of COVID-19 or any of its variants that may affect, precipitate or exacerbate one or more of any of the risks and uncertainties mentioned in this section;
- our ability to effectively manage our growth;
- the disruption in the capital or credit markets which may adversely impact our ability to obtain necessary capital or credit market financing;
- the geopolitical tensions that exist between China and the United States may adversely affect our business, our ability to grow, and our access to necessary capital or credit markets;
- our ability to retain key executives and to attract, retain and motivate personnel; and
- other risks and uncertainties, including those listed under "Part I—Item 1A—Risk Factors".

These factors should not be construed as exhaustive and should be read with the other cautionary statements and other information in this Annual Report and our other filings with the SEC.

PART I

Item 1. Business

Overview

We are an innovative, research-based, commercial stage biopharmaceutical company with a substantial presence in both Greater China and the United States. We are focused on developing and commercializing therapies that address medical conditions with unmet needs in oncology, autoimmune disorders and infectious disease. Our aim is to become a leading global biopharmaceutical company discovering, developing and commercializing products to extend and improve the lives of patients worldwide. Since 2014, we have taken steps to execute our strategy to become a fully-integrated global biopharmaceutical company with substantial research and development, business development and commercialization capabilities. To date, we have:

- received approval for and commercialized two products (ZEJULA and Optune);
- been granted Priority Review by the China National Medical Products Administration (NMPA) for two New Drug Applications (NDA), for QINLOCK and NUZYRA;
- expanded our pipeline to increase our product candidates under development from four in 2015 to twenty-one today in oncology, autoimmune disorders and infectious diseases, including eleven programs in late-stage clinical development;
- partnered with established biopharmaceutical and leading healthcare companies such as GlaxoSmithKline (GSK), Novocure, argenx, Turning Point, Deciphera and Incyte Corporation, through in-licensing product candidates to position ourselves as a partner of choice for the development and commercialization of novel therapeutics in Greater China;
- achieved pricing reimbursement for ZEJULA in China through its inclusion on the National Reimbursement Drug List (NRDL);
- built a commercial organization of approximately 600 employees;
- increased our research and development team to approximately 450 employees;
- assembled a leadership team of seasoned industry veterans with extensive pharmaceutical research, development and commercialization experience in both global and Chinese biopharmaceutical companies;
- advanced our in-house discovery pipeline and capabilities targeting global markets;
- built-out our facilities in China to support our regulatory, clinical, manufacturing and commercial infrastructure in eleven locations across Greater China and the United States;
- acquired land-use rights for 50,851 square meters of land in Suzhou for the purpose of constructing and operating a research center; and
- expanded our U.S. footprint by opening a 20,000-square-foot research facility in the San Francisco Bay area and a new corporate office in Cambridge, Massachusetts.

We are committed to our goal of becoming a leading global biopharmaceutical company focused on discovering, developing and commercializing products to extend and improve the lives of patients worldwide. We intend to continue to pursue a strategy of growth and development by: (i) expanding our product candidate pipeline through global collaborations and corporate development activities; (ii) capitalizing on commercial opportunities for our approved products; and (iii) investing in our global pipeline by advancing our internally discovered novel therapeutics. We also plan to expand our collaborations with leading academic institutions in both the United States and Greater China. We believe that this strategy, supported by the above actions we have taken and will continue to take, will bring us closer to achieving our goal of becoming a leading global biopharmaceutical company.

Our Approved Products and Product Candidates under Priority Review by the NMPA

The following table summarizes the status of our commercial products, as well as the status of product candidates that are under Priority Review by the NMPA:

Product	Indications	Regulatory Status	Commercial Rights	Partner
Zejula (niraparib)	1st line ovarian cancer 2nd line ovarian cancer	Launched in China, Hong Kong and Macau	China, Hong Kong and Macau	gsk
OPTUNE	Newly diagnosed and recurrent glioblastoma multiforme (GBM)	Launched in China, Hong Kong and Macau	China, Hong Kong, Macau and Taiwan	novocure
QINLOCK	4th line gastrointestinal stromal tumors (GIST)	Priority Review in China	China, Hong Kong, Macau and Taiwan	deciphera
NUZYRA (omadacycline)	Acute bacterial skin and skin structure infection (ABSSSI) Community-acquired bacterial pneumonia (CABP)	Priority Review in China	China, Hong Kong, Macau and Taiwan	PARATEK

ZEJULA (Niraparib)

ZEJULA is a once-daily small-molecule poly (ADP-ribose) polymerase 1/2, or PARP 1/2, inhibitor. A PARP inhibitor blocks the ability of cancer cells to repair themselves after they have been damaged by radiation and certain chemotherapies. This inhibition of DNA damage repair can result in both the inability of cancer cells to replicate themselves and in programmed cell death.

In September 2016, we entered into an exclusive license agreement with Tesaro Inc. (a company later acquired by GSK) to develop and commercialize ZEJULA in China, Hong Kong and Macau. We have the exclusive right to develop and commercialize ZEJULA in the licensed territories for all potential indications except prostate cancer. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—GSK."

ZEJULA was first approved in March 2017 by the United States Food and Drug Administration (FDA) for the maintenance treatment of adult patients with recurrent epithelial ovarian, fallopian tube or primary peritoneal cancer who exhibit a complete or partial response to platinum-based chemotherapy. Subsequently, in 2019, the FDA approved ZEJULA for treatment of patients with advanced ovarian, fallopian tube or primary peritoneal cancer treated with three or more prior chemotherapy regimens and whose cancer is associated with homologous recombination deficiency (HRD)-positive status, and in 2020 approved it as a monotherapy first-line maintenance treatment for women with advanced ovarian cancer who are in complete or partial response to first-line platinum-based chemotherapy regardless of biomarker status.

The European Medicines Agency (EMA) approved ZEJULA in November 2017 as a monotherapy for the maintenance treatment of adult patients with platinum-sensitive relapsed high grade serous epithelial ovarian, fallopian tube or primary peritoneal cancer who are in complete response or partial response to platinum-based chemotherapy. Additionally, ZEJULA was approved by the EMA in October 2020 as first-line monotherapy maintenance treatment for adult patients with advanced epithelial (FIGO Stages III and IV) high-grade ovarian, fallopian tube or primary peritoneal cancer who are in complete or partial response following platinum-based chemotherapy, platinum-responsive advanced ovarian cancer, regardless of biomarker status.

As maintenance therapy, ZEJULA is for women who have had prior chemotherapy treatment, but are expected to see their cancer return. ZEJULA is intended to avoid or slow a recurrence of the cancer if it is in

remission after prior treatment. A platinum-sensitive cancer is one that responded to initial platinum-based chemotherapy and remained in remission post-chemotherapy for more than six months.

Market Opportunity and Competition

We launched ZEJULA in Hong Kong in December 2018 for adult patients with platinum-sensitive relapsed high grade serous epithelial ovarian cancer who are in a complete response or partial response to platinum-based chemotherapy after approval by the Hong Kong Department of Health. ZEJULA was approved and launched in Macau in June 2019. We launched ZEJULA in China in January 2020 after approval in December 2019 by the NMPA as a second-line maintenance treatment for women with recurrent platinum-sensitive ovarian cancer. In September 2020, ZEJULA was approved by the NMPA as a maintenance treatment for adult patients with advanced epithelial ovarian, fallopian tube or primary peritoneal cancer who are in a complete or partial response to first-line platinum-based chemotherapy. ZEJULA is the only PARP inhibitor approved by the FDA, the EMA and the NMPA for first-and second-line maintenance treatment for women with platinum-responsive advanced ovarian cancer regardless of biomarker status, such as BRCA mutations.

In May 2020, ZEJULA was recommended as a monotherapy first-line maintenance treatment for women with platinum-responsive advanced ovarian cancer in the Ovarian Cancer PARP Inhibitor Clinical Guidelines published by Gynecological Oncology, Chinese Medical Association. In December 2020, ZEJULA was included in the updated National Reimbursement Drug List or the NRDL. As of January 31, 2021, ZEJULA was listed in 67 commercial health insurance plans and 44 supplemental insurance plans managed by municipal governments throughout China. Enrollment into this regional reimbursement program has improved and will improve access to ZEJULA for many patients in need across China.

We intend to pursue the approval and registration of ZEJULA for treatment across multiple solid tumor types in China, Hong Kong and Macau. We are also exploring the use of ZEJULA in multiple combination and monotherapy treatment options. In February 2020, we dosed the first patient in China in an open-label, single-arm, multicenter, Phase Ib dose escalation and expansion clinical study to assess the safety and antitumor activity of tebotelimab in combination with ZEJULA for the treatment of patients with advanced or metastatic gastric adenocarcinoma or gastroesophageal junction adenocarcinoma (collectively as gastric cancer) who failed prior treatment. The primary endpoints of the study are to assess the safety of ZEJULA in combination with tebotelimab in patients with advanced gastric cancer and to determine the recommended Phase II dose. We expect to complete patient enrollment by the end of 2021.

Optune (Tumor Treating Fields)

Tumor Treating Fields (TTFields) therapy is a cancer treatment that uses electric fields tuned to specific frequencies to disrupt cancer cell division. TTFields therapy is delivered through a portable medical device. The complete delivery system, called Optune or Optune Lua, includes a portable electric field generator, arrays, rechargeable batteries and accessories. Sterile, single-use arrays are placed directly on the skin in the region surrounding the tumor and connected to the electric field generator to deliver therapy. Arrays are changed when hair growth or the hydrogel reduces array adhesion to the skin. The therapy is designed to be delivered continuously throughout the day and night, and efficacy is strongly correlated to time on therapy. When the device is turned on, TTFields are continuously generated within the specific region of the body covered by the arrays. Healthy tissues located outside of this region remain unaffected by the therapy.

In 2015, Optune was approved by the FDA for the treatment of adult patients with newly diagnosed GBM in combination with temozolomide (TMZ), a chemotherapy drug, and for adult patients with GBM following confirmed recurrence after chemotherapy as monotherapy treatment. Optune is also approved or has a CE certificate for the treatment of GBM in the European Union, Japan and certain other countries.

In September 2018, we entered into an exclusive license agreement with Novocure to develop and commercialize Optune in Greater China in all human therapeutic and preventative uses in the field of oncology.

For further details of the exclusive license, see “Overview of Our Material License and Strategic Collaboration Agreements—Novocure.” We launched Optune in Hong Kong in 2018 and in China in June 2020 after the NMPA approved Optune in May 2020 in combination with temozolomide for the treatment of patients with newly diagnosed GBM and also as a monotherapy for the treatment of patients with recurrent GBM.

Market Opportunity and Competition

GBM, a malignant form of astrocytoma, is the most aggressive form of brain cancer. In China, GBM represents about 47% of all newly diagnosed cases of brain cancer, with an estimated annual incidence of 53,600 patients in 2019. GBM is treated mainly by surgery, radiotherapy and temozolomide. Despite these treatments, prospects for long-term survival remains poor. In China, the five-year survival rate of GBM patients is less than 5%. Optune is the first treatment approved by the NMPA for GBM in China since 2007.

In August 2020, in Hong Kong, we launched Optune Lua, a portable medical device that delivers TTFields for the treatment of unresectable, locally advanced or metastatic malignant pleural mesothelioma (MPM). MPM is a type of cancer that occurs in the thin layer of tissue in the torso covering internal organs. In May 2019, Novocure received FDA approval for use of Optune Lua as a Humanitarian Use Device in combination with chemotherapy for the first-line treatment of adult patients with unresectable, locally advanced or metastatic MPM. For details about our clinical development of Tumor Treating Fields, see the subsection “Our Oncology Pipeline—Tumor Treating Fields.”

QINLOCK (ripretinib)

QINLOCK is an orally administered kinase switch control inhibitor. It is approved by the FDA for use in the United States to treat fourth-line advanced gastrointestinal stromal tumors (GIST), where significant unmet medical need exists.

In June 2019, we obtained an exclusive license from Deciphera to develop and commercialize QINLOCK in Greater China for the prevention, prophylaxis, treatment, cure or amelioration of any disease or medical condition in humans. For further details of the exclusive license, see “Overview of Our Material License and Strategic Collaboration Agreements—Deciphera.” In May 2020, the FDA approved QINLOCK for adult patients with GIST who have received prior treatment with three or more kinase inhibitors, including imatinib.

Market Opportunity

We are exploring ripretinib for the treatment of GIST, the most common sarcomas of the gastrointestinal tract, which present most often in the stomach or small intestine.

In July 2020, the NMPA accepted the NDA submission of QINLOCK for fourth-line advanced GIST. That same month, QINLOCK was approved, pursuant to the special Named Patient Program (NPP), by the Health Commission and Medical Products Administration of Hainan Province as the first Urgently Needed Drug that can be taken from the Boao Pilot Zone by a designated patient. Under the NPP, patients may apply for permission to purchase a small amount of legally imported drugs that are not yet registered domestically (either inside or outside the Boao Pilot Zone) and which address urgent medical needs in the Boao Pilot Zone.

In August 2020, the NMPA granted Priority Review to the NDA submission for QINLOCK for the treatment of adult patients with advanced GIST who have received priority treatment with three or more kinase inhibitors. We have also received Clinical Trial Authorization (CTA) approval for the registrational study of QINLOCK in patients with second-line GIST. This study is ongoing.

NUZYRA (omadacycline)

NUZYRA is a broad-spectrum antibiotic in a new class of tetracycline derivatives known as aminomethylcyclines. NUZYRA is primarily being developed by our partner Paratek Pharmaceuticals, Inc., or

Paratek, for acute bacterial skin and skin structure infections (ABSSSI), community-acquired bacterial pneumonia (CABP) and urinary tract infections (UTI) in both the hospital and community settings. In October 2018, NUZYRA was approved by the FDA for once-daily oral or intravenous administration for the treatment of adults with CABP and ABSSSI. Our partner, Paratek, launched NUZYRA in the United States in February 2019.

In April 2017, we obtained an exclusive license from Paratek to develop, manufacture and commercialize NUZYRA in Greater China in all human therapeutic and preventive uses other than biodefense. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—Paratek."

Market Opportunity

The World Health Organization has identified the development of worldwide resistance to currently available antibacterial agents as one of the greatest threats to human health. We believe that NUZYRA's potential use in multiple settings, including the emergency room, hospital and community care facilities, provides a significant benefit to patients as an empiric monotherapy. In 2015, the estimated incidence of ABSSSI and CABP in China was 2.8 million patients and 16.5 million patients, respectively.

We completed the technology transfer for NUZYRA in November 2017 to enable us to prepare for the manufacture of both oral tablets and intravenous injections of NUZYRA.

In February 2020, the NMPA accepted our NDA for NUZYRA for the treatment of CABP and ABSSSI. In May 2020, the NMPA granted Priority Review status for this NDA.

Our Pipeline of Product Candidates

The following table summarizes the status of our significant clinical pipeline assets as of February 28, 2021:

Product Candidates	Description	Phase I	Phase II	Pivotal: Phase Ib / Phase II	Pivotal: Phase III	Commercial Rights
Oncology						
ZEJULA	**PARP**	Ovarian (late line treatment) – *Approved in US*				Mainland China, Hong Kong and Macau
		Gastric[1]				
		Other solid tumors (I/O combo)				
Tumor Treating Fields		MPM[2] – *Approved in US*				Greater China
		NSCLC*				
		Brain metastases from NSCLC*				
		Pancreatic*				
		Ovarian*				
		Gastric[3]				
		Liver*				
QINLOCK	**KIT, PDGFRα**	GIST (2nd line)[4]				
Odronextamab	**CD20xCD3**	B-NHL[5]				
Repotrectinib	**ROS1, TRK**	ROS1+ NSCLC, NTRK+ solid tumors				
MARGENZA	**HER2**	Breast[6]– *Approved in US*				
		Gastric/GEJ (combo)[7]				
Bemarituzumab	**FGFR2b**	Gastric/GEJ				
CLN-081	**EGFR Ex20ins**	NSCLC[8]				
TPX-0022	**MET**	Gastric, NSCLC*				
Tebotelimab	**PD-1xLAG-3**	HCC[9]				
		Melanoma[10]				
		Multiple tumors				
Retifanlimab	**PD-1**	NSCLC				
		MSI-high endometrial				
Simurosertib	**CDC7**	Multiple tumors[11]				Global
ZL-1201	**CD47**	Multiple tumors				
Autoimmune Diseases						
Efgartigimod	**FcRn**	gMG – *Filed in US*[12]				Greater China
		ITP*				
		PV*				
		CIDP*				
ZL-1102	**IL-17**	Psoriasis				Global
Infectious Diseases						
Sulbactam-Durlobactam		Carbapenem-resistant Acinetobacter infections				Asia Pacific[13]

Note: * Greater China trial initiated, in preparation or currently being planned; (1) Phase Ib POC China-only trial, in combination with tebotelimab (PD-1xLAG-3); (2) MAA being prepared for submission in China; launched in Hong Kong; (3) Phase II pilot trial; (4) Global Phase III trial; registrational bridging trial ongoing in China; (5) Global Phase II potentially pivotal trial; (6) Registrational bridging trial on-going in China; (7) Global Phase II/III trial and registration path in first-line gastric & GEJ cancer; in combination with retifanlimab (PD-1) and tebotelimab (PD-1xLAG-3), with or without chemotherapy, respectively; (8) Global Phase I/IIa trial; (9) Phase I POC China-only trial, in combination with brivanib; (10) Phase I/II POC China-only trial; (11) Phase Ib dose escalation trial completed; (12) BLA filed in December 2020 with FDA; and (13) Includes Greater China, South Korea, Vietnam, Thailand, Cambodia, Laos, Malaysia, Indonesia, Philippines, Singapore, Australia, New Zealand and Japan. **This Table illustrates our clinical pipeline assets, including their various stages of development, which are described more fully elsewhere in this Annual Report. For completeness, please read this Table in conjunction with the remainder of this Report.**

Abbreviations: Greater China = China, Hong Kong, Macau, and Taiwan; I/O = immuno-oncology; MPM = malignant pleural mesothelioma; NSCLC = non-small cell lung cancer; GIST = gastrointestinal stromal tumors; B-NHL = B-cell non-Hodgkin lymphoma; GEJ = gastroesophageal junction; HCC = hepatocellular carcinoma; gMG = generalized myasthenia gravis; PV = pemphigus vulgaris; CIDP = chronic inflammatory demyelinating polyneuropathy; NMPA = National Medical Products Administration; POC = proof of concept; MAA = Marketing Authorization Application; CTA = Clinical Trial Application; BLA = Biologics License Applications.

Our Oncology Pipeline

ZEJULA

ZEJULA is a once-daily small-molecule poly (ADP-ribose) polymerase 1/2, or PARP 1/2, inhibitor.

As discussed above, we have the exclusive right to develop and commercialize ZEJULA in our licensed territories for all potential indications except prostate cancer pursuant to an exclusive license agreement with GSK. For further details of the exclusive license, see “Overview of Our Material License and Strategic Collaboration Agreements—GSK.”

We continue to explore ZEJULA for patients with breast cancer and non-small cell lung cancer in China. In February 2020, we dosed the first patient in a Phase I-b proof-of-concept China-only trial, in combination with tebotelimab (PD-1xLAG-3). We are also exploring the combination potential of ZEJULA with immuno-oncology therapy, targeted therapy and chemotherapy in the clinically relevant indications.

Tumor Treating Fields

TTFields therapy is a cancer treatment that uses electric fields tuned to specific frequencies to disrupt cancer cell division.

As discussed above, we have an exclusive license from Novocure to develop and commercialize Optune in Greater China in all human therapeutic and preventative uses in the field of oncology. For further details of the exclusive license, see “Overview of Our Material License and Strategic Collaboration Agreements—Novocure.”

Novocure continues to test TTFields against a broad range of solid tumor types. We intend to enroll patients in Greater China in the various global trials for TTFields.

In January 2020, we enrolled the first patient in a Phase II pilot clinical trial evaluating the safety and efficacy of TTFields in combination with chemotherapy as a first-line treatment in patients with gastric adenocarcinoma, a type of gastric cancer. In 2015, gastric cancer was the second most common cancer and the second-leading cause of death in China, with 679,100 newly diagnosed cases and 498,000 deaths. Gastric cancer is often diagnosed at an advanced stage and therefore has a very poor prognosis, with a five-year survival of only 35.9%. Current treatments of pancreatic cancer include surgical treatment, radiotherapy, chemotherapy, interventional therapy, endoscopic retrograde cholangiopancreatography- (ERCP-) related treatment and traditional Chinese medicine (TCM) treatments.

We will also be participating in the PANOVA-3 Phase III pivotal trial of TTFields for pancreatic cancer. PANOVA-3 is a global, open-label, randomized Phase III trial evaluating the efficacy of TTFields administered concomitantly with gemcitabine and nab-paclitaxel as front-line treatment for patients with unresectable, locally advanced pancreatic cancer. According to the World Health Organization, pancreatic cancer was the ninth leading cancer type in China in 2020 with an estimated 124,994 newly diagnosed cases and 121,853 deaths. The current median survival of patients with metastatic pancreatic cancer is four to six months, and the five-year survival rate is 7.2%, making it the malignancy with the lowest survival rate in China. Current treatments of pancreatic cancer include surgical treatment, radiotherapy, chemotherapy, interventional therapy, ERCP-related treatment and TCM treatment.

We will also be participating in the Phase III pivotal LUNAR trial which is intended for patients who have recently been diagnosed with progression of NSCLC during or after platinum-based therapy. Lung cancer consists of NSCLC in approximately 85% of cases and small cell lung cancer (SCLC) in approximately 15% of cases. Lung cancer has the highest total incidence of any cancer in China. According to the World Health Organization, the incidence of lung cancer in China in 2020 was 815,563 cases, with 714,699 deaths. In China, the five-year survival rate of lung cancer is estimated to be about 20%.

We are preparing to submit to the NMPA a Marketing Authorization Application (MAA) for Optune Lua for MPM.

We are also participating in a clinical trial of TTFields that includes ovarian cancer. Ovarian cancer is one of the most common gynecologic cancers in China. Since early symptoms of ovarian cancer are not specific to

the disease and are difficult to detect, approximately 70% of women are diagnosed with ovarian cancer when the disease is at an advanced stage, when prognosis is poor. Despite high response rates to platinum-based chemotherapy in the front-line setting, approximately 85% of patients will experience disease recurrence.

QINLOCK (ripretinib)

QINLOCK is an orally administered kinase switch control inhibitor. We are developing QINLOCK for the treatment of GIST. In August 2020, the NMPA granted Priority Review of the NDA for QINLOCK for the treatment of adult patients with advanced GIST who have received prior treatment with three or more kinase inhibitors. We have also received the CTA approval for the registrational study of QINLOCK in patients with second-line GIST. The study is ongoing.

Odronextamab

Odronextamab is an investigational bispecific monoclonal antibody designed to trigger tumor killing by linking and activating a cytotoxic T-cell (binding to CD3) to a lymphoma cell (binding to CD20). Odronextamab has demonstrated clinical activity in heavily pre-treated patients with late stages of follicular lymphoma (FL), diffuse large B-cell lymphoma (DLBCL) and other lymphomas in a Phase I trial and is currently being investigated in a potentially registrational Phase II program.

In April 2020, we entered into a collaboration agreement with Regeneron Ireland Designated Activity Company, an affiliate of Regeneron Pharmaceuticals, Inc., or Regeneron, pursuant to which we obtained the development rights and exclusive commercialization rights to odronextamab for oncology in Greater China. For further details of this collaboration , see “Overview of Our Material License and Strategic Collaboration Agreements—Regeneron.” In December 2020, Regeneron has announced that it is pausing new enrollment of patients with B-cell non-Hodgkin lymphomas in its trials for odronextamab in compliance with an FDA partial clinical hold requesting that Regeneron amend the trial protocols in order to further reduce the incidence of ³Grade 3 cytokine release syndrome (CRS) during step-up dosing. Currently enrolled patients who are deriving clinical benefit from odronextamab may continue treatment following re-consent.

We have received CTA approval in China for and plan to join the open-label, multi-center, global, potentially registrational Phase II program evaluating the efficacy and safety of odronextamab in several disease-specific cohorts, including patients with R/R FL, DLBCL, mantle cell lymphoma (MCL), marginal zone lymphoma (MZL) and other B-NHL subtypes.

Repotrectinib

Repotrectinib is an investigational next-generation tyrosine kinase inhibitor (TKI) designed to effectively target ROS1 and TRK A/B/C in TKI-naïve- or -pretreated cancer patients. The FDA has granted orphan drug designation for the development of repotrectinib in NSCLC with adenocarcinoma histology, Breakthrough Therapy designation for the treatment of patients with ROS1-positive metastatic NSCLC who have not been treated with a ROS1 tyrosine kinase inhibitor (TKI-naïve) and three Fast Track designations.

In July 2020, we entered into an exclusive license agreement with Turning Point Therapeutics or Turning Point, to develop and commercialize repotrectinib in Greater China in all human therapeutic indications. For further details of the exclusive license, see “Overview of Our Material License and Strategic Collaboration Agreements—Turning Point.”

Turning Point is currently evaluating repotrectinib in TRIDENT-1, an ongoing Phase I/II trial of repotrectinib in patients with ROS1+ advanced NSCLC and patients with NTRK+ advanced solid tumors. We have submitted a Phase II registrational CTA and we anticipate opening additional sites for the TRIDENT-1 Phase II registrational clinical study of repotrectinib in China. We plan to recruit patients in Greater China in the Phase II TRIDENT-1 study in the first half of 2021.

MARGENZA™ (margetuximab-cmkb)

Margetuximab is an investigational, immune-enhancing monoclonal antibody that targets HER2-expressing tumors, including certain types of breast and gastroesophageal cancers. On December 16, 2020, the FDA approved MARGENZA for use in the United States, in combination with chemotherapy, for the treatment of adult patients with metastatic HER2-positive breast cancer who have received two or more prior anti-HER2 regimens, at least one of which was for metastatic disease. In June 2020, the FDA granted margetuximab an orphan drug designation for the treatment of patients with gastric and gastroesophageal junction (GEJ) cancer.

In November 2018, we entered into an exclusive license agreement, the MacroGenics Agreement, with MacroGenics, Inc., or MacroGenics, to develop and commercialize MARGENZA in Greater China in all human fields of use. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—MacroGenics."

We are exploring regulatory approval pathways for MARGENZA in HER2-positive breast cancer in China. In February 2020, the first patient was dosed in our registrational bridging study of MARGENZA in combination with chemotherapy for the treatment of patients with metastatic HER2-positive breast cancer. During 2020 in China, there were approximately 416,370 newly diagnosed cases and approximately 117,175 deaths related to breast cancer. Approximately 20-25% of all breast cancer cases are HER2-positive breast cancer.

In September 2020, we enrolled the first patient in Greater China in MAHOGANY, the MacroGenics-sponsored Phase II/III global study of margetuximab in combination with retifanlimab, a PD-1 antibody, or tebotelimab, a PD-1 x LAG-3 bispecific DART molecule, with or without chemotherapy, as a potential first-line treatment of HER2-positive gastric cancer.

Bemarituzumab

Bemarituzumab is a humanized monoclonal antibody (IgG1 isotype) specific to the human FGFR2b receptor that is in clinical development as a targeted therapy for gastric and GEJ cancer patients whose tumors overexpress FGFR2b.

In December 2017, we entered into an exclusive license agreement with Five Prime Therapeutics, or Five Prime, to develop and commercialize bemarituzumab in Greater China for the treatment or prevention of any disease or condition in humans. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—Five Prime."

In March 2020, Five Prime announced the publication of results from its Phase I escalation and expansion study of bemarituzumab monotherapy in patients with advanced solid tumors and FGFR2b-selected gastroesophageal adenocarcinoma. No dose-limiting toxicities were reported.

We enrolled Chinese patients into Five Prime's Phase II FIGHT trial to evaluate bemarituzumab plus mFOLFOX6 chemotherapy in patients with fibroblast growth factor receptor 2b-positive (FGFR2b+), non HER2 positive (non HER2+) advanced gastric and GEJ cancer. In November 2020, Five Prime reported that the full Phase II data for bemarituzumab met all three efficacy endpoints and demonstrated statistically significant and clinically meaningful improvements in the primary endpoint of progression-free survival and secondary endpoints of overall survival and overall response rate. In January 2021, Five Prime announced its plan to launch a Phase III trial for gastric cancer.

CLN-081

CLN-081 is an orally available small molecule designed as a next-generation, irreversible EGFR inhibitor in development by Cullinan Pearl for the treatment of patients with EGFR exon 20 insertion NSCLC.

In December 2020, we entered into an exclusive license agreement with Cullinan Pearl, a subsidiary of Cullinan Management, Inc., formerly Cullinan Oncology, LLC, for the research, development, manufacturing and commercialization of CLN-081 in Greater China in all uses in humans and animals. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—Cullinan."

Cullinan Pearl is currently conducting a Phase I/IIa dose escalation and expansion trial evaluating oral, twice-daily administration of various doses in patients with NSCLC harboring EGFR exon 20 insertion mutations that have had at least one prior treatment with platinum-based chemotherapy or another approved standard therapy. We anticipate that we will join the Cullinan Phase I/IIa study.

TPX-0022

TPX-0022 is an orally bioavailable multi-targeted kinase inhibitor with a novel three-dimensional macrocyclic structure that inhibits the MET, CSF1R (colony stimulating factor 1 receptor) and SRC kinases.

In January 2021, we entered into an exclusive license agreement with Turning Point to develop and commercialize TPX-0022 in Greater China. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—Turning Point."

Turning Point has enrolled patients with previously treated advanced or metastatic solid tumors, including non-small cell lung cancer, colorectal cancer, gastroesophageal junction (GEJ) or gastric cancer, and glioblastoma multiforme (GBM) in its SHIELD-1 Phase I clinical trial of TPX-0022. We anticipate that we will join Turning Point's registrational Phase II study.

Tebotelimab

Tebotelimab (previously known as MGD013) is an investigational, bispecific, tetravalent IgG4 monoclonal antibody designed to independently or coordinately block PD-1 and LAG-3 checkpoint molecules to sustain or restore the function of exhausted T cells for the treatment of cancer.

In November 2018, we entered into the MacroGenics Agreement pursuant to which we obtained an exclusive license to develop and commercialize tebotelimab in Greater China in all human fields of use except to the extent limited by any applicable third party agreement of MacroGenics. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—MacroGenics."

We are currently enrolling patients in China in MAHOGANY, a MacroGenics-sponsored global Phase II/III clinical trial designed to evaluate margetuximab in combination with retifanlimab or tebotelimab, with or without chemotherapy, as a potential first-line treatment for patients with advanced or metastatic HER2+ GEJ cancer and gastric cancer. We are also working with MacroGenics to prepare for our participation in an ongoing global Phase I basket trial of tebotelimab sponsored by MacroGenics.

In April 2020, we initiated a study of tebotelimab in combination with brivanib, a compound that we in-licensed from Bristol-Myers Squibb, in a Phase I proof-of-concept China-only dose escalation and expansion trial in patients with advanced hepatocellular carcinoma (HCC). The dose escalation phase to determine the recommended Phase II dose of tebotelimab as monotherapy and in combination with brivanib was completed. Preliminary results from this dose escalation phase were presented at the 2020 Chinese Society of Clinical Oncology (CSCO) annual meeting. In China, HCC is the most common type of primary liver cancer. In 2020, according to the World Health Organization, there were approximately 410,038 newly diagnosed cases and 391,152 deaths related to liver cancer in China. The five-year survival rate of HCC in China is estimated to be 12.1%. Current treatments of HCC include surgery, localized treatments, hepatic artery chemoembolization, radiation therapy and immunotherapy.

In November 2020, we enrolled the first patient in China in a Phase I proof of concept clinical trial in China of tebotelimab as second-line therapy for melanoma patients after treatment with checkpoint inhibitors. During 2020 in China, there were approximately 7,700 newly diagnosed cases and approximately 4,100 deaths related to melanoma.

Retifanlimab

Retifanlimab is an investigational humanized, hinge-stabilized, IgG4k monoclonal antibody that inhibits interactions between PD-1 and its ligands, PD-L1 and PD-L2.

In July 2019, we entered into an exclusive license agreement with Incyte Corporation, or Incyte, to develop and commercialize retifanlimab in Greater China in hematology and oncology. Incyte retains an option to assist in the promotion of retifanlimab. For further details of the exclusive license, see “Overview of Our Material License and Strategic Collaboration Agreements—Incyte.”

In 2017, Incyte entered into an exclusive collaboration and license agreement with MacroGenics for global rights to retifanlimab. Retifanlimab monotherapy is being evaluated in Phase II clinical trials for endometrial cancer with abnormalities in DNA repair (microsatellite instability high MSI-H) or mismatch repair phenotype ((dMMR), or POLE mutations), unresectable locally advanced or metastatic Merkel cell carcinoma, and previously treated locally advanced or metastatic squamous cell anal carcinoma (SCAC).

In October 2020, the first patient in China was dosed in the global POD1UM-101 study evaluating retifanlimab in patients with MSI-H endometrial cancer that had progressed following platinum-based chemotherapy. In January 2021, Incyte announced that the FDA accepted Priority Review of Incyte’s Biologics License Application (BLA) for retifanlimab in patients with locally advance or metastatic SCAC that has progressed following platinum therapy. Retifanlimab in combination with platinum-based chemotherapy is currently in Phase III for chemotherapy-naïve NSCLC and unresectable locally advanced or metastatic SCAC. In the second half of 2020, we enrolled the first patient in China in the Phase III NSCLC study.

ZL-2309 (Simurosertib)

Simurosertib is an orally active, selective and ATP-competitive cell division cycle 7 (CDC7) kinase inhibitor. In December 2020, we entered into an exclusive worldwide license agreement (excluding Japan) with Takeda Pharmaceutical Company Limited to research, develop and commercialize simurosertib in all uses in humans or animals.

A Phase Ib dose escalation clinical trial of simurosertib was completed. Anti-cancer activity was observed in both pre-clinical and clinical data. Simurosertib is under investigation in clinical trial NCT03261947 (A Study to Evaluate the Safety, Tolerability and Activity of TAK-931 in Participants with Metastatic Pancreatic Cancer, Metastatic Colorectal Cancer and Other Advanced Solid Tumors).

ZL-1201 (CD 47)

ZL-1201 is a humanized, IgG4 monoclonal antibody engineered to reduce effector function that specifically targets CD-47. We made modifications to the antibody that may reduce the incidence of hemolysis seen with other agents in the class based on preclinical data. CD47 has recently emerged as a novel target for macrophage immune checkpoint inhibition and a promising target for therapeutic intervention. Our pipeline includes several assets, including a novel bi-specific T cell engager and checkpoint inhibitors that lend themselves to potential combination with a CD47-targeted therapeutic. The therapeutic potential of these ZL-1201 combinations will be assessed in both solid tumors and hematological malignancies. In June 2020, we had achieved initiated dosing of a Phase I clinical trial for ZL-1201. Depending on the results of this trial, we may proceed with a Phase II clinical trial in potentially promising indications.

Our Autoimmune Disease Pipeline

Efgartigimod

Efgartigimod is an investigational antibody fragment designed to reduce disease-causing immunoglobulin G (IgG) antibodies and block the IgG recycling process. Efgartigimod binds to the neonatal Fc receptor (FcRn), which is widely expressed throughout the body and plays a central role in rescuing IgG antibodies from degradation.

In January 2021, we entered into an exclusive license agreement with argenx BV, or argenx, to develop and commercialize efgartigimod in Greater China. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—argenx."

In February 2020, argenx announced that it received Fast Track designation for efgartigimod from the FDA for gMG. In January 2021, argenx announced that it submitted a BLA for efgartigimod to the FDA for gMG.

ZL-1102 (IL-17)

ZL-1102 is a human nanobody targeting interleukin-17, or IL-17, with high affinity and avidity. It is a smaller molecule than other IL-17 antibodies, a characteristic that may enable it to penetrate the psoriatic skin barrier, thereby avoiding significant systemic exposure. In May 2018, we entered into an exclusive worldwide license agreement with Crescendo Biologics Limited to develop, manufacture and commercialize CB001 Humabody, antibody VH domain therapeutic.

Principles for treating mild to moderate psoriasis are different from those for moderate to severe psoriasis. For mild to moderate psoriasis patients, topical treatment is often the first-line choice, and dermatologists tend to avoid systemic treatment. For moderate to severe patients, the use of systemic treatments is usually inevitable. Dermatologists tend to choose IL-17 monoclonal antibodies because they have consistently demonstrated lesion clearance relative to older therapeutics. While therapy with IL-17 antibodies can result in safety issues due to immunosuppression and labeling currently restricts their use to more severely affected patient populations, they are generally considered safer than other immunosuppression antibodies such as anti-TNF-alpha or anti-IL-12/23 antibodies. Traditionally, it was considered that IL-17 antibodies, like other large molecules, could not penetrate the skin so it was considered unlikely for an antibody to be effective when topically applied. Like other full-size monoclonal antibodies, current IL-17 antibodies must be administered by intravenous or subcutaneous injection.

In July 2020, the first patient was dosed in the global Phase I study in Australia. ZL-1102 is being tested to determine whether it may provide a new treatment option for patients with mild to moderate psoriasis, providing the efficacy of IL-17 inhibition generally used in moderate to severe psoriasis while avoiding systemic exposure through a unique topical application.

Our Infectious Disease Pipeline

Sulbactam/Durlobactam

Sulbactam/durlobactam, or SUL-DUR, is a combination of a beta-lactam antibiotic (sulbactam) and a beta-lactamase inhibitor (durlobactam) for the treatment of serious infections caused by *Acinetobacter*, including multidrug-resistant (MDR) strains. *Acinetobacter* is a group of bacteria commonly found in the environment, such as in soil and water. *Acinetobacter baumannii*, which accounts for most *Acinetobacter* infections in humans causes infections in the blood, the urinary tract, the lungs (pneumonia) and in wounds in other parts of the body. There are currently no effective antibiotics indicated for the treatment of MDR *Acinetobacter* infections. In September 2017, the FDA granted SUL-DUR Qualified Infectious Disease Product, Fast Track and Priority Review status for the treatment of hospital-acquired and ventilator-acquired bacterial pneumonia and bloodstream infections due to *Acinetobacter*.

In April 2018, we entered into an exclusive license agreement with Entasis Therapeutics Holdings Inc., or Entasis, to develop and commercialize durlobactam in all human diagnostic, prophylactic and therapeutic uses in Greater China, Korea, Vietnam, Thailand, Cambodia, Laos, Malaysia, Indonesia, the Philippines, Singapore, Australia, New Zealand and Japan. For further details of the exclusive license, see "Overview of Our Material License and Strategic Collaboration Agreements—Entasis."

In 2019, Entasis initiated the ATTACK (Acinetobacter Treatment Trial Against Colistin) Phase III pivotal clinical trial to evaluate SUL-DUR, a combination of its broad-spectrum ß—lactamase inhibitor, durlobactam (formerly, ETX2514), with sulbactam, for the treatment of patients with pneumonia and bloodstream infections caused by carbapenem-resistant *Acinetobacter baumannii*. In 2016, based on a national survey of over 1,300 hospitals in China, there were approximately 210,000 *Acinetobacter baumannii* infections.

In May 2020, the first patient in China was enrolled in the ATTACK clinical trial. We also completed a pharmacokinetic study in the fall of 2020 for SUL-DUR in China in normal healthy volunteers.

Internally Discovered and Internally Developed Product Candidates

We have assembled an integrated drug discovery and development team with extensive experience in discovery, translational medicine and preclinical and clinical development and who have been directly involved in the discovery and development of several innovative product candidates. We identify pre-clinical assets through both internal-discovery efforts and co-development collaboration with our business partners. Through these efforts over the past few years, we have advanced our internally-developed pipeline to include three product candidates that are currently in global Phase I development.

OVERVIEW OF OUR MATERIAL LICENSE AND STRATEGIC COLLABORATION AGREEMENTS

GSK

In September 2016, we entered into a collaboration, development and license agreement with Tesaro, Inc., a company later acquired by GSK, pursuant to which we obtained an exclusive sublicense under certain patents and know-how of GSK (including such patents and know-how licensed from Merck, Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc., and AstraZeneca UK Limited) to develop, manufacture and commercialize GSK's proprietary PARP inhibitor, niraparib, in China, Hong Kong and Macau for the diagnosis and prevention of any human diseases or conditions (other than prostate cancer). We also obtained the right of first negotiation to obtain a license to develop and commercialize certain follow-on compounds of niraparib being developed by GSK in the licensed territory. Under the agreement, we agreed not to research, develop or commercialize certain competing products, and we also granted GSK the right of first refusal to license certain immuno-oncology assets developed by us. In February 2018, we entered into an amendment with GSK that eliminated GSK's option to co-market niraparib in the licensed territory.

To date, we have paid GSK a $15.0 million upfront payment and accrued two milestone payments in total of $4.5 million to GSK. We may be required to pay an additional aggregate amount of up to $36.0 million in regulatory, development and commercialization milestone payments; we are also required to pay GSK certain tiered royalties (from mid- to high-teens on a percentage basis and subject to certain reductions) based on annual net sales of ZEJULA in the licensed territory.

We are not obligated to purchase ZEJULA or other licensed products from GSK. We have entered into a separate supply agreement pursuant to which GSK manufactures and supplies ZEJULA to us for commercial use in Hong Kong. Unless terminated earlier pursuant to its terms, the agreement with GSK will remain in effect until the expiration of the royalty term for ZEJULA, where the royalty term for ZEJULA in a region continues until the latest of (i) the expiration of the last-to-expire valid claim within the licensed patent rights that covers the licensed product in such region; (ii) the expiration of market or data exclusivity for such licensed product in such region; or (iii) ten (10) years after the date of the first commercial sale of such licensed product in such region. The agreement may be terminated for customary reasons, including upon the other party's uncured material breach, bankruptcy, insolvency or similar event. In addition, we have the right to terminate the agreement for convenience at any time, subject to a certain notice period.

Turning Point—TPX-0022

In January 2021, we entered into a license agreement with Turning Point pursuant to which we received an exclusive license under certain patents and know-how to develop and commercialize products containing Turning Point's product candidate, TPX-0022, as an active ingredient in all human therapeutic indications in Greater China. We may, at our election and expense, subject to specified exceptions, participate in future global clinical studies of the licensed products through clinical trial sites in the licensed territory. In addition, we granted Turning Point a first right to negotiate a license outside the original licensed territory to a potential product candidate from one of our pipeline programs if we file an investigational new product application for the product candidate.

To date, we have paid to Turning Point a $25.0 million upfront payment. We may be required to pay an additional aggregate amount of up to $336.0 million in development, regulatory and sales-based milestone payments, along with certain tiered royalties (from mid-teen to low twenties on a percentage basis and subject to certain reductions) based on annual net sales of all licensed products in the licensed territory.

We will purchase licensed products exclusively from Turning Point. Unless terminated earlier pursuant to its terms, the license agreement will continue in effect until expiration of the last royalty term set forth in the agreement with respect to any licensed product in any region in the Territory, where the royalty term for a licensed product in a region continues until the latest of (i) the expiration of the last-to-expire valid claim within

the licensed patent rights that cover the licensed product in such region, (ii) the expiry of the regulatory exclusivity for the licensed product in such region; or (iii) the close of business of the day that is exactly ten (10) years after the date of the first commercial sale of the licensed product in such region. In addition, we may terminate the license agreement for convenience, subject to a certain notice period. Turning Point may terminate the agreement under specified circumstances if we or our affiliates or sublicensees challenge its patent rights, subject to a certain cure period. Either party may terminate the agreement for the other party's uncured material breach of the agreement, subject to a certain cure period, for the other party's bankruptcy or insolvency or if the other party or its affiliates mergers with or acquires a third party engaged in activities with a competing product, which is not divested or discontinued within a specified period.

Turning Point—Repotrectinib

In July 2020, we entered into an exclusive license agreement with Turning Point pursuant to which Turning Point exclusively licensed to us the rights to develop and commercialize in Greater China products containing repotrectinib as an active ingredient in all human therapeutic indications.

To date, we have paid to Turning Point a $25.0 million upfront payment. We may be required to pay an additional aggregate amount of up to $151.0 million in development, regulatory and sales-based milestone payments, along with certain tiered royalties (from mid-to-high teen royalties on a percentage basis and subject to certain reductions) based on annual net sales of licensed products in the territory. Under the exclusive license agreement, we are responsible for funding all development and commercialization activities related to the products in our licensed territory, subject to certain exceptions pursuant to which Turning Point may be responsible for the cost. Turning Point will be responsible for funding global clinical studies of the licensed products subject to certain exceptions pursuant to which we may bear the costs of certain studies.

We will purchase licensed products exclusively from Turning Point. Unless terminated earlier pursuant to its terms, the license agreement will continue in effect until expiration of the last royalty term set forth in the agreement with respect to any licensed product in any region in the Territory, where the royalty term for a licensed product in a region continues until the latest of (i) the expiration of the last-to-expire valid claim within the licensed patent rights that covers the licensed product in such region; (ii) the expiry of the regulatory exclusivity for such licensed product in such region; or (iii) the close of business of the day that is exactly 10 years after the date of the first commercial sale of such licensed product in such region. In addition, we may terminate the agreement for convenience, subject to a certain notice period. Turning Point may terminate the agreement under specified circumstances if we or our affiliates or sublicensees challenge its patent rights, subject to a certain cure period. Either party may terminate the agreement for the other party's uncured material breach of the agreement, subject to a certain cure period, for the other party's bankruptcy or insolvency or if the other party or its affiliates merges with or acquires a third party engaged in activities with a competing product, which is not divested or discontinued within a specified period.

argenx

In January 2021, we entered into a collaboration and license agreement with argenx, pursuant to which we obtained an exclusive license under certain patents and know-how of argenx to develop and commercialize products containing efgartigimod as an active ingredient in all human and animal uses for any preventative or therapeutic indications in Greater China. Under the terms of the agreement, we will be responsible for recruiting patients in China to argenx's global registrational trials for the development of efgartigimod.

To date, we have paid argenx a $75.0 million upfront payment in the form of 568,182 newly issued ordinary shares of Zai Lab Limited and have incurred, but not yet paid, $75.0 million in cash as a guaranteed non-creditable, non-refundable development cost-sharing payment. We expect to make this second payment in March 2021. We may be required to pay an additional $25.0 million in development milestone payments to argenx, along with certain tiered royalties (from mid-teen to low-twenties on a percentage basis and subject to certain reductions) based on annual net sales of licensed products in licensed territory.

We will purchase licensed products exclusively from argenx. The agreement continues in effect until, on a jurisdiction-by-jurisdiction and licensed product-by-licensed product basis, the date of expiration of the applicable royalty term set forth in the agreement, where the royalty term for a licensed product in a jurisdiction continues until the latest of (i) the expiration of the last-to-expire valid claim within the licensed patent rights that covers the licensed product, its manufacture or use in such jurisdiction, (ii) the expiration of regulatory exclusivity in such jurisdiction for such licensed product or (iii) twelve (12) years after the date of the first commercial sale of such licensed product in such jurisdiction. In addition, we may terminate the license agreement for convenience, subject to a certain notice period. Argenx may terminate the agreement under specified circumstances if we or our affiliates or sublicensees challenge its patent rights, subject to a certain cure period. Either party may terminate the agreement for the other party's uncured material breach of the agreement, subject to a certain cure period, or for the other party's bankruptcy or insolvency.

Cullinan

In December 2020, we entered into a license agreement with Cullinan Pearl, a subsidiary of Cullinan Management, Inc., formerly Cullinan Oncology, LLC, or Cullinan, pursuant to which we obtained an exclusive license under certain patents and know-how of Cullinan to develop, manufacture and commercialize products containing CLN-081 as an active ingredient in all uses in humans and animals in Greater China. To date, we paid Cullinan an upfront payment in the amount of $20.0 million. We may be required to pay an additional aggregate amount of up to $211.0 million in development, regulatory and sales-based milestone payments, along with certain tiered royalties (from high-single-digit to low-teen on a percentage basis and subject to certain reductions) based on annual net sales of licensed products in the licensed territory. Cullinan Pearl received worldwide rights for CLN-081, excluding Japan, from Taiho Pharmaceutical, Co., Ltd. in 2018.

We have the sole right to manufacture the licensed products for commercialization in the licensed territory. The agreement continues in effect until the expiration of the last royalty term for a licensed product in any region in the licensed territory, where the royalty term for a licensed product in a jurisdiction continues until the later of (i) the expiration of the last-to-expire valid claim within the licensed patent rights that covers the licensed product in such region or (ii) the close of business of the tenth (10th) anniversary of the date of the first commercial sale of such licensed product in such region.

Either party may terminate the agreement on a region-by-region basis or in its entirety upon a material breach by the other party or bankruptcy of the other party. We may terminate the agreement in its entirety or on a product-by-product basis at any time and for any or no reason, provided, however, that we will terminate the agreement upon prior written notice to Cullinan Pearl if we determine that we shall discontinue all development and commercialization activities with respect to the products. Furthermore, Cullinan Pearl may terminate the agreement in its entirety, if we or our affiliates commence a legal, administrative or other action challenging the validity, enforceability or scope of any licensed patent or patent (other than the licensed patent) owned or controlled by Cullinan Pearl and its affiliates. In addition, if no active development activities have been conducted by us and our affiliates or a permitted sublicensee within ten (10) months of the execution of the agreement and such inactivity is not caused by a serious adverse event or serious adverse drug reaction, a force majeure event or Cullinan Pearl's failure to supply sufficient quantities of clinical supply product, then we will be deemed to have abandoned development for the product and Cullinan Pearl shall have the right to terminate the agreement upon written notice, unless we have cured such abandonment within sixty (60) days of such written notice. The agreement may also be terminated by mutual written agreement. Unless earlier terminated, the agreement continues in effect on a product-by-product basis until the expiration of all applicable royalty terms with respect to all products in any region in the territory.

Regeneron

In April 2020, we entered into a collaboration agreement with Regeneron Ireland Designated Activity Company, an affiliate of Regeneron pursuant to which we obtained for Greater China the oncology development and exclusive commercialization rights for products containing odronextamab as the sole active ingredient.

To date, we have paid Regeneron a $30.0 million upfront payment. We are responsible for contributing to the global development costs of odronextamab for certain trials. We may also be required to pay an additional aggregate amount of up to $160.0 million in regulatory and sales milestone payments. Additionally Zai Lab will make payments to Regeneron based on net sales, such that Regeneron shares in a significant portion of any potential profits.

We will purchase odronextamab exclusively from Regeneron. The agreement continues in effect after the date of the agreement and until such time when we have ceased development and commercialization activities on odronextamab for six consecutive months, subject to certain exceptions. In addition, subject to certain conditions, we and Regeneron each may terminate the collaboration agreement for convenience, subject to a certain notice period, or for violation of anti-corruption law, subject to a certain cure period. Regeneron may terminate the agreement under specified circumstances if we or our affiliates or subcontractors challenge its patent rights, or upon a change of control of us, if Regeneron reasonably determines the acquirer of us does not have the resources or expertise to perform the obligations under this agreement. Either party may terminate the agreement for the other party's uncured material breach of the agreement, subject to a certain cure period, or for the other party's bankruptcy or insolvency.

Incyte

In July 2019, we entered into a collaboration and license agreement with Incyte, pursuant to which we obtained an exclusive license under certain patents and know-how of Incyte, to develop and commercialize products containing retifanlimab (INCMGA012) as an active ingredient in the treatment, palliation, diagnosis or prevention of diseases in the fields of hematology or oncology in humans in Greater China.

To date, we have paid Incyte an upfront license fee in the amount of $17.5 million and have not paid Incyte any milestone payment. We may be required to pay an additional aggregate amount of up to $60.0 million in development, regulatory and commercial milestone payments, along with certain tiered royalties (from low-to high-twenties on a percentage basis and subject to certain reductions) based on annual net sales of licensed products in licensed territory.

We will purchase licensed products exclusively from Incyte. The agreement continues, on a region-by-region and licensed product-by-licensed product basis, in effect until the expiration of the applicable royalty term for such licensed product and such region as specified in the agreement, where the royalty term for a licensed product in a region continues until the latest of (i) the expiration of the last-to-expire valid claim within the licensed patents rights that covers the composition of matter, formulations or a method of treatment or use of such licensed product in such region, (ii) the expiration of regulatory exclusivity for such licensed product in such region or (iii) twelve (12) years from the first commercial sale of such licensed product in such region. In addition, each party may terminate the agreement upon the material breach of the agreement by the other party, subject to a certain cure period, or for the other party's bankruptcy or insolvency. We may terminate the agreement for convenience, subject to a certain notice period, and Incyte may terminate the agreement under specified circumstances if we or our affiliates or sublicensees challenge its patent rights, subject to a certain cure period, or due to our certain development or commercialization diligence failures (subject to the dispute resolution mechanisms if disputes arise with respect to such failures).

Deciphera

In June 2019, we entered into a license agreement with Deciphera, pursuant to which we obtained an exclusive license under certain patents and know-how of Deciphera to develop and commercialize products containing ripretinib in the field of the prevention, prophylaxis, treatment, cure or amelioration of any disease or medical condition in humans in Greater China. To date, we have paid Deciphera an upfront payment in the amount of $20.0 million and two milestone payments in an aggregate amount of $7.0 million. We may be required to pay an additional aggregate amount of up to $178.0 million in additional development, regulatory and

commercial milestone payments, along with certain tiered royalties (from low-to high-teens on a percentage basis and subject to certain reductions) based on annual net sales of the licensed products in the licensed territory.

We will purchase the licensed products exclusively from Deciphera. The agreement continues, on a region-by-region and licensed product-by-licensed product basis, in effect until the expiration of and payment by us of all of our royalty payment obligations applicable to such licensed product and such region, where the royalty term for a licensed product in a region continues until the latest of (i) the abandonment, expiry or final determination of invalidity of the last valid claim within the licensed patents rights that covers the composition of matter, formulations or a method of making or use of such licensed product in such region, (ii) the expiration of regulatory exclusivity for such licensed product in such region or (iii) the close of business of the day that is exactly ten (10) years after the date of the first commercial sale of such licensed product in such region. Subject to the terms of the agreement, we may terminate the agreement for convenience by providing written notice to Deciphera, which termination will be effective following a prescribed notice period. In addition, Deciphera may terminate the agreement under specified circumstances if we or certain other parties challenge Deciphera's patent rights, or if we or our affiliates do not conduct certain development activities with respect to one or more licensed products for a specified period of time, subject to specified exceptions. Either party may terminate the agreement for the other party's uncured material breach of a material term of the agreement, with a customary notice and cure period, or insolvency. After termination (but not natural expiration), Deciphera is entitled to retain a worldwide and perpetual license from us to exploit the licensed products. On a region-by-region and a licensed product-by-licensed product basis, upon the natural expiration of the agreement as described above, the licenses granted by Deciphera to us under the agreement in such region with respect to the licensed product become fully paid-up, perpetual, and irrevocable. In January 2020, we entered into an amendment with Deciphera to clarify several operational matters.

MacroGenics

In November 2018, we entered into a collaboration agreement with MacroGenics, pursuant to which we obtained an exclusive license under certain patents and know-how of MacroGenics to develop and commercialize margetuximab, tebotelimab and an undisclosed multi-specific TRIDENT molecule in pre-clinical development, each as an active ingredient in all human fields of use, except to the extent limited by any applicable third party agreement of MacroGenics in Greater China. To date, we have paid MacroGenics an upfront payment in the amount of $25.0 million and two milestone payments in total of $4.0 million. We may also be required to pay certain additional development and regulatory-based milestone payments of up to an aggregate of $136.0 million, along with certain tiered royalties (from mid-teens to twenty for margetuximab, mid-teens for tebotelimab, and low-teens for the TRIDENT molecule, on a percentage basis and subject to certain reductions) based on annual net sales of licensed products in licensed territory.

We will purchase licensed products exclusively from MacroGenics. The collaboration agreement continues in effect until the expiration of the last royalty term under the collaboration agreement, where the royalty term for a licensed product in a region continues until the latest of (i) the expiration of the last-to-expire valid claim within licensed patent rights covering the composition, manufacture, use, sale or importation of such licensed products in such region, (ii) the expiration of data exclusivity for such licensed product in such region or (iii) the twelfth (12^{th}) anniversary of the first commercial sale of such licensed product in such region. In addition, either party may terminate the collaboration agreement upon the material breach of the collaboration agreement by the other party, subject to certain cure periods. At any time after November 29, 2020, we may terminate the collaboration agreement for convenience, subject to a certain notice period. MacroGenics may terminate the collaboration agreement in its entirety or on a licensed product-by-licensed product or region by region basis with a certain notice period if one or more major safety issues have occurred with respect to such licensed product prior to the first commercial sale of such licensed product in the territory and MacroGenics has discontinued the global development, manufacturing and commercialization activities with respect to such licensed product and publicly announced it.

Novocure

In September 2018, we entered into a license and collaboration agreement with Novocure, pursuant to which we obtained an exclusive license under certain patents and know-how of Novocure to develop and commercialize Tumor Treating Fields products in all human therapeutic and preventative uses in the field of oncology in Greater China. To date, we have paid Novocure an upfront payment in the amount of $15.0 million and two milestone payments in an aggregate amount of $10.0 million. We may be required to pay an additional aggregate amount of $68.0 million in development, regulatory and commercial milestone payments, along with certain tiered royalties (from low- to mid-teens on a percentage basis and subject to certain reductions) based on annual net sales of the licensed products in licensed territory.

We will purchase licensed products exclusively from Novocure. The agreement continues, on a region-by-region and licensed product-by-licensed product basis, in effect until the expiration of the last royalty term and payment by us of all of our royalty payment obligations applicable to such licensed product and such region, where the royalty term for a licensed product in a region continues until the latest of (i) the expiration of the last-to-expire valid claim within licensed patent rights covering such licensed products (including composition, method of use or making) in such region, (ii) the expiration of regulatory exclusivity of such licensed product and (iii) the tenth (10^{th}) anniversary of the first commercial sale of such licensed product in such region. In addition, either party may terminate the agreement upon the material breach of the agreement by the other party, subject to a certain cure period, or for the other party's bankruptcy or insolvency. We may terminate the agreement for convenience, subject to a certain notice period, and Novocure may terminate the agreement under specified circumstances if we or our affiliates or sublicensees challenge its patent rights or due to our certain development or commercialization diligence failures, subject to a certain cure period and dispute resolution mechanisms if disputes arise with respect to such failures.

Entasis

In April 2018, we entered into a license and collaboration agreement with Entasis, pursuant to which we obtained an exclusive license under certain patents and know-how of Entasis to develop and commercialize Entasis's proprietary compounds, durlobactam with sulbactam (the combination, SUL-DUR) with the possibility of developing and commercializing a combination of such compounds with imipenem in all human diagnostic, prophylactic and therapeutic uses in Greater China, Korea, Vietnam, Thailand, Cambodia, Laos, Malaysia, Indonesia, the Philippines, Singapore, Australia, New Zealand and Japan. Our rights to develop and commercialize the licensed products are limited to the lead product (SUL-DUR) until such lead product receives initial FDA approval in the United States.

Pursuant to the terms of the agreement, we are responsible for (i) developing and commercializing the licensed products in the territory under a mutually agreed development plan; and (ii) providing Entasis (or its CRO) with clinical and financial support in the territory for the global pivotal Phase III ATTACK clinical trial of SUL-DUR as set forth in mutually agreed development plans.

To date, we have made an upfront payment of $5.0 million and two development milestone payments in total of $7.0 million to Entasis. Additionally, we may be required to pay Entasis an additional aggregate amount of up to $91.6 million in development and commercial milestone payments, along with certain tiered royalty payments (from high single digits to low-teens on a percentage basis and subject to certain reductions) based on annual net sales of licensed products in the licensed territory. We are also responsible for a portion of the costs of the global pivotal Phase III ATTACK clinical trial of SUL-DUR outside of the licensed territory.

We will purchase the licensed products exclusively from Entasis. The agreement will expire on a country-by-country basis upon the expiration of the royalty term and payment by us of our payment obligations applicable to such country, where the royalty term for a licensed product in a country continues until the latest of (i) the tenth (10^{th}) anniversary of the first commercial sale of such licensed product in such country, (ii) the

expiration or abandonment of the last-to-expire valid claim within certain Entasis patents covering such licensed product in such country, and (iii) the expiration of regulatory exclusivity with respect to such licensed product in such country. We may terminate the agreement upon written notice to Entasis at any time and for any reason. Either party may terminate the agreement if the other party is in material breach after a permitted cure period, or with immediate effect upon the occurrence of specified events of insolvency. Further, Entasis can terminate the agreement if we cease to commercialize the licensed products or challenge any of the patents we licensed. If we have the right to terminate the agreement due to Entasis's uncured material breach, we may elect to continue the agreement and Entasis would be obligated to pay us a premium on the amount of damages arising from such breach. In the event of any termination of the agreement, we will assign or grant a right of reference to any regulatory documentation related to the licensed products to Entasis, all rights and licenses to us will terminate and we will grant Entasis a license under our technology to make and commercialize licensed products in the territory.

Five Prime

In December 2017, we entered into a license and collaboration agreement with Five Prime, pursuant to which we obtained an exclusive license under certain patents and know-how of Five Prime to develop and commercialize products containing Five Prime's proprietary afucosylated FGFR2b antibody known as bemarituzumab (FPA144) as an active ingredient in the treatment or prevention of any disease or condition in humans in Greater China.

Pursuant to the terms of the agreement, we are responsible for (i) developing and commercializing licensed products under a territory development plan; and (ii) performing certain development activities to support Five Prime's global development and registration of licensed products, including Five Prime's global Phase III registrational trial of bemarituzumab (FPA144) in combination with FOLFOX in front-line gastric and gastroesophageal cancer, or the bemarituzumab FPA144-004 Study, in the licensed territory under a global development plan.

To date, we have made an upfront payment of $5.0 million and a milestone payment of $2.0 million to Five Prime. Additionally, we may be required to pay an additional aggregate amount of up to $37.0 million to Five Prime in development and regulatory milestone payments, along with certain tiered royalties (from high teens or low twenties depending on the number of patients we enroll in the bemarituzumab FPA144-004 study, and subject to certain reductions) based on annual net sales of licensed product in the licensed territory.

Pursuant to the terms of the agreement, provided that we enroll and treat a specified number of patients in the bemarituzumab FPA144-004 study in China, we are eligible to receive a low single-digit percentage quarterly royalty, on a licensed product-by-licensed product basis on net sales of all licensed product outside the licensed territory until the tenth (10th) anniversary of the first commercial sale of each such licensed product outside the licensed territory.

We will purchase licensed products exclusively from Five Prime. The agreement will expire on a region-by-region basis upon the expiration of the royalty term and payment by us of all of our payment obligations with respect to each licensed product and region under the agreement, where the royalty term for a licensed product in a region continues until the latest of (i) the eleventh (11^{th}) anniversary of the first commercial sale of such licensed product in such region, (ii) the expiration of the last valid claim within the Five Prime patents covering such licensed product in such region, and (iii) the expiration of regulatory exclusivity with respect to such licensed product in such region. In addition, we may terminate the agreement in its entirety at any time, subject to a certain notice period. Either party may terminate the agreement in its entirety with written notice for the other party's material breach, subject to a certain cure period, or for the other party's bankruptcy or insolvency. Five Prime may terminate the agreement in its entirety with written notice for the material breach of our diligence obligations with respect to development and obtaining marketing approval in China, and may terminate the agreement on a region-by-region basis for the breach of our diligence obligations with respect to

timely initiation of commercialization of a licensed product in a region following the marketing approval of such licensed product. Five Prime may also terminate the agreement in its entirety if we or one of our affiliates or sublicensees commences a legal action challenging the validity, enforceability or scope of any of Five Prime's patents.

Paratek

In April 2017, we entered into a license and collaboration agreement with Paratek Bermuda Ltd., a subsidiary of Paratek, pursuant to which we obtained both an exclusive license under certain patents and know-how of Paratek Bermuda Ltd. and an exclusive sub-license under certain intellectual property that Paratek Bermuda Ltd. licensed from Tufts University to develop, manufacture and commercialize products containing omadacycline (ZL-2401) as an active ingredient in Greater China in the field of all human therapeutic and preventative uses other than biodefense. Under certain circumstances, our exclusive sub-license to certain intellectual property Paratek Bermuda Ltd. licensed from Tufts University may be converted to a non-exclusive license if Paratek Bermuda Ltd.'s exclusive license from Tufts University is converted to a non-exclusive license under the Tufts Agreement. We also obtained the right of first negotiation to be Paratek Bermuda Ltd.'s partner to develop certain derivatives or modifications of omadacycline in our licensed territory. Paratek Bermuda Ltd. retains the right to manufacture the licensed product in our licensed territory to support development and commercialization of the same outside our licensed territory. We also granted to Paratek Bermuda Ltd. a non-exclusive license to certain of our intellectual property. Under the agreement, we agreed not to commercialize certain competing products in our licensed territory.

To date, we have made an upfront payment of $7.5 million and two milestone payments in an aggregate amount of $8.0 million to Paratek Bermuda Ltd. We may be required to pay an additional aggregate amount of up to $46.5 million in milestone payments, along with certain tiered royalties (from low-to mid-teens on a percentage basis and subject to certain reductions) based on annual net sales of licensed products in licensed territory.

We have the right to manufacture the licensed products for commercialization in the licensed territory. The agreement with Paratek Bermuda Ltd. will remain in effect until, on a region-by-region basis, the expiration of the royalty term and payment by us of all of our royalty payment obligations in such region, where the royalty term for a licensed product in a region continues until the later of (i) the abandonment, expiration or invalidation of the last-to-expire valid claim within the licensed patents covering the licensed product or (ii) the close of business of the eleventh (11^{th}) anniversary of the first commercial sale of the licensed product in such region. In addition, either party may terminate this agreement for the other party's uncured material breach, subject to a certain cure period, or for the other party's bankruptcy or insolvency. We have the right to terminate the agreement for convenience at any time, subject to a certain notice period. Paratek Bermuda Ltd. has the right to terminate the agreement if we or our affiliates or sublicensees challenge its patents. Upon termination of the agreement, our license of certain intellectual property to Paratek Bermuda Ltd. will continue for Paratek Bermuda Ltd. to develop, manufacture and commercialize licensed products worldwide.

Bristol-Myers Squibb (BMS)

In March 2015, we entered into a license agreement with BMS, pursuant to which we obtained an exclusive license under certain patents and know-how of BMS to develop, manufacture and commercialize products containing BMS's proprietary multi-targeted kinase inhibitor, brivanib in China, Hong Kong and Macau in the field of diagnosis, prevention, treatment or control of oncology indications with the exclusive right to expand our licensed territory to include Taiwan and Korea under certain conditions. BMS retains the non-exclusive right to use the licensed compound to conduct internal research and the exclusive right to use the licensed compound as an intermediate or starting material to manufacture compounds that are not the licensed compound. Under the agreement, we agreed not to develop and commercialize certain competing products for specified time periods.

We are obligated to use commercially reasonable efforts to develop and commercialize the licensed products in our licensed field and licensed territory. BMS has the option to elect to co-promote the licensed products in our licensed territory. If BMS exercises its co-promotion option, BMS will pay us an option exercise fee and we will share equally with BMS the operating profits and losses of the licensed products in our licensed territory. If BMS does not exercise its co-promotion option, we may be required to pay BMS milestone payments for the achievement of certain development and sales milestone events of up to an aggregate of $114.5 million, and also certain tiered royalties (from mid-to high-teens on a percentage basis and subject to certain reductions) based on annual net sales of the licensed products in our licensed territory.

We also have the right to opt-out of the commercialization of the licensed products in our licensed territory under certain conditions. If we elect to opt-out, BMS will have the right to commercialize the licensed products in our licensed territory and will pay us royalties on the net sales of the licensed products in our licensed territory.

We have the right to manufacture the licensed products for commercialization in the licensed territory. The agreement with BMS will remain in effect until such time when there are no outstanding payment obligations for a period of twelve (12) consecutive months, where the royalty term for a licensed product in a region continues until the later of the expiration of the last-to-expire licensed patent that contains a valid claim covering the licensed product, the expiration of any market or data exclusivity for the licensed product, or the twelfth (12th) anniversary of the first commercial sale of the licensed product, in each case on a product-by-product and region-by-region basis. In addition, either party may terminate this agreement for the other party's uncured material breach, subject to a certain cure period, for safety reasons or failure of the development of the licensed products. We have the right to terminate the agreement for convenience upon a certain notice period. BMS may also terminate the agreement for our bankruptcy or insolvency.

INTELLECTUAL PROPERTY

Our commercial success depends in part on our ability to obtain and maintain proprietary or intellectual property protection for our product candidates and our core technologies and other know-how to operate without infringing, misappropriating or otherwise violating the proprietary rights of others and to prevent others from infringing, misappropriating or otherwise violating our proprietary or intellectual property rights. We expect that we will seek to protect our proprietary and intellectual property position by, among other methods, licensing or filing our own U.S., international and foreign patent applications related to our proprietary technology, inventions and improvements that are important to the development and implementation of our business. We also rely on trade secrets, know-how and continuing technological innovation to develop and maintain our proprietary and intellectual property position, which we generally seek to protect through contractual obligations with third parties.

Patents

Patents, patent applications and other intellectual property rights are important in the sector in which we operate. We consider on a case-by-case basis filing patent applications with a view to protecting certain innovative products, processes, and methods of treatment. We may also license or acquire rights to patents, patent applications or other intellectual property rights owned by third parties, academic partners or commercial companies which are of interest to us. For the internally developed product candidates, we identify patents through both self-development effort and joint-development through collaboration with business partners such as academic institutions.

As with other biotechnology and pharmaceutical companies, our ability to maintain and solidify our proprietary and intellectual property position for our drug candidates and technologies will depend on our success in obtaining effective patent claims and enforcing those claims if granted. However, our pending patent

applications, and any patent applications that we may in the future file or license from third parties may not result in the issuance of patents. We also cannot predict the breadth of claims that may be allowed or enforced in our patents. Any issued patents that we may receive or license in the future may be challenged, invalidated or circumvented. For example, we cannot be certain of the priority of our patents and patent applications over third-party patents and patent applications. In addition, because of the extensive time required for clinical development and regulatory review of a product candidate we may develop, it is possible that, before any of our product candidates can be commercialized, any related patent may expire or remain in force for only a short period following commercialization, thereby limiting protection such patent would afford the respective product and any competitive advantage such patent may provide. For more information regarding the risks related to our intellectual property, please see "Risk Factors—Risks Related to Intellectual Property."

The term of a patent depends upon the laws of the country in which it is issued. In most jurisdictions that we principally operate in, a patent term is 20 years from the earliest filing date of a non-provisional patent application. Under current China Patent Law, the term of patent protection starts from the date of application. Patents relating to inventions are effective for twenty years, and utility models and designs are effective for ten years from the date of application. The Fourth Amendment to the China Patent Law, expected to come into effect on June 1, 2021, will increase the term of patents relating to designs to fifteen years from the date of application.

The laws of each jurisdiction vary, and patent term adjustment or patent term extension may not be available in any or all jurisdictions in which we own or license patents.

The following describes representative patents and/or pending applications related to our product candidates.

ZEJULA

As of December 31, 2020, we exclusively licensed two issued patents in China directed to ZEJULA's free base compound, and salts thereof, and analog of ZEJULA. These issued patents are projected to expire in 2027 and 2028. We also exclusively licensed one pending patent application in China directed to the 4-methylbenzenesulfonate monohydrate salt of the compound, the API of ZEJULA. If this patent application issues as a patent, such patent will be projected to expire in 2029. We also exclusively licensed one pending patent application in China directed to methods of treating ovarian cancer. If this patent application issues as a patent, such patent will be projected to expire in 2037. Additionally, we have filed an application in China and a PCT application that covers intermediate synthesis process. The claims in the Chinese application have been allowed, and the PCT application has entered into the United States, the European Union, Israel, Japan, Korea and India. We own this PRC application and the PCT application.

Tumor Treating Fields

As of December 31, 2020, we licensed eight issued patents in China and one issued patent in Hong Kong that relate to Tumor Treating Fields. Additional patent applications that relate to Tumor Treating Fields are pending, including five in China and in Hong Kong. We are pursuing patent rights to protect our rights in these technologies and have continued our efforts to secure patent rights in China for our devices and technologies for applying electric fields to a patient for treating a disease or condition, especially diseases that promote tumor growth.

QINLOCK

As of December 31, 2020, we exclusively licensed one issued patent and two pending patent applications in China as well as one issued patent in Hong Kong directed to dihydronaphthyridines, the API of ripretinib. These issued patent and pending patent applications are projected to expire by 2032. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions outside of Greater China.

Odronextamab

As of December 31, 2020, Regeneron has two issued patents and three pending applications in China, one issued patent and four pending applications in Hong Kong, and six issued patents and one pending application in Taiwan. These issued patents relate to CD3/CD20 bispecific antibody odronextamab and are projected to expire between 2030 and 2034. Regeneron also has three pending patent applications in China, one issued patent and three pending patent applications in Hong Kong and two pending patent applications in Taiwan that relate to methods of tumor treatment using CD3/CD20 bispecific antibody and related combination therapy. If issued, claims of these patent applications are projected to expire between 2035 and 2036.

Repotrectinib

As of December 31, 2020, we exclusively licensed one issued patent and two pending patent applications in China, one issued patent and two pending patent applications in Hong Kong, one pending application in Macau and one issued patent and one pending patent application in Taiwan. These issued patents or pending applications are directed to repotrectinib, and are projected to expire in 2035. We have also exclusively licensed three pending patent applications in China, three pending patent applications in Hong Kong and one pending patent application in Taiwan, that relate to chiral diaryl macrocycles, diaryl macrocycles polymorph, the use thereof and combination therapy involving diaryl macrocyclic compounds. If issued, claims of these patent applications are projected to expire between 2036 and 2038. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions outside of Greater China.

Margetuximab

As of December 31, 2020, we exclusively licensed two pending patent applications in China and one issued patent in Hong Kong. The pending patent applications in this portfolio cover antibody sequences and therapeutic uses of margetuximab. The issued patent in Hong Kong that we exclusively licensed is projected to expire in 2029.

Retifanlimab

As of December 31, 2020, we exclusively licensed patents and pending patent applications directed to the API of retifanlimab (INCMGA0012 (PD-1)) and uses of retifanlimab in China, Macau, Hong Kong and Taiwan. As of December 31, 2020, there are two pending patent applications in China, one issued patent and one pending patent application in Taiwan and one pending patent application in Hong Kong. If these patent applications issue as patents, such patents will be projected to expire in 2036 to 2039. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions outside of Greater China.

Tebotelimab

As of December 31, 2020, we exclusively licensed four pending patent applications in China, three pending patent applications in Hong Kong, and two issued patents and one pending patent application in Taiwan. The pending patent applications in this portfolio cover antibody sequences and therapeutic uses of tebotelimab. The issued patents that we exclusively licensed are projected to expire between 2035 and 2036.

Bemarituzumab

As of December 31, 2020, we exclusively licensed one issued patent in China and two issued patents in Hong Kong. These issued patents are directed to certain anti-FGFR2 antibodies, and are projected to expire in 2029. We have also exclusively licensed one issued patent in China, two issued patents in Taiwan and one issued patent in Hong Kong, which are projected to expire in 2034. We also exclusively licensed three pending patent applications in China, one pending patent application in Hong Kong, and one pending patent applications in Taiwan, which related to combination therapies. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions outside of Greater China.

Omadacycline

As of December 31, 2020, we exclusively licensed four issued patents in China directed to omadacycline's compound, formulations and crystal form and two pending patent applications in China directed to other crystalline forms of omadacycline. The issued composition of matter patent covering omadacycline is projected to expire in 2021 and the other three issued patents are projected to expire in 2029. We have also exclusively licensed one issued patent in Hong Kong and two issued patents in Taiwan, that cover a crystalline salt form of omadacycline, which expire in 2029. We have also exclusively licensed four pending patent applications in China, three pending patent applications in Hong Kong and three pending patent applications in Taiwan, that relate to different methods of treatment related to omadacycline. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions outside of Greater China.

Durlobactam

As of December 31, 2020, we exclusively licensed one issued patent in China, one issued patent in Japan and one corresponding issued patent or pending patent application in each of several additional jurisdictions in the territory covered by our agreement with Entasis, including Hong Kong, Taiwan and Korea. These issued patents or pending applications are directed to certain beta-lactamase inhibitor compounds and are projected to expire in 2033. We have also exclusively licensed a second family of patent applications with three issued applications in China, Hong Kong, Japan, Taiwan and Australia and three pending patent applications in Singapore, the Philippines and Korea. If issued, claims of these patent applications are projected to expire in 2035. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions outside of the territory of the Entasis Agreement.

Brivanib

As of December 31, 2020, we exclusively licensed four issued patents in China and one issued patent in Hong Kong that relate to brivanib. Of these issued patents, two patents in China are composition-of-matter patents that cover the brivanib compound and its analog and are projected to expire in 2023. Our exclusively licensed patents also include a patent in China that covers a manufacturing process for the synthesis of brivanib's API. This patent is projected to expire in 2027. In addition, one patent we exclusively licensed in China that covers a crystal form of brivanib alaninate is projected to expire in 2026. The issued patent in Hong Kong that we exclusively licensed is projected to expire in 2023. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions other than China, Hong Kong and Macau.

CLN-081

As of December 31, 2020, we exclusively licensed one issued patent in each of China, Hong Kong, Macao, and Taiwan. These four patents are composition-of-matter patents, which are projected to expire in 2034. We have also exclusively licensed applications pending in China and Taiwan related to inhibition of mutant EGFR. Patents issued from these applications are projected to expire between 2037 and 2038. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions other than Greater China.

TPX-0022

As of January 10, 2021, we exclusively licensed one pending patent application in each of China and Taiwan specifically covering TPX-0022. These two applications are directed to composition of matter and their uses. Any patents granted from these applications are projected to expire in 2038. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions other than Greater China.

Efgartigimod

As of January 6, 2021, we exclusively licensed one issued patent in China and one pending application in each of China, Hong Kong and Macau. These patent and pending applications are directed to an isolated FcRn

antagonist or uses thereof. They are projected to expire in 2034. We have also exclusively licensed two pending applications in China, three pending applications in Hong Kong, one pending application in Macau and one pending application in Taiwan. These applications are directed to uses of FcRn antagonists or compositions. Any patents issued from these applications are projected to expire between 2036 and 2040. We do not own or have an exclusive license to any patents or patent applications in any jurisdictions other than Greater China.

Simurosertib

As of December 31, 2020, we have exclusively licensed a portfolio including seven families of issued patents or pending applications worldwide excluding Japan. These seven families are directed to composition of matter, polymorphs, uses, manufacturing process or formulations. Composition-of-matter patents have issued in a number of countries/regions including, for example, the United States, Greater China, Europe, South Korea, Canada, Israel and Australia. The issued patents and any patents issued from the pending applications in the portfolio are projected to expire between 2031 and 2040.

ZL-1201

We have filed patent applications in China, Europe, South Korea, Japan, Australia, Canada, Israel and the United States that are directed to composition of matter and their use. These applications are currently pending. Any patents issued from these applications are projected to expire in 2038. We own these patent applications.

ZL-1102

As of December 31, 2020, we have exclusively licensed one issued patent in the United States and one pending application in each of the United States, Europe, China and Japan. These patent and patent applications are directed to composition of matter with a patent term projected to expire in 2036. We have also exclusively licensed one pending application in each of the US, China, Japan and Europe. These applications are directed to formulations. Any patents issued from these applications are projected to expire in 2037.

ZL-2103

As of December 31, 2020, we have exclusively licensed one pending application in each of China, the United States, Japan, Europe, Israel, South Korea, Australia, Canada, Russia, New Zealand and Taiwan. These applications are directed to composition of matter and their uses. Any patent issued from these applications are projected to expire in 2039.

Trade Secrets

In addition to patents, we rely upon unpatented trade secrets and know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We seek to protect our proprietary information, in part, by executing confidentiality agreements with our partners, collaborators, scientific advisors, employees, consultants and other third parties, and invention assignment agreements with our consultants and employees. We have also executed agreements requiring assignment of inventions with selected scientific advisors and collaborators. The confidentiality agreements we enter into are designed to protect our proprietary information and the agreements or clauses requiring assignment of inventions to us are designed to grant us ownership of technologies that are developed through our relationship with the respective counterparty. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes or that these agreements will afford us adequate protection of our intellectual property and proprietary information rights. If any of the partners, collaborators, scientific advisors, employees and consultants who are parties to these agreements breaches or violates the terms of any of these agreements or otherwise discloses our proprietary information, we may not have adequate remedies for any such breach or violation, and we could lose

our trade secrets as a result. For more information regarding the risks related to our trade secrets, please see "Risk Factors—Risks Related to Intellectual Property—If we are unable to maintain the confidentiality of our trade secrets, our business and competitive position may be harmed."

Trademarks and domain names

We conduct our business using trademarks with various forms of the "ZAI LAB" and "□□□□" brands, as well as domain names incorporating some or all of these trademarks.

RESEARCH AND DEVELOPMENT

We believe research and development is important to our future growth and our ability to remain competitive. We are dedicated to discovering or licensing, and developing and commercializing proprietary therapeutics that addresses areas of large unmet medical need in the Greater China and global markets, including in the fields of oncology and infectious and autoimmune diseases.

We have built an integrated product discovery and development platform that aims to bring both in-licensed and internally-discovered medicines to patients in Greater China and globally. We have assembled an in-house research and development team with over 400 dedicated personnel who have extensive experience from discovery, translational medicine to late stage development. Our in-house research and development team had previously been directly involved in the discovery and development of several innovative product candidates. Our in-house research and development team focuses on the development of innovative therapeutics for the treatment of oncology and autoimmune diseases. We believe our discovery efforts will enable us to achieve our long-term goal of generating a sustainable, internally discovered product pipeline of new product candidates for patients around the world. This effort has resulted in the identification of a number of proprietary candidates against targets in our focus areas that include immuno-oncology, DNA damage response/repair and oncogenic signaling that we are moving into pre-clinical development. Our company has a leadership team with extensive pharmaceutical research, development and commercialization track records in both global and Chinese biopharmaceutical companies. We believe this team and our in-house discovery and development capabilities will enable us to achieve our long-term goal of commercializing our internally discovered innovative medicine for patients worldwide. In addition, we collaborate with external research partners, such as leading CROs, academic institutions and commercial partners. We contract with these parties for execution of our pre-clinical and clinical trials. For details, see "Suppliers."

For the years ended December 31, 2019 and 2020, our research and development expenses were US$142.2 million and US$222.7 million, respectively. Our expenditures incurred on research and development activities include the following: (i) expenses incurred for payments to CROs, investigators and clinical trial sites that conduct our clinical studies; (ii) employee compensation related expenses, including salaries, benefits and equity compensation expense; (iii) expenses for licensors; (iv) the cost of acquiring, developing, and manufacturing clinical study materials; (v) facilities, depreciation, and other expenses, which include office leases and other overhead expenses; (vi) costs associated with pre-clinical activities and regulatory operations; (vii) expenses associated with the construction and maintenance of our manufacturing facilities; and (viii) costs associated with operating as a public company.

GOVERNMENT REGULATION

Regulation

Government Regulation of Pharmaceutical Product Development and Approval

PRC regulation of pharmaceutical product development and approval

Since China's entry into the World Trade Organization in 2001, the PRC government has made significant efforts to standardize regulations, develop its pharmaceutical regulatory system and strengthen intellectual property protection.

In October 2017, the pharmaceutical regulatory system entered a new and significant period of reform. The General Office of the State Council and the General Committee of the PRC Communist Party jointly issued a mandatory plan to further the reform of the review and approval system and encourage the innovation of pharmaceutical products and medical devices, or the Innovation Opinion. The expedited programs and other advantages under this and other recent reforms encourage pharmaceutical manufacturers to seek marketing approval in China first and develop products in high priority disease areas, such as oncology, or rare disease areas.

To implement the regulatory reform introduced by the Innovation Opinion, the Standing Committee of the NPC and the NMPA recently amended the PRC Drug Administration Law, which became effective on December 1, 2019. The NMPA subsequently promulgated two key implementing regulations for the PRC Drug Administration Law: (i) the amended Drug Registration Regulation; and (ii) the amended PRC Drug Manufacturing Regulation. Both became effective on July 1, 2020. The 2020 Drug Registration Regulation provides detailed procedural and substantive requirements for the key regulatory concepts established by the 2019 Amendment to the PRC Drug Administration Law. It confirms a number of reform actions that have been taken in the past years, including but not limited to: (1) the fully implementation of MAH system and implied approval for the commencement of clinical trial; (2) implementing associated review of drugs, excipients and packaging materials; and (3) introducing four expedited approval pathways, namely the breakthrough designation, conditional approvals, prioritized reviews and special reviews and approvals.

Regulatory authorities

In China, the NMPA is the authority under the State Administration for Market Regulation that monitors and supervises the administration of pharmaceutical products, medical appliances and equipment, and cosmetics. The primary responsibilities of the NMPA include:

- monitoring and supervising the administration of pharmaceutical products, medical appliances and equipment as well as cosmetics in China;
- formulating administrative rules and policies concerning the supervision and administration of the pharmaceutical, medical device and cosmetics industry;
- evaluating, registering and approving of new drugs, generic drugs, imported drugs and traditional Chinese medicine, or TCM;
- approving and issuing permits for the manufacture and export/import of pharmaceutical products, as well as medical appliances and equipment, and approving the establishment of enterprises to be engaged in the manufacture and distribution of pharmaceutical products; and
- examining and evaluating the safety of pharmaceutical products, medical devices and cosmetics and handling significant accidents involving these products.

The National Health and Family Planning Commission, or NHFPC, is rebranded as the National Health Commission, or NHC. The NHC is an authority at the ministerial level under the State Council and is primarily

responsible for national public health. The NHC performs a variety of tasks in relation to the health industry such as establishing and overseeing the operation of medical institutes, which also serve as clinical trial sites, regulating the licensure of hospitals and producing professional codes of ethics for public medical personnel.

Drug Administration Laws and Regulations

The PRC Drug Administration Law was initially promulgated by the Standing Committee of the NPC in 1984 and the Implementing Measures of the PRC Drug Administration Law was promulgated by the State Council in August 2002. The current PRC Drug Administration Law applies to entities and individuals engaged in the development, production, distribution, application, supervision and administration of pharmaceutical products. It regulates and prescribes a framework for the administration of pharmaceutical manufacturers, pharmaceutical distribution companies and medicinal preparations of medical institutions and the development, research, manufacturing, distribution, packaging, pricing and advertisements of pharmaceutical products.

Certain amendments to the PRC Drug Administration Law took effect on December 1, 2001. Subsequent amendments were also made on December 28, 2013, April 24, 2015 and August 26, 2019. The 2019 Amendment brought a series of changes to the drug supervision and administration system, including (1) the formalization of the drug marketing authorization holder system, or the MAH system; (2) expedited approval pathway; and (3) the cancellation of relevant certification in relation to Good Manufacturing Practice and Good Supply Practice. The 2019 Amendment requires the marketing authorization holder to assume responsibilities for the entire product life cycle, including pre-clinical studies, clinical trials, manufacturing and marketing, post-marketing studies, monitoring, reporting and handling of adverse reactions of the drug. The 2019 Amendment also stipulates that the state supports the innovation of drugs with clinical value, encourages the development of drugs with new therapeutic mechanisms and multi-targeted, systematic adjustment and intervention of physiological function and promotes the technological advancement of drugs.

According to the PRC Drug Administration Law, no pharmaceutical products may be produced in China without a pharmaceutical production license. A local manufacturer of pharmaceutical products must obtain a pharmaceutical production license from one of the provincial administrations of medical products in order to commence production of pharmaceuticals. Prior to granting such license, the relevant government authority will inspect the manufacturer's production facilities, and decide whether the sanitary conditions, quality assurance system, management structure and equipment within the facilities have met the required standards.

Collecting and Using Patients' Biospecimens and Derived Data

In June 1998, the Ministry of Science and Technology, or MOST, and the former MOH jointly established the Tentative Rules for Protecting and Utilizing Human Genetic Resources in China. In July 2015, the MOST issued the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading, Exporting Human Genetic Resources or Taking Such Resources out of China. The Service Guide provides that foreign-invested sponsors that collect and use patients' biospecimens in clinical trials shall be required to file with the China Human Genetic Resources Administrative Office, or the HGRAO, through its online system.

In October 2017, the MOST issued the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources, which simplified the approval for collecting and using human genetic resources for the purpose of commercializing a drug in China.

In May 2019, the State Council of PRC issued the Regulation on the Administration of PRC Human Genetic Resources, which formalizes the approval requirements pertinent to research collaborations between Chinese and foreign-owned entities. Pursuant to this new regulation, a new notification filing system (as opposed to the advance approval approach originally in place) is put in place for international clinical trials using PRC patients' biospecimens at clinical study sites without involving the export of such biospecimens outside of China. The

notification filing shall specify the type, quantity and usage of the biospecimens, among others, with the HGRAO before conducting such clinical trials. The collection and use of PRC patients' biospecimens in basic scientific research collaborations involving export are still subject to the approval of the HGRAO.

In October 2020, the Standing Committee of the NPC promulgated the PRC Biosecurity Law, which will take effect on April 15, 2021. The PRC Biosecurity Law reaffirms the regulatory requirements stipulated by the HGR Regulation while potentially increasing the administrative fines significantly in cases where foreign entities are alleged to have collected, preserved or exported Chinese human genetic resources.

Data Privacy and Data Protection

China continues to strengthen its regulation of network security, data protection, and personal information (including personal health information). For example, the Cyber Security Law of China (effective since June 2017), or the Cyber Security Law, provides China's first national-level network and data security regulation. The Cyber Security Law regulates network operators, a broad category that covers all organizations in China that own, operate or manage computer networks, and requires them to take certain organizational, technical and administrative measures and other necessary measures to ensure the security of their networks and data stored on their networks. Additional regulations, guidelines and measures under the framework of the Cyber Security Law are expected to be adopted and require more stringent compliance requirements. Some of these measures have already been published in draft form, including the Measures on Security Assessment of Cross-Border Transfer of Personal Information and Important Data (Draft for Comment), published in 2017, and the Measures on Security Assessment for Cross-Border Transfer of Personal Information (Draft for Comment), published by the Cyberspace Administration of China in 2019. In addition, China has also published in draft form new laws that seek to establish a more robust framework for data protection and privacy, including the Personal Information Protection Law (Draft) and the Data Security Law (Draft), both published in 2020. In particular, the Personal Information Protection Law (Draft), if enacted, would become China's first omnibus law regulating the collection, processing and use of personal information. These proposed measures and laws, which indicate a trend of more stringent compliance requirement, and if enacted, may require a security assessment and review, government certification or conclusion of a data transfer agreement with the recipient before transferring personal health information out of China and may impose compliance requirements on our entities established outside China that process the personal information of individuals in China in certain circumstances. The Cyber Security Law, together with other industry-specific laws and regulations, also require us to obtain consent from clinical trial subjects, customers, employees and other individuals before collecting their personal information, including personal health information, take measures to keep personal information secure and confidential and report security breaches involving personal information to competent industry regulators. These areas are expected to receive greater attention and focus from regulators.

Network security, data protection and personal information in other jurisdictions, including the United States, also continue to strengthen. Numerous United States federal and state laws, including state security breach notification laws, state health information privacy laws and federal and state consumer protection laws, govern the collection, use and disclosure of personal information. For example, the California Consumer Privacy Act of 2018, as amended (CCPA), went into operation on January 1, 2020 and broadly defines personal information, affords California residents expanded privacy rights and protections and provides for civil penalties for violations and a private right of action related to certain data security breaches. These protections will be expanded by the California Privacy Rights Act (CPRA), which was approved by California voters in November 2020 and will be operational in most key respects on January 1, 2023. There are similar legislative proposals being advanced in other states, as well as in Congress. In addition, most healthcare providers who are expected to prescribe our products and from whom we may obtain patient health information, are subject to privacy and security requirements under the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act (HIPAA). Although we are not considered to be a covered entity or business associate under HIPAA, we could be subject to penalties if we use or disclose individually identifiable health information in a manner not authorized or permitted by HIPAA. The legislative

and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing amount of focus on privacy and data protection issues with the potential to affect our business, including laws in all 50 states requiring security breach notification in some circumstances. The CCPA, CPRA, HIPAA and these other laws could create liability for us or increase our cost of doing business.

Regulations on the Clinical Trials

Four Phases of Clinical Trials

According to the 2020 Drug Registration Regulation, a clinical development program consists of Phases I, II, III and IV clinical trial, as well as bioequivalence trial. Based on the characteristics of study drugs and research objectives, the four phases of studies respectively focus on clinical pharmacology, exploratory, confirmatory and post-approval assessment of efficacy and safety.

Approval Authority for Clinical Trial Applications

According to the 2019 Amendment of the PRC Drug Administration Law and the 2020 Drug Registration Regulation, clinical studies on investigational drugs must be approved by the Center for Drug Evaluation, also known as the CDE, before its commencement.

International Multi-Center Clinical Trials

On January 30, 2015, the NMPA promulgated Notice on Issuing the International Multi-Center Clinical Trial Guidelines (Tentative), or the Multi-Center Clinical Trial Guidelines, which took effect as of March 1, 2015, aiming to provide guidance for the regulation of application, implementation and administration of international multi-center clinical trials in China. Where the applicant plans to make use of the data derived from the international multi-center clinical trials for application to NMPA for approval of an NDA, such international multi-center clinical trials shall satisfy, in addition to the requirements set forth in the PRC Drug Administration Law and its implementation regulations, Drug Registration Regulation, GCP of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use (“ICH-GCP”), research ethics and the following requirements:

- The applicant shall first conduct an overall evaluation on the global clinical trial data and further make trend analysis of the Asian and Chinese clinical trial data. In the analysis of Chinese clinical trial data, the applicant shall consider the representativeness of the research subjects, i.e., the participating patients;
- The applicant shall analyze whether the amount of Chinese research subjects is sufficient to assess and adjudicate the safety and effectiveness of the drug under clinical trial and satisfy the statistical and relevant legal requirements; and
- The onshore and offshore international multi-center clinical trial research centers shall be subject to on-site inspections by competent PRC governmental agencies.

To encourage innovation and improve accessibility of new drugs, foreign pharmaceutical companies are permitted to conduct international multicenter clinical trials in China from Phase 1 and can apply for marketing authorizations immediately after completion of the international multicenter clinical trials. The application for NDA is not conditional upon the issuance of marketing authorization for the same new drug in the country of origin. Leveraging the clinical trial data derived from international multi-center clinical trials conducted by our partners, we may avoid unnecessary repetitive clinical trials and thus further accelerate the NDA process in China.

Acceptance of Foreign Clinical Trial Data and Trial Waiver

On July 6, 2018, the NMPA issued the Technical Guiding Principles on Accepting Foreign Drug Clinical Trial Data (“Guiding Principles”). According to the Guiding Principles, the data of foreign clinical trials must

meet the authenticity, completeness, accuracy and traceability requirements, and such data must be obtained in consistency with the relevant requirements under the ICH-GCP. Clinical trial sponsors must be attentive to potentially meaningful ethnic differences in the subject population.

The NMPA now permits, and its predecessor agencies have permitted on a case-by-case basis in the past, drugs approved outside of China to be approved in China on a conditional basis without pre-approval clinical trials being conducted in China. Specifically, in 2018, the NMPA and NHC issued the Procedures for Reviewing and Approval of Clinical Urgently Needed Overseas New Drugs, permitting drugs that have been approved within the last ten years in the United States, the European Union or Japan and that prevent or treat orphan diseases or prevent or treat serious life-threatening illnesses for which there is either no effective therapy in China or for which the foreign-approved drug would have clear clinical advantages. Applicants will be required to establish a risk mitigation plan and may be required to complete trials in China after the drug has been marketed. Since 2018, the CDE has published several lists of qualifying drugs that meet the foregoing criteria.

Compliance with GCP

The conduct of clinical trials must adhere to the GCP and the protocols approved by the ethics committees of each study site. To ensure authenticity and reliability of the clinical data, applicants of the pending drug registration submissions must conduct self-inspection and verification of their clinical trial data. Based on the submitted self-inspection results, the NMPA also regularly launched onsite clinical trial audits over selected applications and reject those found with data forgery. The GCP audit has been ongoing and was able to curb the number of unreliable NDAs.

In April 2020, the NMPA and the NHC released the amended GCP, which took effect on July 1, 2020. Compared to the previous GCP, the amended GCP provides comprehensive and substantive requirements on the design and conduct of clinical trials in China. In particular, the amended GCP enhances the protection for study subjects and tightens the control over bio-samples collected under clinical trials.

Regulations on Marketing Authorizations

The Marketing Authorization Holder System

Under the authorization of the Standing Committee of the National People's Congress, the State Council issued the Pilot Plan for the Drug Marketing Authorization Holder Mechanism on May 26, 2016, which provides a detailed pilot plan for the MAH System, for drugs in 10 provinces in China. Under the MAH System, domestic drug research and development institutions and individuals in the piloted regions are eligible to be holders of drug registrations without having to become drug manufacturers. The newly amended PRC Drug Administration Law rolled out this MAH system nationwide. Companies and research and development institutions can be drug marketing authorization holders after they receive the drug registration certificates. The drug marketing authorization holder should be responsible for their products throughout the life cycle, including pre-clinical studies, clinical trials, production and distribution, post-market studies and the monitoring, reporting, and handling of adverse reactions in connection with pharmaceuticals in accordance with the PRC Drug Administration Law. The marketing authorization holders may engage licensed pharmaceutical manufacturers for manufacturing and may engage pharmaceutical distribution enterprises with drug distribution license for the distribution activities. Upon receiving the marketing authorizations from the NMPA, a drug marketing authorization holder may transfer its drug marketing authorization and the transferee should have the capability of quality management, risk prevention and control and liability compensation to ensure the safety, effectiveness and quality controllability of drugs and fulfill the obligations of the drug marketing authorization holder.

New Drug Application

When Phases I, II and III of the clinical trials have been completed, the applicant may apply to the NMPA for approval of an NDA. The NMPA then determines whether to approve the application according to the

comprehensive evaluation opinion provided by the CDE of the NMPA. We must obtain approval of an NDA before our drugs can be manufactured and sold in the China market.

According to the Opinions on Encouraging Priority Review and Approval for Drug Innovations, for new drugs which are developed for severe, life-threatening diseases currently lacking effective treatment and have great significance for meeting clinical needs, if, based on early-stage clinical trial data, the clinical benefits of such drugs can be reasonably predicted or decided and such drugs have distinctive advantages comparing with existing treatments, such new drugs may obtain a conditional approval for marketing before the completion of Phase III clinical trials undertaken to confirm its therapeutic effectiveness. Such conditional approval process has been further enacted into the 2019 Amendment.

Drug Marketing Authorization

According to the 2020 Drug Registration Regulation, the applicant may submit an application for drug marketing authorization to CDE upon completion of relevant research on pharmacy, pharmacology, toxicology and drug clinical trials, determination the quality standards of the drug, validation of commercial-scale production processes and preparation for acceptance of verification and inspection conducted by the Center for Food and Drug Inspection (CFDI). The NMPA then determines whether to approve the application according to the comprehensive technical review by the CDE. We must obtain approval of drug marketing authorizations before our drugs can be manufactured and sold in the China market.

Drug Technology Transfer and Marketing Authorization Transfer

On August 19, 2009, the former SFDA promulgated the Administrative Regulations for Technology Transfer Registration of Drugs to standardize the registration process of drug technology transfer, which includes application for, and evaluation, examination, approval and monitoring of, drug technology transfer. With respect to imported drugs with imported drug licenses, the original applicants for the imported drug licenses may transfer these drug manufacturing technologies to domestic pharmaceutical manufacturing enterprises. Applications for drug technology transfer should be submitted to the provincial medical products administration where the transferee is located. The CDE should further review the application materials, provide technical evaluation opinions and form a comprehensive evaluation opinion based on the site inspection reports and the testing results of the samples.

The PRC Drug Administration Law and the 2020 Drug Registration Regulation allow for the transfer of marketing authorization under the MAH system. In January 2021, the NMPA published the Administrative Measures for Post-approval Changes to Drugs (Tentative), or the Measures on Post-Approval Changes. If the manufacture of an imported drug is relocated to China through manufacturing technology transfer, the transferee in China can choose to file a supplemental application with the provincial medical product administration with technical data showing consistency of quality and manufacturing processes during the two-year grace period from January 13, 2021. Alternatively, the transferee in China can file a marketing authorization application with the CDE referencing technical data in the original import drug approval application dossier.

Pharmaceutical Manufacturing Permit and GMP

To manufacture pharmaceutical products in the PRC, a pharmaceutical manufacturing enterprise must first obtain a Pharmaceutical Manufacturing Permit issued by the relevant pharmaceutical administrative authorities at the provincial level where the enterprise is located. Among other things, such a permit must set forth the permit number, the name, legal representative and registered address of the enterprise, the site and scope of production, issuing institution, date of issuance and effective period.

According to the Implementing Measures of the PRC Drug Administration Law and the Drug Manufacturing Regulation, promulgated in August 2004 and amended in November 2017 and January 2020,

respectively, each Pharmaceutical Manufacturing Permit issued to a pharmaceutical manufacturing enterprise is effective for five years. Any enterprise holding a Pharmaceutical Manufacturing Permit is subject to review by the relevant regulatory authorities on an annual basis. The enterprise is required to apply for renewal of such permit within six months prior to its expiry and will be subject to reassessment by the issuing authorities in accordance with then prevailing legal and regulatory requirements for the purposes of such renewal.

The Good Manufacturing Practice was promulgated in March 1988 and was amended in June 1999 and January 2011. The Good Manufacturing Practice comprises a set of detailed standard guidelines governing the manufacture of drugs, which includes institution and staff qualifications, production premises and facilities, equipment, hygiene conditions, production management, quality controls, product operation, raw material management, maintenance of sales records and management of customer complaints and adverse event reports.

Pharmaceutical Distribution Permit and GSP

To distribute pharmaceutical products in China, including wholesale and retail distribution, a pharmaceutical distribution enterprise must first obtain a Pharmaceutical Distribution Permit.

Pursuant to the Administrative Measures of the Pharmaceutical Distribution Permit promulgated by the NMPA in February 2004 and subsequently amended in November 2017, each Pharmaceutical Distribution Permit issued to a pharmaceutical distribution enterprise is effective for five years. Any enterprise holding a Pharmaceutical Distribution Permit is subject to periodic review and inspection by the relevant regulatory authorities. The enterprise is required to apply for renewal of such permit within six months prior to its expiry and will be subject to reassessment by the issuing authorities in accordance with then prevailing legal and regulatory requirements for the purposes of such renewal.

The Good Supply Practice for Drugs (GSP) was promulgated in April 2000 and was amended respectively in November 2012, January 2013, June 2015 and July 2016. The Good Supply Practice for Drugs is the basic rules for drug operation and quality control, setting forth the requirements for pharmaceutical distribution enterprises throughout the process of procurement, storage, sales and transportation.

U.S. Regulation of Pharmaceutical Product Development and Approval

In the United States, the FDA regulates drugs and biological products under the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act and their implementing regulations. Drugs and biologics are also subject to other federal, state and local statutes and regulations. The process of obtaining marketing approvals and the subsequent compliance with appropriate federal, state and local rules and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. regulatory requirements at any time during the product development process, approval process or after approval may subject an applicant and/or sponsor to a variety of administrative or judicial sanctions. These sanctions could include, among other actions, FDA's refusal to approve pending applications, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters and other types of enforcement-related letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or civil or criminal investigations and penalties brought by FDA and the Department of Justice, or DOJ, or other governmental entities. Our drug and biologic candidates must be approved by the FDA through the NDA and BLA processes, respectively, before they may be legally marketed in the United States. The process required by the FDA before a drug or biologic may be marketed in the U.S. generally involves the following:

- completion of extensive pre-clinical studies, sometimes referred to as pre-clinical laboratory tests, pre-clinical animal studies and formulation studies all performed in compliance with applicable regulations, including the FDA's GLP regulations;
- submission to the FDA of an IND which must become effective before human clinical trials may begin and must be updated annually;

- approval by an independent institutional review board (IRB) representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with applicable good clinical practices, or GCPs and other clinical trial-related regulations, to establish the safety and efficacy of the proposed drug or biological product for its proposed indication;
- preparation and submission to the FDA of an NDA or BLA;
- a determination by the FDA within sixty (60) days of its receipt of an NDA or BLA to accept the filing for review by an FDA advisory committee, where appropriate or if applicable;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the API and finished drug or biological product are produced to assess compliance with the FDA's cGMP;
- potential FDA audit of the pre-clinical and/or clinical trial sites that generated the data in support of the NDA or BLA; and
- payment of user fees and FDA review and approval of the NDA or BLA prior to any commercial marketing or sale of the drug or biologic in the United States.

Pre-clinical Studies

The data required to support an NDA is generated in two distinct development stages: pre-clinical and clinical. For new chemical entities, or NCEs, the pre-clinical development stage generally involves synthesizing the active component, developing the formulation and determining the manufacturing process, evaluating purity and stability, as well as carrying out non-human toxicology, pharmacology and drug metabolism studies in the laboratory, which support subsequent clinical testing. The conduct of the pre-clinical tests must comply with federal regulations, including GLPs and the U.S. Department of Agriculture's Animal Welfare Act. The sponsor must submit the results of the pre-clinical tests, together with manufacturing information, analytical data, any available clinical data or literature and a proposed clinical protocol, to the FDA as part of the IND. An IND is a request for authorization from the FDA to administer an investigational product to humans. The central focus of an IND submission is on the general investigational plan and the protocol(s) for human trials. The IND automatically becomes effective thirty (30) days after receipt by the FDA, unless the FDA raises concerns or questions regarding the proposed clinical trials and places the IND on clinical hold within that thirty-day time period. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Some long-term pre-clinical testing, such as animal tests of reproductive adverse events and carcinogenicity, may continue after the IND is submitted. The FDA may also impose clinical holds on a product candidate at any time before or during clinical trials due to safety concerns or non-compliance. Accordingly, submission of an IND does not guarantee the FDA will allow clinical trials to begin, or that, once begun, issues will not arise that could cause the trial to be suspended or terminated.

Clinical Studies

The clinical stage of development involves the administration of the product candidate to human subjects or patients under the supervision of qualified investigators, generally physicians not employed by or under the trial sponsor's control, in accordance with GCPs, which establish standards for conducting, recording data from and reporting the results of clinical trials, and are intended to assure that the data and reported results are accurate, and that the rights, safety and well-being of study participants are protected. GCPs also include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Clinical trials are conducted under written study protocols detailing, among other things, the objectives of the clinical trial, dosing procedures, subject selection and exclusion criteria and the parameters to be used to monitor subject safety and assess efficacy. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Further, each clinical trial must be reviewed and approved by an IRB to

ensure that risks to individuals participating in the clinical trials are minimized and are reasonable in relation to anticipated benefits. The IRB also reviews and approves the informed consent form that must be provided to each clinical trial subject or his or her legal representative and must monitor the clinical trial until completed. There are also requirements governing the reporting of ongoing clinical trials and completed clinical trial results to public registries. For example, information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health for public dissemination on their www.clinicaltrials.gov website.

Clinical trials are generally conducted in three sequential phases that may overlap or be combined, known as Phase I, Phase II and Phase III clinical trials.

- Phase I: The product candidate is initially introduced into a small number of healthy volunteers who are initially exposed to a single dose and then multiple doses. The primary purpose of these clinical trials is to assess the metabolism, pharmacologic action, side effect tolerability and safety of the product candidate.
- Phase II: The product candidate is administered to a limited patient population to determine dose tolerance and optimal dosage required to produce the desired benefits. At the same time, safety and further pharmacokinetic and pharmacodynamic information is collected, as well as identification of possible adverse effects and safety risks and preliminary evaluation of efficacy.
- Phase III: The product candidate is administered to an expanded number of patients, generally at multiple sites that are geographically dispersed, in well-controlled clinical trials to generate enough data to demonstrate the efficacy of the product candidate for its intended use, its safety profile and to establish the overall benefit/risk profile of the product candidate and provide an adequate basis for approval and labeling. Phase III clinical trials may include comparisons with placebo and/or other comparator treatments.
- Post-approval trials, sometimes referred to as Phase IV clinical trials, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication. In certain instances, FDA may mandate the performance of Phase IV clinical trials.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. Written IND safety reports must be submitted to the FDA and the investigators for serious and unexpected adverse events or any finding from tests in laboratory animals that suggests a significant risk to human subjects. The FDA, the IRB, or the clinical trial sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects or patients are being exposed to an unacceptable health risk. The FDA will typically inspect one or more clinical sites to assure compliance with GCP and the integrity of the clinical data submitted. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution, or an institution it represents, if the clinical trial is not being conducted in accordance with the IRB's requirements or if the product candidate has been associated with unexpected serious harm to patients. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a trial may move forward at designated check points based on access to certain data from the trial. Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the drug as well as finalize a process for manufacturing the drug in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, cGMPs impose extensive procedural, substantive and recordkeeping requirements to ensure and preserve the long term stability and quality of the final drug or biological product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

NDA and BLA Review and Approval

After the successful completion of clinical studies of a drug or biological product, FDA approval of an NDA or BLA respectively must be obtained before commercial marketing of the product. The results of non-clinical studies and of the clinical trials, together with other detailed information, including extensive manufacturing information and information on the composition of the drug or biologic and proposed labeling, are submitted to the FDA in the form of an NDA or BLA requesting approval to market the drug or biologic for one or more specified indications. FDA approval of an NDA or BLA must be obtained before a drug or biologic may be offered for sale in the United States.

Under the Prescription Drug User Fee Act, or PDUFA, as amended, each NDA or BLA must be accompanied by a substantial application user fee in the range of several million dollars. The FDA adjusts the PDUFA user fees on an annual basis. PDUFA also imposes an annual prescription drug program fee for human drugs. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA reviews all NDAs and BLAs submitted before it accepts them for filing and may request additional information rather than accepting an application for filing. The FDA conducts a preliminary review of an NDA or BLA within sixty days of receipt. Once the submission is accepted for filing, the FDA begins an in-depth review of the NDA or BLA. Under the goals and policies agreed to by the FDA under PDUFA, the FDA aims to complete its initial review of an NDA or BLA and respond to the applicant within ten months from the filing date for a standard NDA or BLA and, and within six months from the filing date for a priority NDA or BLA. The FDA does not always meet its PDUFA goal dates for standard and Priority Review NDAs and BLAs, and the review process is often significantly extended by FDA requests for additional information or clarification.

After the submission is accepted for filing, the FDA reviews the NDA or BLA to determine, among other things, whether the proposed drug or biologic is safe and effective for its intended use, and whether the drug or biologic is being manufactured in accordance with cGMP to assure and preserve the drug’s identity, strength, quality and purity. The FDA may refer applications for novel products or product candidates that present difficult questions of safety or efficacy to an advisory committee, typically a panel that includes clinicians and other experts, for review, evaluation and a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions. The FDA may re-analyze the clinical trial data, which can result in extensive discussions between the FDA and us during the review process.

Before approving an NDA or BLA, the FDA will conduct a pre-approval inspection of the manufacturing facilities to determine whether they comply with cGMPs. The FDA will not approve the product unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. In addition, before approving an NDA or BLA, the FDA may also audit data from clinical trials to ensure compliance with GCP requirements. After the FDA evaluates the application, manufacturing process and manufacturing facilities where the product will be produced, it may issue an approval letter or a Complete Response Letter (CRL). An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A CRL indicates that the review cycle of the application is complete and the application is not ready for approval. A CRL usually describes all of the specific deficiencies in the NDA or BLA identified by the FDA. The CRL may require additional clinical data and/or an additional pivotal clinical trial(s) and/or other significant, expensive and time-consuming requirements related to clinical trials, pre-clinical studies or manufacturing. If a CRL is issued, the applicant may either resubmit the NDA or BLA, addressing all of the deficiencies identified in the letter, or withdraw the application. Even if such data and information is submitted, the FDA may ultimately decide that the NDA or BLA does not satisfy the criteria for approval. Data obtained from clinical trials are not always conclusive and the FDA may interpret data differently than we interpret the same data.

If a drug receives marketing approval, the approval may be significantly limited to specific diseases, dosages, or patient populations or the indications for use may otherwise be limited. Further, the FDA may require that certain contraindications, warnings or precautions be included in the product labeling or may condition the approval of the NDA or BLA on other changes to the proposed labeling, development of adequate controls and specifications, or a commitment to conduct post-market testing or clinical trials and surveillance to monitor the effects of approved products. For example, the FDA may require Phase IV testing which involves clinical trials designed to further assess a product's safety and effectiveness and may require testing and surveillance programs to monitor the safety of approved products that have been commercialized. The FDA may also place other conditions on approvals including the requirement for a Risk Evaluation and Mitigation Strategy, or REMS, to ensure that the benefits of a drug or biological product outweigh its risks. If the FDA concludes a REMS is needed, the sponsor of the NDA or BLA must submit a proposed REMS. The FDA will not approve the NDA or BLA without an approved REMS, if required. A REMS could include medication guides, physician communication plans or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. Any of these limitations on approval or marketing could restrict the commercial promotion, distribution, prescription or dispensing of drugs or biologics. Product approvals may be withdrawn for non-compliance with regulatory standards or if problems occur following initial marketing.

Pediatric Trials

Under the Pediatric Research Equity Act of 2003, a NDA or BLA or supplement thereto must contain data that are adequate to assess the safety and effectiveness of the product candidate for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. With the enactment of FDASIA in 2012, a sponsor who is planning to submit a marketing application for a product candidate that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration must also submit an initial Pediatric Study Plan, or PSP, within sixty days of an end-of-Phase II meeting or as may be agreed between the sponsor and FDA. The initial PSP must include an outline of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints and statistical approach, or a justification for not including such detailed information and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. FDA and the sponsor must reach agreement on the PSP. A sponsor can submit amendments to an agreed-upon initial PSP at any time if changes to the pediatric plan need to be considered based on data collected from pre-clinical studies, early phase clinical trials and/or other clinical development programs.

Orphan Drug Designation and Exclusivity

Under the Orphan Drug Act, FDA may grant orphan designate to a drug or biological product intended to treat a rare disease or condition (generally meaning that the disease or condition affects fewer than 200,000 individuals in the United States, or more in cases in which there is no reasonable expectation that the cost of developing and making a product available in the United States for treatment of the disease or condition will be recovered from sales of the product). A company must request orphan product designation before submitting a NDA or BLA. If the request is granted, FDA will publicly disclose the identity of the therapeutic agent and its potential use. Orphan product designation does not convey any advantage in or shorten the duration of the regulatory review and approval process, but the product will be entitled to orphan product exclusivity, meaning that FDA may not approve any other applications for the same product for the same indication for seven years, except in certain limited circumstances. Competitors may receive approval of different products for the indication for which the orphan product has exclusivity and may obtain approval for the same product but for a different indication. If a drug or biological product designated as an orphan product ultimately receives marketing approval for an indication broader than what was designated in its orphan product application, it may not be entitled to exclusivity.

Post-Marketing Requirements

Following approval of a new product, the manufacturer and the approved product are subject to continuing regulation by the FDA, including, among other things, monitoring and recordkeeping activities, reporting to the applicable regulatory authorities of adverse experiences with the drug, providing the regulatory authorities with updated safety and efficacy information, drug sampling and distribution requirements and complying with applicable promotion and advertising requirements, which include, among others, standards for direct-to-consumer advertising, restrictions on promoting drugs for uses or in patient populations that are not described in the product's approved labeling (known as "off-label use"), limitations on industry-sponsored scientific and educational activities and requirements for promotional activities involving the internet. Although physicians may legally prescribe products for off-label uses, manufacturers may not market or promote such off-label uses. Modifications or enhancements to the product or its labeling or changes of the site of manufacture are often subject to the approval of the FDA and other regulators, which may or may not be received or may result in a lengthy review process.

FDA regulations also require that approved products be manufactured in specific approved facilities and in accordance with cGMP. We rely, and expect to continue to rely, on third parties for the production of clinical and commercial quantities of our products in accordance with cGMP regulations. NDA and BLA holders using contract manufacturers, laboratories or packagers are responsible for the selection and monitoring of qualified firms, and, in certain circumstances, qualified suppliers to these firms. These manufacturers must comply with cGMP regulations that require, among other things, quality control and quality assurance as well as the corresponding maintenance of records and documentation and the obligation to investigate and correct any deviations from cGMP. Manufacturers and other entities involved in the manufacture and distribution of approved drugs and biologics are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMP and other laws. Accordingly, manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain cGMP compliance. The discovery of violative conditions, including failure to conform to cGMP, could result in enforcement actions that interrupt the operation of any such facilities or the ability to distribute products manufactured, processed or tested by them. Discovery of problems with a product after approval may result in restrictions on a product, manufacturer or holder of an approved NDA or BLA, including, among other things, recall or withdrawal of the product from the market. Discovery of previously unknown problems with a product or the failure to comply with applicable FDA requirements can have negative consequences, including adverse publicity, judicial or administrative enforcement, warning letters from the FDA, mandated corrective advertising or communications with doctors and civil or criminal penalties, among others. Newly discovered or developed safety or effectiveness data may require changes to a product's approved labeling, including the addition of new warnings and contraindications and also may require the implementation of other risk management measures. Also, new government requirements, including those resulting from new legislation, may be established, or the FDA's policies may change, which could delay or prevent regulatory approval of our product candidates under development.

In addition, even if a firm complies with FDA and other requirements, new information regarding the safety or efficacy of a product could lead the FDA to modify or withdraw product approval. Prohibitions or restrictions on sales or withdrawal of future products marketed by us could materially affect our business in an adverse way.

Changes in regulations, statutes or the interpretation of existing regulations could impact our business in the future by requiring, for example: (i) changes to our manufacturing arrangements; (ii) additions or modifications to product labeling; (iii) the recall or discontinuation of our products; or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of our business.

Rest of the World Regulation of Pharmaceutical Product Development and Approval

For other countries outside of China and the United States, such as countries in Europe, Latin America or other parts of Asia, the requirements governing the conduct of clinical trials, drug licensing, pricing and

reimbursement vary from country to country. In all cases the clinical trials must be conducted in accordance with applicable GCP requirements and the applicable regulatory requirements and ethical principles.

If we fail to comply with applicable foreign regulatory requirements, we may be subject to, among other things, fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution.

Coverage and Reimbursement

PRC Coverage and Reimbursement

Historically, most Chinese healthcare costs had been borne by patients out-of-pocket, which had limited the growth of more expensive pharmaceutical products. However, in recent years the number of people covered by government and private insurance has increased. According to the National Healthcare Security Administration, or the NHSA, as of December 2019, approximately 1.3 billion residents in China were enrolled in the Basic Medical Insurance scheme, representing a coverage rate of above 95% of the total population.

Reimbursement under the National Medical Insurance Program

The Basic Medical Insurance scheme was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program issued by the State Council on December 14, 1998, under which all employers in urban cities are required to enroll their employees in the Basic Medical Insurance scheme and the insurance premium is jointly contributed by the employers and employees. The State Council promulgated Guiding Opinions for the Pilot of Urban Resident Basic Medical Insurance on July 10, 2007, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance.

The Interim Measures for the Administration of Use of Drugs Covered by the Basic Medical Insurance was promulgated by NHSA in July 2020 and came into effect in September 2020. According to which, expenses of drugs listed in the Basic Medical Insurance Catalog, typically known in the industry as the National Reimbursable Drug List (NRDL),will be paid in full or part from the basic medical insurance fund in accordance with applicable provisions, and the drugs with the same generic names as those specified in the Basic Medical Insurance Catalog will be automatically regulated by the Basic Medical Insurance Catalog and shall also be eligible for the reimbursement by the basic medical insurance fund. These measures further clarify that the Basic Medical Insurance Catalog shall be promulgated by the NHSA and adjusted on an annual basis. Provinces shall have the right to add eligible ethnic drugs, preparations of medical institutions, and traditional Chinese medicine decoction pieces into the provincial medical insurance-based payment scope, which shall be implemented after being filed with the NHSA for record.

The PRC Ministry of Human Resources and Social Security, together with other government authorities, have the power to determine the medicines included in the NRDL. In August 2019, the NHSA and the PRC Ministry of Human Resources and Social Security released the National Drug Catalogue for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance, or the 2019 NRDL and 70 new drugs were admitted to the 2019 NRDL with an average price reduction of 60.7%. In December 2020, the NHSA and the PRC Ministry of Human Resources and Social Security released the National Drug Catalogue for Basic Medical Insurance, Work-Related Injury Insurance and Maternity Insurance, or the 2020 NRDL and 119 new drugs were admitted to the 2020 NRDL with an average price reduction of 50.64%.

Medicines included in the NRDL are divided into two classes, Class A and Class B. Patients purchasing medicines included in the NRDL are entitled to reimbursement of the entire amount or a certain percentage of the purchase price. The percentage of reimbursement for Class B medicines differs from region to region in the PRC.

National List of Essential Drugs

On August 18, 2009, the former MOH and eight other ministries and commissions in the PRC issued the Provisional Measures on the Administration of the National List of Essential Drugs, or NEDL, and the Guidelines on the Implementation of the NEDL System. The provisional measures aimed to promote essential medicines sold to consumers at fair prices in the PRC and ensured that the general public in the PRC has equal access to the drugs contained in the NEDL. The Provisional Measures on the Administration of the National List of Essential Drugs was then amended in February 2015. The former MOH promulgated the NEDL (Catalog for the Basic Healthcare Institutions) on August 18, 2009, a revised NEDL on March 13, 2013 and another revised NEDL on September 30, 2018 which became effective on November 1, 2018. According to these regulations, basic healthcare institutions funded by government, which primarily include county-level hospitals, county-level Chinese medicine hospitals, rural clinics and community clinics, shall store up and use drugs listed in NEDL. The drugs listed in NEDL shall be purchased by centralized tender process and shall be subject to the price control by NDRC. Drugs listed in the NEDL will be given priority to being listed in the NRDL.

Commercial Insurance

On October 25, 2016, the State Council and the Communist Party of China jointly issued the Plan for Healthy China 2030. According to the Plan, the country will establish a multi-level medical security system built around basic medical insurance, with other forms of insurance supplementing the basic medical insurance, including serious illness insurance for urban and rural residents, commercial health insurance and medical assistance. Furthermore, the Plan encourages enterprises and individuals to participate in commercial health insurance and various forms of supplementary insurance. The evolving medical insurance system makes innovative drugs more affordable and universally available to the Chinese population, which renders greater opportunities to drug manufacturers that focus on the research and development of innovative drugs, such as high-cost cancer therapeutics.

Price Controls

Instead of direct price controls which were historically used in China but abolished in June 2016, the government regulates prices mainly by establishing a price negotiations, consolidated procurement mechanism and revising medical insurance reimbursement standards as discussed below.

Price Negotiations

The Chinese government has initiated several rounds of price negotiations with manufacturers of patented drugs, drugs with an exclusive source of supply and oncology drugs since 2016. The average percentage of price reduction has been over 50%. Once the government agreed with the drug manufacturers on the supply prices, the drugs would be automatically listed in the NRDL and qualified for public hospital purchase.

Centralized Procurement and Tenders

The Guiding Opinions concerning the Urban Medical and Health System Reform, promulgated on February 21, 2000, aims to regulate the purchasing process of pharmaceutical products by medical institutions. The former MOH and other relevant government authorities have promulgated a series of regulations and releases in order to implement the tender requirements.

On January 17, 2009, the former MOH, the former SFDA and other four national departments jointly promulgated the Opinions on Further Regulating Centralized Procurement of Drugs by Medical Institutions. According to the notice, public hospitals owned by the government at the county level or higher or owned by state-owned enterprises (including state-controlled enterprises) shall purchase pharmaceutical products by online centralized procurement. Each provincial government shall formulate its catalogue of drugs subject to centralized

procurement. Except for drugs in the National List of Essential Drugs (the procurement of which shall comply with the relevant rules on National List of Essential Drugs), certain pharmaceutical products which are under the national government's special control, such as toxic, radioactive and narcotic drugs and traditional Chinese medicines, in principle, all drugs used by public medical institutions shall be covered by the catalogue of drugs subject to centralized procurement. On July 7, 2010, the former MOH and six other ministries and commissions jointly promulgated the Notice on Printing and Distributing the Working Regulations of Medical Institutions for Centralized Procurement of Drugs to further regulate the centralized procurement of drugs and clarify the code of conduct of the parties in centralized drug procurement.

The centralized tender process takes the form of public tender operated and organized by provincial or municipal government agencies. The centralized tender process is in principle conducted once every year in the relevant province or city in China. The bids are assessed by a committee composed of pharmaceutical and medical experts who will be randomly selected from a database of experts approved by the relevant government authorities. The committee members assess the bids based on a number of factors, including but not limited to, bid price, product quality, clinical effectiveness, product safety, qualifications and reputation of the manufacturer, after-sale services and innovation. Only pharmaceuticals that have won in the centralized tender process may be purchased by public medical institutions funded by the governmental or state-owned enterprise (including state-controlled enterprises) in the relevant region.

"4+7" Volume-based Drug Procurement and Tenders

In June 2018, the State Council decided to launch a new round of drug pricing and procurement reform. This reform is implemented mainly by the NHSA. The NHC supports the reform by introducing policy that encourages purchasing and prescribing of the selected drug and managing the supplier's behavior. The NMPA is responsible for the quality assurance of the drug.

On November 15, 2018, the Joint Procurement Office, the procurement alliance formed by representatives of procurement agencies in 11 pilot cities established to oversee the bidding and procurement process, published the Paper on Drug Centralized Procurement in "4+7" Regions, launching the national pilot scheme for centralized volume-based drug procurement and tenders. According to the papers, the initial procurement of 31 generic drugs was implemented in 4 municipalities, namely Beijing, Shanghai, Tianjin and Chongqing and 7 cities, namely Shenyang, Guangzhou, Shenzhen, Xi'an, Dalian, Chengdu and Xiamen. This pilot program is thus also referred to as the "4+7" procurement scheme. On January 17, 2019, the General Office of the State Council published a circular on National Pilot Program for Centralized Procurement and Use of Drug, which provides detailed implementing measures for the nation-wide centralized drug procurement and tender scheme.

The "4+7" pilot program puts special emphasis on procurement volume guarantee. Public hospitals in pilot regions are encouraged to form a group procurement organization to increase the negotiation leverage. The committed volume will be shared by all qualified bid-winners, and public hospitals should prioritize their use of drugs purchased through the volume-based procurement in order to realize the volume commitment. Under this program, a company is provided with a substantial volume guarantee. The selected drugs must pass the generic drug consistency evaluation on quality and effectiveness. The reform policy is aimed to lower drug costs for patients, reduce transaction costs for enterprises, regulate drug use of hospitals, and improve the centralized drug procurement and pricing system. The centralized volume-based procurement is open to all approved enterprises that manufacture drugs on the government-set procurement list in China. Clinical effects, adverse reactions and batch stability of the drugs are considered, and their quality consistency with the originator drugs will be the main criteria for evaluation. Production capacity and stability of the supplier are also considered.

The NHSA organized four rounds of volume-based procurement and tenders to this date. On February 3, 2021, the results of the fourth round of the volume-based procurement and tender were announced. All of the 45 products were successfully qualified to enter into a supply agreement with the group procurement organization and the average price reduction approximately 52%.

Two-invoice System

In addition to the centralized tender process, the Chinese government also rolled out a "two-invoice system" nationwide in 2018. In the two-invoice system, in principle there can be no more than two invoices issued for drug products supplied by manufacturers to public hospitals. To satisfy with this requirement, many drug manufacturers have reduced the tiers of distributors, or converted drug distributors into contracted service organizations. This excludes the sale of products invoiced from the manufacturer to its wholly-owned or controlled distributors, or for imported drugs, to its exclusive distributor, or from a distributor to its wholly-owned or controlled subsidiary (or between its wholly-owned or controlled subsidiaries). However, the system still significantly limits the options for companies to use multiple distributors to reach a larger geographic area in China. The reduction in distribution tiers resulted in a decrease in distribution mark-ups, hence the supply prices to public hospitals would also be reduced. Compliance with the two-invoice system is a prerequisite for pharmaceutical companies to participate in the tender and procurement processes of public hospitals, which currently provide most of PRC healthcare services. Manufacturers and distributors that fail to implement the two-invoice system may lose their qualifications to participate in the tender and procurement process. Non-compliant manufacturers may also be blacklisted from engaging in drug sales to public hospitals. The two-invoice system has been implemented in all provinces, each with its own regional implementation rules.

Medical Insurance Reimbursement Standards

The Opinions on Integrating the Basic Medical Insurance Systems for Urban and Rural Residents issued by the State Council on January 3, 2016, call for the integration of the urban resident basic medical insurance and the new rural cooperative medical care system and the establishment of a unified basic medical insurance system, which will cover all urban and rural residents other than rural migrant workers and persons in flexible employment arrangement who participate in the basic medical insurance for urban employees.

The General Office of the State Council further announced a master plan for the medical insurance reimbursement reform in June 2017. The main objectives are to implement a diversified reimbursement mechanism including DRGs, per-capita caps and per-bed-day caps. These new reimbursement methods will be rolled out nationwide by 2020 to replace the current reimbursement method that is based on service category and product price. Local administration of healthcare security will introduce a total budget control for their jurisdictions and decide the amount of reimbursement to public hospitals based on hospitals' performance and the spending targets of individual basic medical insurance funds. In June 2019, the NHSA, the Ministry of Finance, the NHC and the National Administration of Traditional Chinese Medicine jointly issued the Notice on the National List of Pilot Cities for the DRG Payment Mechanism, identifying 30 cities as pilot cities for the DRG payment pilot program, proposing to further the medical insurance reimbursement reform.

To further standardize payment in the national Basic Medical Insurance schemes, in October 2019, the NHSA issued two key technical documents for a pilot project that introduces DRGs—the Technical Guideline of the Classification and Payment for China Healthcare Security Diagnosis Related Groups (CHS-DRG) and the CHS-DRG Classification Plan. According to the classification plan, patients will be sorted into 26 major diagnostic categories and 376 adjacent diagnosis-related groups. DRG-based payments are made directly to the participating medical institutions, while the covered benefits enjoyed by the insureds, under the current public insurance schemes, are not affected by such settlement. In June 2020, the NHSA issued a more detailed CHS-DRG Classification Plan, further dividing the 376 diagnosis-related groups into 618 basic reimbursement unit. The 30 municipalities participating in the DRG pilot project are required to submit technical assessment report to the local branch of NHSA before August 31, 2020. Upon receiving NHSA's approval, the participating municipalities may commence conducting simulation runs of the pilot project. After the simulation runs, the DRG-based settlement system is expected to launch in 2021.

U.S. Coverage and Reimbursement

Successful sales of our drug candidates in the U.S. market, if approved, will depend, in part, on the extent to which our drugs are covered and adequately reimbursed by third-party payors, such as government health

programs or private health insurance (including managed care plans). Patients who are provided with prescriptions as part of their medical treatment generally rely on such third-party payors to reimburse all or part of the costs associated with their prescriptions and therefore adequate coverage and reimbursement from such third-party payors are critical to new and ongoing product acceptance. These third-party payors are increasingly reducing reimbursements for medical drugs and services and implementing measures to control utilization of drugs (such as requiring prior authorization for coverage). Additionally, the containment of healthcare costs has become a priority of federal and state governments, and the prices of drugs have been a focus in this effort. Federal and state governments have shown significant interest in implementing cost-containment programs, including price controls, restrictions on reimbursement and requirements for substitution of generic drugs. If our drug candidates are approved, limitations on coverage or reimbursement as well as price controls and cost-containment measures could have a material adverse effect on our sales, results of operations and financial condition.

Health care reform initiatives have resulted in significant changes to the coverage, reimbursement and delivery of health care, including drugs. Health care reform efforts are likely to continue and such efforts have included, and may include in the future, attempts to repeal or modify prior healthcare reform.

General legislative cost control measures may also affect reimbursement for our products. For example, the Budget Control Act of 2011, as amended, resulted in 2% reductions in Medicare (but not Medicaid) payments to providers through 2030 (except May 1, 2020 to March 31, 2021). If we obtain approval to market a drug candidate in the United States, any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs that may be implemented and/or any significant taxes or fees that may be imposed on us could have an adverse impact on our results of operations.

Other Healthcare Laws

Other PRC Healthcare Laws

Advertising of Pharmaceutical Products

Pursuant to the Interim Administrative Measures for the Review of Advertisements for Drugs, Medical Devices, Health Food and Formula Food for Special Medical Purposes promulgated in December 2019 and became effective in March 2020, an enterprise seeking to advertise its pharmaceutical products must apply for an advertisement approval number. The advertisement approval number is issued by the relevant local administrative authority. The validity term of the advertisement approval number for drugs shall be consistent with the shortest validity term of the production registration certificate, filing certificate or production license. If no valid term is prescribed in the production registration certificate, filing certificate or production license, the valid term of the advertisement approval number shall be two years. The content of an approved advertisement may not be altered without prior approval.

Insert Sheet and Labels of Pharmaceutical Products

According to the Measures for the Administration of the Insert Sheets and Labels of Drugs effective on June 1, 2006, the insert sheets and labels of drugs should be reviewed and approved by the NMPA (previously the SFDA). A drug insert sheet should include the scientific data, conclusions and information concerning drug safety and efficacy in order to direct the safe and rational use of drugs. The inner label of a drug should bear such information as the drug’s name, indication or function, strength, dose and usage, production date, batch number, expiry date and drug manufacturer, and the outer label of a drug should indicate such information as the drug’s name, ingredients, description, indication or function, strength, dose and usage and adverse reaction.

Packaging of Pharmaceutical Products

According to the Measures for the Administration of Pharmaceutical Packaging effective on September 1, 1988, pharmaceutical packaging must comply with the national and industry standards. If no national or industry

standards are available, the enterprise can formulate its own standards and put into implementation after obtaining the approval of the administration of medical products or bureau of standards at provincial level. The enterprise shall re-apply with the relevant authorities if it needs to change its own packaging standard. Drugs that have not developed and received approval for packaging standards must not be sold or distributed in China (except for drugs for the military).

Other U.S. Healthcare and Regulatory Laws

Within the United States, manufacturing, sales, promotion and other activities that may follow drug approval are also subject to regulation by numerous federal, state and local regulatory authorities in addition to the FDA, including, the Centers for Medicare & Medicaid Services, other divisions of the Department of Health and Human Services, the Drug Enforcement Administration for controlled substances, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration and the Environmental Protection Agency.

We may therefore be subject to healthcare regulation and enforcement by the U.S. federal government and the states where we may market our drug candidates, if approved. These laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, privacy and security and transparency laws, such as the following:

- the U.S. Foreign Corrupt Practices Act (FCPA), which prohibits U.S. companies and their representatives from paying, offering to pay, promising to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate for the purpose of obtaining or retaining business or to otherwise obtain favorable treatment or influence a person working in an official capacity. In many countries, the health care professionals we regularly interact with may meet the FCPA's definition of a foreign government official. The FCPA also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls;
- federal healthcare program anti-kickback laws, which prohibit, among other things, persons from knowingly and willfully offering, soliciting, receiving or providing remuneration, directly or indirectly, to induce either the referral of an individual, for an item or service or the purchasing or ordering of a good or service, for which payment may be made under federal healthcare programs such as Medicare and Medicaid;
- federal false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, information or claims for payment from Medicare, Medicaid or other third-party payers that are false or fraudulent;
- the federal Health Insurance Portability and Accountability Act of 1996, which prohibits executing a scheme to defraud any healthcare benefit program (including private health plans) or making false statements relating to healthcare matters and which also imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;
- the Federal Food, Drug and Cosmetic Act, which among other things, strictly regulates drug product and medical device marketing, prohibits manufacturers from marketing such products prior to approval or for off-label use and regulates the distribution of samples;
- federal laws that require pharmaceutical manufacturers to report certain calculated product prices to the government or provide certain discounts or rebates to government authorities or private entities, often as a condition of reimbursement under government healthcare programs; and
- state law equivalents of the above federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payer, including private insurers, state transparency laws, state laws limiting interactions between pharmaceutical manufacturers and members

of the healthcare industry and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by federal laws, thus complicating compliance efforts.

In addition, the distribution of pharmaceutical drugs is subject to specific regulatory requirements, including extensive record-keeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical drugs. The handling of any controlled substances must comply with the U.S. Controlled Substances Act and Controlled Substances Import and Export Act. Drugs must meet applicable child-resistant packaging requirements under the U.S. Poison Prevention Packaging Act.

If and when we become subject to these various healthcare and regulatory laws, efforts to ensure that our activities comply with applicable healthcare laws may involve substantial costs. Many of these laws and their implementing regulations contain ambiguous requirements or require administrative guidance for implementation. Given the lack of clarity in laws and their implementation, our activities could be subject to challenge. If our operations were found to be in violation of any of these laws or any other governmental regulations that may apply to us, we could be subject to significant civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment, exclusion from participation in government healthcare programs, such as Medicare and Medicaid and the curtailment or restructuring of our operations, which could significantly harm our business.

Other Significant PRC Regulation Affecting Our Business Activities in China

PRC Regulation of Foreign Investment

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC, or the PRC Company Law, which was adopted by the Standing Committee of the NPC in December 1993, implemented in July 1994 and subsequently amended in December 1999, August 2004, October 2005, December 2013 and October 2018. Under the PRC Company Law, companies are generally classified into two categories: limited liability companies and companies limited by shares. The PRC Company Law also applies to foreign-invested limited liability companies. Pursuant to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall prevail.

Investment activities in the PRC by foreign investors are governed by the Guiding Foreign Investment Direction, which was promulgated by the State Council on February 11, 2002 and came into effect on April 1, 2002, and the Special Administrative Measures (Negative List) for Foreign Investment Access (2019), or the Negative List, which was promulgated by the Ministry of Commerce, or the MOFCOM and National Development and Reform Commission, or the NDRC on June 30, 2019 and took effect on July 30, 2019. The Negative List set out the restrictive measures in a unified manner, such as the requirements on shareholding percentages and management, for the access of foreign investments and the industries that are prohibited for foreign investment. The Negative List covers 13 industries, and any field not falling in the Negative List shall be administered under the principle of equal treatment to domestic and foreign investment.

Foreign Investment Law of the People’s Republic of China, or the Foreign Investment Law was promulgated by the NPC in March 2019 and become effective in January 2020. After the Foreign Investment Law came into force, the Law on Wholly Foreign- Owned Enterprises, the Law on Sino-foreign Equity Joint Ventures and the Law on Sino-foreign Contractual Joint Ventures have been repealed simultaneously. The investment activities of foreign natural persons, enterprises or other organizations (hereinafter referred to as “foreign investors”) directly or indirectly within the territory of China shall comply with and be governed by the Foreign Investment Law: 1) establishing by foreign investors of foreign-invested enterprises in China alone or jointly with other investors; 2) acquiring by foreign investors of shares, equity, property shares, or other similar interests of Chinese domestic enterprises; 3) investing by foreign investors in new projects in China alone or jointly with other investors; and 4) other forms of investment prescribed by laws, administrative regulations or the State Council.

In December 2019, the State Council issued the Regulations on Implementing the Foreign Investment Law of the PRC, which came into effect in January 2020. After the Regulations on Implementing the Foreign Investment Law of the PRC came into effect, the Regulation on Implementing the Sino-Foreign Equity Joint Venture Enterprise Law, Provisional Regulations on the Duration of Sino- Foreign Equity Joint Venture Enterprise, the Regulations on Implementing the Wholly Foreign-Invested Enterprise Law and the Regulations on Implementing the Sino-foreign Cooperative Joint Venture Enterprise Law have been repealed simultaneously.

In December 2019, the MOFCOM and the State Administration for Market Regulation issued the Measures for the Reporting of Foreign Investment Information, which came into effect in January 2020. After the Measures for the Reporting of Foreign Investment Information came into effect, the Interim Measures on the Administration of Filing for Establishment and Change of Foreign Investment Enterprises has been repealed simultaneously. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to these measures.

PRC Regulation of Commercial Bribery

Pharmaceutical companies involved in a criminal investigation or administrative proceedings related to bribery are listed in the Adverse Records of Commercial Briberies by its provincial health and family planning administrative department. Pursuant to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry which became effective on March 1, 2014, provincial health and family planning administrative departments formulate the implementing measures for establishment of Adverse Records of Commercial Briberies. If a pharmaceutical company is listed in the Adverse Records of Commercial Briberies for the first time, their production is not required to be purchased by public medical institutions. A pharmaceutical company will not be penalized by the relevant PRC government authorities merely by virtue of having contractual relationships with distributors or third party promoters who are engaged in bribery activities, so long as such pharmaceutical company and its employees are not utilizing the distributors or third party promoters for the implementation of, or acting in conjunction with them in, the prohibited bribery activities. In addition, a pharmaceutical company is under no legal obligation to monitor the operating activities of its distributors and third party promoters, and will not be subject to penalties or sanctions by relevant PRC government authorities as a result of failure to monitor their operating activities.

PRC Regulation of Product Liability

In addition to the strict new drug approval process, certain PRC laws have been promulgated to protect the rights of consumers and to strengthen the control of medical products in the PRC. Under current PRC law, manufacturers and vendors of defective products in the PRC may incur liability for loss and injury caused by such products. According to the Civil Code of the PRC which was promulgated in May 2020 and became effective in January 2021, a defective product which causes property damage or physical injury to any person may subject the manufacturer or vendor of such product to civil liability for such damage or injury.

On February 22, 1993, the Product Quality Law of the PRC, or the Product Quality Law, was promulgated aiming to protect the legitimate rights and interests of the end-users and consumers and to strengthen the supervision and control of the quality of products. The Product Quality Law was last revised in December 2018, pursuant to which, manufacturers who produce defective products may be subject to civil or criminal liability and have their business licenses revoked.

The Law of the PRC on the Protection of the Rights and Interests of Consumers was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Under the latest amendment, all business operators shall pay close attention to protect the customers' privacy and strictly keep confidential any consumer

information they obtain during the business operation. In addition, in extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

PRC Tort Law

Under the Civil Code of the PRC, if damages to other persons are caused by defective products due to the fault of a third party, such as the parties providing transportation or warehousing, the producers and the sellers of the products have the right to recover their respective losses from such third parties. If defective products are identified after they have been put into circulation, the producers and the sellers shall take remedial measures such as stopping the sales, issuance of a warning, recall of products, among others. in a timely manner. The producers or the sellers shall be liable under tort if they fail to take remedial measures in a timely manner or have not made efforts to take remedial measures, thus causing damages. If the products are produced or sold with known defects, causing deaths or severe adverse health issues, the infringed party has the right to claim punitive damages in addition to compensatory damages.

PRC Regulation of Intellectual Property Rights

China has made substantial efforts to adopt comprehensive legislation governing intellectual property rights, including patents, trademarks, copyrights and domain names.

Patents

Pursuant to the PRC Patent Law, most recently amended in October 2020 (which will come into effect in June 2021), and its implementation rules, most recently amended in January 2010 (but for which a draft amendment was published for public comment in November 2020), patents in China fall into three categories: invention, utility model and design. An invention patent is granted to a new technical solution proposed in respect of a product or method or an improvement of a product or method. A utility model is granted to a new technical solution that is practicable for application and proposed in respect of the shape, structure or a combination of both of a product. A design patent is granted to the new design of a certain product in shape, pattern or a combination of both and in color, shape and pattern combinations aesthetically suitable for industrial application. Under the PRC Patent Law, the term of patent protection starts from the date of application. Patents relating to invention are effective for twenty years, and utility models and designs are effective for ten years and fifty years from the date of application respectively. The PRC Patent Law adopts the principle of “first-to-file” system, which provides that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first.

Existing patents can become narrowed, invalid or unenforceable due to a variety of grounds, including lack of novelty, creativity and deficiencies in patent application. In China, a patent must have novelty, creativity and practical applicability. Under the PRC Patent Law, novelty means that before a patent application is filed, no identical invention or utility model has been publicly disclosed in any publication in China or overseas or has been publicly used or made known to the public by any other means, whether in or outside of China, nor has any other person filed with the patent authority an application that describes an identical invention or utility model and is recorded in patent application documents or patent documents published after the filing date. Creativity means that, compared with existing technology, an invention has prominent substantial features and represents notable progress, and a utility model has substantial features and represents any progress. Practical applicability means an invention or utility model can be manufactured or used and may produce positive results. Patents in China are filed with the China National Intellectual Property Administration, or CNIPA. Normally, the CNIPA publishes an application for an invention patent within 18 months after the filing date, which may be shortened at the request of applicant. The applicant must apply to the CNIPA for a substantive examination within three years from the date of application.

Article 20 of the PRC Patent Law provides that, for an invention or utility model completed in China, any applicant (not just Chinese companies and individuals), before filing a patent application outside of China, must

first submit it to the CNIPA for a confidential examination. Failure to comply with this requirement will result in the denial of any Chinese patent for the relevant invention. This added requirement of confidential examination by the CNIPA has raised concerns by foreign companies who conduct research and development activities in China or outsource research and development activities to service providers in China.

Patent Term Extension and Adjustment

On October 17, 2020, the National People's Congress Standing Committee passed the Fourth Amendment to the Patent Law (also called the new Patent Law) which, when it takes effect on June 1, 2021, for the first time, will provide for patent term extension and adjustments for certain patents. Under the new Patent Law, patent term extensions can be obtained for regulatory delays in the review and approval of new drugs but are limited to no more than five years and the total post-marketing patent term of the new drug cannot exceed 14 years. The new Patent Law also provides for patent term adjustments where there is an unreasonable delay caused during patent examination. A patentee may apply for a patent term adjustment where the patent is granted at least four years after the filing date, and at least three years after substantive examination was requested. It remains to be seen how the patent term extensions and adjustments under the new Patent Law will be implemented. China published draft amendments to the Implementing Regulations of the Patent Law on November 27, 2020, which provides further details on what is an unreasonably delay in respect of patent term adjustments and proposes certain limitations on the types of patents eligible for patent term extensions, details of how amount of the extension would be determined and applicability to drug products covered by the relevant patent. For example, there is a risk that the patent term extension will only apply where approval in China by the NMPA is the first approval anywhere in the world.

Patent Linkage

The new Patent Law, for the first time, introduces in China a patent linkage system for the early resolution of patent disputes concerning generic drug applications similar to the Hatch Waxman Act in the United States. Under the patent linkage system in the new Patent Law, a pharmaceutical patentee or an interested party may sue in court an applicant applying for marketing approval of a drug product that is covered by the patent. They may also request a China National Intellectual Property Administration, also called the CNIPA, to make an administrative ruling as to whether such drug product falls within the protected scope of the relevant patent. The new Patent Law also provides a legal basis for the NMPA to stay the review of the marketing approval application for the drug product based on the court ruling. However, to be implemented, the patent term extensions and adjustments and patent linkage system require further promulgation of regulations and detailed implementation measures and draft regulations and measures have already been published. The National Medical Products Administration and the CNIPA jointly issued on September 11, 2020 a draft of the Implementation Measures for Early Resolution Mechanism of Pharmaceutical Patent Disputes (for Trial Implementation) for public comment which sets forth, for the first time, details of how such patent linkage system would be implemented. The CNIPA also published the Administrative Ruling Measures for the Early Resolution mechanism for Drug Patent Disputes (Draft for Solicitation of Comments) on February 9, 2021, which proposes details of how to seek the administrative ruling with CNIPA. The draft regulations and measures are expected to be finalized before the new Patent Law takes effect on June 1, 2021.

Patent Enforcement

Unauthorized use of patents without consent from owners of patents, forgery of the patents belonging to other persons, or engagement in other patent infringement acts, will subject the infringers to infringement liability. Serious offences such as forgery of patents may be subject to criminal penalties.

When a dispute arises out of infringement of the patent owner's patent right, Chinese law requires that the parties first attempt to settle the dispute through mutual consultation. However, if the dispute cannot be settled through mutual consultation, the patent owner, or an interested party who believes the patent is being infringed,

may either file a civil legal suit or file an administrative complaint with the relevant patent administration authority. A Chinese court may issue a preliminary injunction upon the patent owner's or an interested party's request before instituting any legal proceedings or during the proceedings. Damages for infringement are calculated as the loss suffered by the patent holder arising from the infringement, and if the loss suffered by the patent holder arising from the infringement cannot be determined, the damages for infringement shall be calculated as the benefit gained by the infringer from the infringement. If it is difficult to ascertain damages in this manner, damages may be determined by using a reasonable multiple of the license fee under a contractual license. Statutory damages may be awarded in the circumstances where the damages cannot be determined by the above-mentioned calculation standards. The damage calculation methods shall be applied in the aforementioned order. Generally, the patent owner has the burden of proving that the patent is being infringed. However, if the owner of an invention patent for manufacturing process of a new product alleges infringement of its patent, the alleged infringer has the burden of proof.

Medical Patent Compulsory License

According to the PRC Patent Law, for the purpose of public health, the CNIPA may grant a compulsory license for manufacturing patented drugs and exporting them to countries or regions covered under relevant international treaties to which PRC has acceded.

Exemptions for Unlicensed Manufacture, Use, Sale or Import of Patented Products

The PRC Patent Law provides five exceptions for unauthorized manufacture, use, sale or import of patented products. None of following circumstances is deemed an infringement of the patent rights, and any person may manufacture, use, sell or import patented products without authorization granted by the patent owner as follows:

- Any person who uses, promises to sell, sells or imports any patented product or product directly obtained in accordance with the patented methods after such product is sold by the patent owner or by its licensed entity or individual;
- Any person who has manufactured an identical product, has used an identical method or has made necessary preparations for manufacture or use prior to the date of patent application and continues to manufacture such product or use such method only within the original scope;
- Any foreign transportation facility that temporarily passes through the territory, territorial waters or territorial airspace of China and uses the relevant patents in its devices and installations for its own needs in accordance with any agreement concluded between China and that country to which the foreign transportation facility belongs, or any international treaty to which both countries are party, or on the basis of the principle of reciprocity;
- Any person who uses the relevant patents solely for the purposes of scientific research and experimentation; or
- Any person who manufactures, uses or imports patented drug or patented medical equipment for the purpose of providing information required for administrative approval, or manufactures, uses or imports patented drugs or patented medical equipment for the abovementioned person.

However, if patented drugs are utilized on the ground of exemptions for unauthorized manufacture, use, sale or import of patented drugs prescribed in PRC Patent Law, such patented drugs cannot be manufactured, used, sold or imported for any commercial purposes without authorization granted by the patent owner.

Trade Secrets

According to the PRC Anti-Unfair Competition Law promulgated by the Standing Committee of the NPC on September 2, 1993, as amended on November 4, 2017 and on April 23, 2019 respectively, the term "trade

secrets" refers to technical and business information that is unknown to the public that has utility and may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders.

Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, intimidation, solicitation or coercion or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item (1) above; (3) disclosing, using or permitting others to use the trade secrets, in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (4) instigating, inducing or assisting others to violate confidentiality obligations or to violate a rights holder's requirements for keeping confidential and not disclosing, using or permitting others to use without authorization the trade secrets of the rights holder. If a third party knows or should have known of the fact that an employee or former employee of the right owner of trade secrets or any other entity or individual conducts any of the illegal acts above mentioned, but still accepts, publishes, uses or allows any other to use such secrets, such practice shall be deemed as infringement of trade secrets. The parties whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

The measures to protect trade secrets include oral or written non-disclosure agreements or other reasonable measures to require the employees of, or persons in business contact with, legal owners or holders to keep trade secrets confidential. Once the legal owners or holders have asked others to keep trade secrets confidential and have adopted reasonable protection measures, the requested persons bear the responsibility for keeping the trade secrets confidential.

Trademarks and Domain Names

Trademark. According to the Trademark Law of the PRC, promulgated by the Standing Committee of the NPC in August 1982, as amended in February 1993, October 2001, August 2013 and April 2019 and its implementation rules, the PRC Trademark Office of the National Intellectual Property Administration is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a "first-to-file" principle with respect to trademark registration.

Domain Name. Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by the Ministry of Industry and Information Technology in August 2017 and effective from November 2017. The Ministry of Industry and Information Technology is the main regulatory body responsible for the administration of PRC internet domain names.

PRC Regulation of Labor Protection

Under the Labor Law of the PRC, effective on January 1, 1995 and subsequently amended on August 27, 2009 and December 29, 2018, the PRC Employment Contract Law, effective on January 1, 2008 and subsequently amended on December 28, 2012 and the Implementing Regulations of the Employment Contract Law, effective on September 18, 2008, employers must establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury and employers are required to truthfully inform prospective employees of the job description, working conditions, location, occupational hazards and status of safe production as well as remuneration and other conditions as requested by the Labor Contract Law of the PRC.

Pursuant to the Law of Manufacturing Safety of the PRC effective on November 1, 2002 and amended on August 27, 2009 and August 31, 2014, manufacturers must establish a comprehensive management system to ensure manufacturing safety in accordance with applicable laws, regulations, national standards and industrial standards. Manufacturers not meeting relevant legal requirements are not permitted to commence their manufacturing activities.

Pursuant to the Administrative Measures Governing the Production Quality of Pharmaceutical Products effective on March 1, 2011, manufacturers of pharmaceutical products are required to establish production safety and labor protection measures in connection with the operation of their manufacturing equipment and manufacturing process.

Pursuant to applicable PRC laws, rules and regulations, including the Social Insurance Law which became effective on July 1, 2011 and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds which became effective on January 22, 1999 and amended on March 24, 2019, Interim Measures concerning the Maternity Insurance of Employees which become effective on January 1, 1995, and the Regulations on Work-related Injury Insurance which became effective on January 1, 2004 and was subsequently amended on December 20, 2010, 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, work-related injury insurance and maternity insurance. If an employer fails to make social insurance contributions timely and in full, the social insurance collecting authority will order the employer to make up outstanding contributions within the prescribed time period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such employer fails to make the overdue contributions within such time limit, the relevant administrative department may impose a fine equivalent to one to three times the overdue amount.

Regulations Relating to Foreign Exchange Registration of Offshore Investment by PRC Residents

In July 2014, SAFE issued the SAFE Circular 37, and its implementation guidelines, which abolished and superseded the SAFE Circular 75. Pursuant to SAFE Circular 37 and its implementation guidelines, PRC residents (including PRC institutions and individuals) must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests. Such PRC residents are also required to amend their registrations with SAFE when there is a change to the basic information of the SPV, such as changes of a PRC resident individual shareholder, the name or operating period of the SPV or when there is a significant change to the SPV, such as changes of the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger, division of the SPV. Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and settlement of foreign exchange capital, and may also subject relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

Regulations Relating to Employee Stock Incentive Plan

In February 2012, State Administration of Foreign Exchange (SAFE) promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies, or the Stock Option Rules. In accordance with the Stock Option Rules and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax, or the IIT. The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold IIT of those employees

related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their IIT according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

Regulations Relating to Dividend Distribution

Pursuant to the PRC Company Law and Foreign Investment Law, and Regulations on Implementing the Foreign Investment Law, foreign investors may freely remit into or out of China, in renminbi or any other foreign currency, their capital contributions, profits, capital gains, income from asset disposal, intellectual property royalties, lawfully acquired compensation, indemnity or liquidation income and so on within the territory of China.

In January 2017, the SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control, which stipulates several capital control measures with respect to outbound remittance of profits from domestic entities to offshore entities, including the following: (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, domestic entities shall provide detailed explanations of the sources of capital and the utilization arrangements and board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Regulations Relating to Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, most recently amended in August 2008. Under the Foreign Exchange Administration Regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

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, or 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. SAFE Circular 142 provides that 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 China. SAFE also strengthened its oversight of the flow and use of the RMB capital converted from foreign currency registered capital of foreign-invested enterprises. The use of such RMB capital may not be changed without SAFE's approval, and such RMB capital may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. In March 2015, SAFE issued the Circular of the State Administration of Foreign Exchange on Reforming the Management Approach regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, or the SAFE Circular 19, which took effective and replaced SAFE Circular 142 on June 1, 2015. Although SAFE Circular 19 allows for the use of RMB converted from the foreign currency-denominated capital for equity investments in China, the restrictions continue to apply as to foreign-invested enterprises' use of the converted RMB for purposes beyond the business scope, for entrusted loans or for inter-company RMB loans. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 or Circular 16 could result in administrative penalties.

In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, which was subsequently amended in May 2015. It substantially simplifies the current foreign exchange procedure. Pursuant to this circular, the opening of various special purpose foreign exchange accounts (e.g., pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts), the reinvestment of lawful incomes derived by foreign investors in China (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment), and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer require SAFE approval, and multiple capital accounts for the same entity may be opened in different provinces, which was not possible before. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in China based on the registration information provided by SAFE and its branches.

In February 2015, SAFE promulgated the Circular on Further Simplifying and Improving the Policies Concerning Foreign Exchange Control on Direct Investment, or SAFE Circular 13, which took effect on June 1, 2015. SAFE Circular 13 delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under relevant SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment.

Other PRC National- and Provincial-Level Laws and Regulations

We are subject to changing regulations under many other laws and regulations administered by governmental authorities at the national, provincial and municipal levels, some of which are or may become applicable to our business. For example, regulations control the confidentiality of patients' medical information and the circumstances under which patient medical information may be released for inclusion in our databases, or released by us to third parties. These laws and regulations governing both the disclosure and the use of confidential patient medical information may become more restrictive in the future.

We also comply with numerous additional national and provincial laws relating to matters such as safe working conditions, manufacturing practices, environmental protection and fire hazard control in all material aspects. We believe that we are currently in compliance with these laws and regulations in material aspects; however, we may be required to incur significant costs to comply with these laws and regulations in the future. Unanticipated changes in existing regulatory requirements or adoption of new requirements could therefore have a material adverse effect on our business, results of operations and financial condition.

SALES AND MARKETING

Commercialization

We believe that the scale and sophistication of our commercial operation is crucial to our business. We have invested, and will continue to invest, substantial financial and management resources to build-out our commercial infrastructure and to recruit and train sufficient additional qualified marketing, sales and other personnel in support of the sales of our commercialized products.

As of January 31, 2021, our commercialization team consisted of approximately 600 sales and marketing staff, covering major medical centers across Greater China. Our commercialization team has a proven track record and experience from leading oncology multinational pharmaceutical companies including AstraZeneca, Roche, Novartis and BMS in Greater China. Our commercial team has capabilities that cover the product sales cycle, including medical affairs, market access, and distributor management. We tailor our commercialization

strategies according to our individual products and their different market potential to drive product launch. For ZEJULA, we plan to increase market penetration in China and substantially increase our hospital coverage therein by 2021. To implement this commercial strategy, we plan to increase the number of sales representatives in our ZEJULA sales team to facilitate greater product access for more patients. For Optune, we plan to increase brand awareness in China and provide more post-launch product support services for patients. To implement this commercial strategy, we plan to increase the number of device support staff to build up our Optune product service team. We are also in the process of building a support team for QINLOCK which was granted Priority Review by the NMPA in 2020 for our NDA. In addition, in March 2020, we entered into a contract sales agreement with Huizheng (Shanghai) Pharmaceutical Technology Co., Ltd., HanHui, a pharmaceutical company based in China with a commercial presence in antibiotics. The agreement allows us to use HanHui's existing infrastructure for the potential future commercial launch of NUZYRA in Greater China.

Our Distribution Channel

We rely on independent third-party distributors in Greater China to sell our commercialized products, which is consistent with the pharmaceutical industry norm. We believe that distributors help us effectively execute our marketing strategies specifically tailored to each geographical location and the hospitals located within their distribution territories across China. During 2020, after we launched ZEJULA and Optune in China, we started to engage distributors. Our commercial relationship with the distributors we use is a seller and buyer relationship. Accordingly, we recognize revenue when our products are delivered to and accepted by the distributors. For the years ended December 31, 2020 and 2019, the aggregate amount of revenue generated from our five largest customers accounted for approximately 48.6% and 85.0% of our total revenue, respectively.

We select distributors based on their business qualifications and distribution capabilities, such as distribution network coverage, quality, number of personnel, cash flow conditions, creditworthiness, logistics, compliance standard and past performance, and their capacity for customer management. We offer rebates to our distributors, consistent with pharmaceutical industry practice. We retain no ownership control over the products sold to our distributors, and all significant risks (including inventory risks) and rewards associated with the products are generally transferred to the distributors upon delivery to and acceptance by the distributors.

MANUFACTURING AND SUPPLY

Our Manufacturing Facilities

We currently operate two manufacturing facilities in Suzhou, China, which support the clinical and commercialized production of certain of our products and product candidates, including ZEJULA. We do not manufacture Optune; instead, we source Optune from our licensor, Novocure. In early 2017, we built a cGMP-compliant small molecule facility in Suzhou capable of supporting clinical and commercial production. The production capacity of our small molecule manufacturing facility is up to 50 million units per year for both commercial oral tablets and capsules. In 2018, we completed construction of a large molecule facility in Suzhou using GE Healthcare FlexFactory platform technology capable of supporting the clinical production of our product candidates. The annual production capacity of our large molecule manufacturing capacity is up to 12 to 18 200L or 1000L clinical batches, respectively. We are investing in the expansion of our large molecule manufacturing facility in anticipation of the increased activities of our internally developed pipeline. Although we expect our two manufacturing facilities to be able to satisfy the commercial as well as clinical needs and support the growth of our business in the near future, we acquired land use rights in Suzhou that can be used to expand our manufacturing and research needs in the future. We believe that possessing manufacturing and commercialization capabilities presents benefits, which include maintaining better control over the quality and compliance of our operations with increasingly stringent industry regulations. See "Risk Factors—We have limited experience manufacturing our products and product candidates on a large clinical or commercial scale."

Our two manufacturing facilities feature an oral solid dosage and a biological processing/formulation production lines and are designed to comply with both the PRC and PIC/S drug manufacturing standards. The

facilities cover the entire production process from mixing, roller compression, tableting to bottling. We procure our manufacturing equipment from leading domestic and international suppliers. We have acquired manufacturing licenses for both oral solid dosage and biological facilities, and are in the process of applying for a Marketing Authorization Holder (MAH) manufacturing license. We have passed an onsite inspection by the NMPA for ZEJULA, our first commercialized product. We are or will be dependent on third party manufacturers for the manufacture of certain of our products and product candidates as well as on third parties for our supply chain, and if any of these third parties fail to provide us with sufficient quantities of product or fail to do so at acceptable quality levels or prices, our business could be harmed. As of December 31, 2020, our manufacturing team consisted of approximately 60 employees.

Contract Manufacturing Organizations

We outsource to a limited number of external CMOs the production of some product substances and products, and we expect to continue to do so to meet the preclinical, clinical and commercial requirements of our products and product candidates. By outsourcing a portion of our manufacturing activities, we can increase our focus on core areas of competence such as product candidate development, commercialization and research. We have adopted procedures to ensure that the production qualifications, facilities and processes of our third-party CMOs comply with the relevant regulatory requirements and our internal guidelines. We select our CMOs by taking into account a number of factors, including their qualifications, relevant expertise, production capacity, geographic proximity, reputation, track record, product quality, reliability in meeting delivery schedules and terms offered by such CMOs. The CMOs with which we contract provide services to us on a short-term and project-by-project basis. Our agreements with the CMOs typically specify requirements, including, but not limited to, product quality or service details, technical standards or methods, delivery terms, agreed price and payment and product inspection and acceptance criteria. The CMOs procure the necessary raw materials themselves.

Suppliers

Our suppliers consist primarily of (i) third party licensors from which we obtained license rights in respect of our in-licensed products and drug candidates; (ii) selected CROs; and (iii) suppliers of other raw materials for our clinical trial activities.

We obtain raw materials for our clinical trial activities from multiple suppliers who we believe have sufficient capacity to meet our demands. In addition, we believe that adequate alternative sources for such supplies exist. However, a risk exists that an interruption to supplies would materially harm our business. We typically order raw materials and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements. While we do experience price fluctuations associated with our raw materials, we have not experienced any material disruptions in the supply of these raw materials in the past. In addition, we have suppliers across the world and do not rely exclusively on the imports from the suppliers in the United States.

COMPETITION

Competition in the biopharmaceutical industry is intense. There are many companies, including biotechnology and pharmaceutical companies, engaged in developing products for the indications our approved products are approved to treat and the therapeutic areas we are targeting with our research and development activities. Some of our competitors may have substantially greater financial, marketing, research and development and other resources than we do.

We believe that competition and leadership in the industry is based on managerial and technological excellence and innovation as well as establishing patent and other proprietary positions through research and

development. The achievement of a leadership position also depends largely upon our ability to maximize the approval, acceptance and use of our product candidates and the availability of adequate financial resources to fund facilities, equipment, personnel, clinical testing, manufacturing and marketing. Another key aspect of remaining competitive in the industry is recruiting and retaining leading scientists and technicians to conduct our research activities and advance our development programs, including with the commercial expertise to effectively market our products.

Competition among products approved for sale may be based, among other things, on patent position, product efficacy, safety, patient convenience, delivery devices, reliability, availability, reimbursement and price. In addition, early entry of a new pharmaceutical product into the market may have important advantages in gaining product acceptance and market share. Accordingly, the relative speed with which we can develop products, complete the testing and approval process and supply commercial quantities of products will have a significant impact on our competitive position.

The introduction of new products or technologies, including the development of new processes or technologies by competitors or new information about existing products or technologies, results in increased competition for our marketed products and pricing pressure on our marketed products. The development of new or improved treatment options or standards of care or cures for the diseases our products treat reduces and could eliminate the use of our products or may limit the utility and application of ongoing clinical trials for our product candidates.

We also face increased competitive pressures from the introduction of generic versions, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways. Such products are likely to be sold at substantially lower prices than branded products, which may significantly reduce both the price that we are able to charge for our products and the volume of products we sell. In addition, in some markets, when a generic or biosimilar version of one of our products is commercialized, it may be automatically substituted for our product and significantly reduce our revenues in a short period of time.

We believe our long-term competitive position depends upon our success in discovering and developing innovative, cost-effective products that serve unmet medical needs, along with our ability to manufacture products efficiently and to launch and market them effectively in a highly competitive environment.

Additional information about the competition that our marketed products face is set forth below in “Part I—Item 1A—Risk Factors” included in this Annual Report.

INSURANCE

We maintain insurance policies that are required under Chinese laws and regulations as well as based on our assessment of our operational needs and industry practice. We maintain liability insurance for certain clinical trials, which covers the patient human clinical trial liabilities such as bodily injury, product liability insurance, general insurance policies covering property loss due to accidents or natural disasters and D&O insurance. We do not maintain insurance to cover intellectual property infringement or misappropriation.

EMPLOYEES

As of January 31, 2021, we had approximately 1,194 full-time employees, of which 1,154 of which were located in Greater China and forty were not. The number of full-time employees by function as of such date was as follows:

By Function	Number of employees
Research and Development	450
Commercial	592
Manufacturing	65
General and Administrative*	87
Total	1,194

* Includes finance, legal, human resources, facilities, information technology or other general and administrative functions.

Our management executive team is comprised of our CEO and her direct reports who, collectively, have management responsibility for our business. Our management team places significant focus and attention on matters concerning our human capital assets—particularly our diversity, capability development and succession planning. Accordingly, we regularly review employee development for each of our functions to identify and develop our pipeline of talent. Across our broader population, approximately 58% of full-time employees are women. We have programs in place to attract and retain talent, including stock-based compensation and cash performance awards as well as tuition support for technical and other training. We also have a performance management and talent development process in which managers provide regular feedback and coaching to develop employees.

We provide formal and comprehensive company-level and department-level training to our new employees followed by on-the-job training. We also provide training and development programs to our employees from time to time to ensure their awareness and compliance with our various policies and procedures. Given our emphasis on operating a fully-integrated platform for our product candidate development processes, some of the training is conducted jointly by different groups and departments serving different functions but working with or supporting each other in our day-to-day operations.

As required under Chinese regulations, we participate in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity and unemployment benefit plans, under which we make contributions at specified percentages of the salaries of our employees.

None of our employees is represented by a labor union or covered by a collective bargaining agreement, and we have not experienced any work stoppages. We believe that we maintain a good working relationship with our employees. We have not experienced any material labor disputes or any difficulty in recruiting staff for our operations.

QUALITY CONTROL AND ASSURANCE

We have our own independent quality control system and devote significant attention to quality control for the designing, manufacturing and testing of our drug candidates. We have established a strict quality control system in accordance with NMPA regulations. We monitor our operations in real time throughout the entire production process, from inspection of raw and auxiliary materials, to manufacture and delivery of finished products to clinical testing at hospitals. Our quality assurance team is also responsible for ensuring that we are in

compliance with all applicable regulations, standards and internal policies. Our senior management team is actively involved in setting quality policies and managing the internal and external quality performance of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL RISK MANAGEMENT

We have adopted a consolidated risk management methodology and program which sets out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our Audit Committee, and ultimately our Directors, supervise the implementation of our risk management programs. Risks identified by management will be analyzed on the basis of likelihood and impact and will be properly followed up and mitigated and rectified by management and reported to our Directors.

The following key principles outline our approach to risk management and internal control:

- Our Board is responsible for establishing our risk management and internal control system and reviewing its effectiveness.
- Our Audit Committee oversees and manages the overall risks associated with our business operations, including (i) developing, reviewing, and approving our risk management programs and procedures to ensure that it is consistent with our corporate objectives; (ii) monitoring the most significant risks associated with our business operation and our management's handling of such risks; (iii) reviewing our corporate risk matrix in the light of our corporate risk tolerance; (iv) reviewing the significant residual risks and the needs to set up mitigating controls; and (v) monitoring and ensuring the appropriate application of our risk management framework across the company.
- Our Chief Legal Officer, Mr. F. Ty Edmondson, is responsible for (i) formulating and updating our risk management program and target; (ii) reviewing and approving major risk management issues of our Company; (iii) promulgating risk management measures; (iv) providing guidance on our risk management approach to the relevant departments in our Company; (v) reviewing the relevant departments' reporting on key risks and providing feedbacks; (vi) supervising the implementation of our risk management measures by the relevant departments; (vii) ensuring that the appropriate structure, processes and competencies are in place across the Company; (viii) developing and operating an enterprise risk management program for the Company, the results of which are reported to the Audit Committee throughout the year; (ix) developing and managing the Company's government affairs efforts; (x) reporting to our Audit Committee on our material risks; and (xi) coordinating and providing updates to the Board of Directors as necessary.
- The relevant departments in our Company are responsible for implementing our risk management program under the oversight of our Legal and Compliance Departments.
- Our Finance Department is responsible for developing and implementing our internal controls systems.

As of December 31, 2020, there were no material outstanding issues relating to our risk management and internal controls.

Investment Risk Management

We have an investment policy that is approved by the Audit Committee of the Board of Directors. In accordance with that policy, we engage in short-term investments with surplus cash on hand. Our investment portfolio primarily consists of time deposits. Our primary objective of short-term investment is to preserve principal and increase liquidity without significantly increasing risks. Under the supervision of our Chief Financial Officer, our finance department is responsible for managing our short-term investment activities.

Before making any investment proposal, our finance department will assess our cash flow levels, operational needs and capital expenditures. We operate under our investment policy, which provides the guidelines and specific instructions on the investment of our funds.

Our investment strategy aims to minimize risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs. We make our investment decisions on a case-by-case basis after thoroughly considering a number of factors, including, but not limited to, the macro-economic environment, general market conditions and the expected profit or potential loss of the investment. Our portfolio to date has been required to hold only instruments with an effective final maturity of twelve months or less, with effective final maturity being defined as the obligation of the issuer to repay principal and interest. Under our investment policy, we are prohibited from investing in high risk products and the proposed investment must not interfere with our business operations or capital expenditures. We may invest in time deposits, consistent with our investment policy, when we believe it is prudent to do so.

We believe that our internal investment policy and the related risk management mechanisms are adequate. As of December 31, 2020, our investment decisions did not deviate from our investment policy.

Corporate Information

We are an exempted company incorporated in the Cayman Islands with limited liability on March 28, 2013. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The principal executive office of our research and development operations is located at 4560 Jinke Road, Bldg. 1, Fourth Floor, Pudong, Shanghai, China 201210. Our telephone number at this address is +86 21 6163 2588. Our current registered office in the Cayman Islands is located at the offices of International Corporation Services Ltd., Harbour Place 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman KYI-1106, Cayman Islands, British West Indies. Our website address is www.zailaboratory.com. We do not incorporate the information on or accessible through our website into this Annual Report, and you should not consider any information on, or that can be accessed through, our website as part of this Annual Report.

We own various registered trademarks, trademark applications and unregistered trademarks and service marks, including various forms of the "ZAI LAB" and "□□□□" brands, as well as domain names incorporating some or all of these trademarks and our corporate logo. All other trade names, trademarks and service marks of other companies appearing in this Annual Report are the property of their respective holders. Solely for convenience, some of the trademarks and trade names in this document are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies' trademarks and trade names to imply a relationship with, or endorsement or sponsorship of, any other company.

Available Information

We make available on or through our website certain reports and amendments to those reports that we file with or furnish to the SEC, in accordance with the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These include our annual reports on Form 20-F and 10-K, our quarterly reports on Form 10-Q, and our current reports on Form 6-K and 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. We also make available, free of charge on our website, the reports filed with the SEC by our executive officers, directors and 10% shareholders pursuant to Section 16 under the Exchange Act. Additionally, we make available on our website our securities filings with the Stock Exchange of Hong Kong. We make this information available on or through our website free of charge as soon as reasonably practicable after we electronically file the information with, or furnish it to, the SEC and the Stock Exchange of Hong Kong. We use our website as a means of disclosing material non-public information and for complying with our disclosure obligations under Regulation FD.

Item 1A. Risk Factors

Risk Factors

The following section includes the most significant factors that we believe may adversely affect our business and operations. You should carefully consider the risks and uncertainties described below and all information contained in this Annual Report, including our financial statements and the related notes and "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations," before deciding to invest in our ADSs or ordinary shares. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the market price of our ADSs and ordinary shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations.

Risks Related to Our Financial Position and Need for Additional Capital

We have incurred significant losses since our inception and anticipate that we will continue to incur losses in the future. To date, we have not generated sufficient revenue from product sales to cover corresponding expenses, and we may never achieve or sustain profitability.

We currently have two approved, commercialized products, ZEJULA and Optune. Although we have launched ZEJULA in Hong Kong, Macau and China and Optune in Hong Kong and China, it will take some time to attain profitability, and we may never do so. We have also obtained the rights to commercialize many clinical-stage product candidates. Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or become commercially viable. To date, we have financed our activities primarily through private placements, our initial public offering on Nasdaq in September 2017, multiple follow-on offerings and a secondary listing on the Stock Exchange of Hong Kong in September 2020. For the years ended December 31, 2020 and 2019, we generated net revenue of $49.0 million and $13.0 million from product sales, respectively. We continue to incur significant development, commercialization and other expenses related to our ongoing operations. As a result, we are not profitable and have incurred losses in each period since our inception in 2013. For the years ended December 31, 2020 and 2019, we reported a net loss of $268.9 million and $195.1 million, respectively.

We expect to continue to incur losses in the foreseeable future, and we expect these losses to increase as we:

- continue to commercialize, and maintain and expand sales, marketing and commercialization infrastructure for, ZEJULA, Optune and any other products for which we may obtain regulatory approval;
- maintain and expand regulatory approvals for our products and product candidates that successfully complete clinical trials;
- continue our development and commence clinical trials of our product candidates;
- acquire or in-license other intellectual property, product candidates and technologies;
- maintain and expand our manufacturing facilities;
- hire additional clinical, operational, financial, quality control and scientific personnel;
- seek to identify additional product candidates;
- obtain, maintain, expand and protect our intellectual property portfolio; and
- enforce and defend intellectual property-related claims.

To become and remain profitable, we must continue the commercialization efforts of ZEJULA and Optune and develop and eventually commercialize other product candidates with significant market potential. This will

require us to be successful in a range of challenging activities, including manufacturing, marketing and selling our approved products as well as completing pre-clinical testing and clinical trials of and obtaining marketing approval for our clinical and pre-clinical stage product candidates. We will also need to be successful in satisfying any post-marketing requirements with respect to all of our products. We may not succeed in any or all of these activities and, even if we do, we may never generate product revenues that are significant or large enough to achieve profitability. We may encounter unforeseen expenses, difficulties, complications, delays and other unknown factors that may adversely affect our business. The size of our future net losses will depend, in part, on the rate of future growth of our expenses and our ability to generate revenue. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become and remain profitable would decrease the value of our company and could impair our ability to raise capital, maintain our research and development efforts and commercialization efforts, expand our business or continue our operations. A decline in the value of our company also could cause you to lose all or part of your investment.

We will continue to require substantial additional funding for our product development programs and for our commercialization efforts for ZEJULA, Optune and other products for which we may obtain regulatory approval, which may not be available on acceptable terms, or at all. If we are unable to raise capital on acceptable terms when needed, we could incur losses or be forced to delay, reduce or terminate such efforts.

For the years ended December 31, 2020 and 2019, we generated net revenue of $49.0 million and $13.0 million from product sales, respectively. Our operations have consumed substantial amounts of cash since inception and we continue to incur significant development and other expenses related to our ongoing operations. To date, we have financed our activities primarily through private placements, our initial public offering on Nasdaq in September 2017, multiple follow-on offerings and a secondary listing on the Stock Exchange of Hong Kong in September 2020. As of March 2021, through these offerings, we have raised $1,809.2 million. For the years ended December 31, 2020 and December 31, 2019, the net cash used in our operating activities was $216.1 million and $191.0 million, respectively. We expect our expenses to increase significantly in connection with our ongoing activities, particularly as we continue to commercialize ZEJULA and Optune, continue our research and develop efforts related to our clinical and pre-clinical-stage product candidates and initiate additional clinical trials of, and seek and/or expand regulatory approval for, ZEJULA, Optune and our other products and product candidates. In addition, if we obtain regulatory approval for any additional product candidates, we expect to incur significant commercialization expenses related to product manufacturing, marketing, sales and distribution. In particular, if more of our product candidates are approved, additional costs may be substantial as we may have to, among other things, modify or increase the production capacity at our current manufacturing facilities or contract with third-party manufacturers and increase our commercial workforce. We have, and may continue to, incur expenses as we create additional infrastructure to support our operations. Our liquidity and financial condition may be materially and adversely affected by negative net cash flows and we cannot assure that we will have sufficient cash from other sources to fund our operations. Accordingly, we will likely need to obtain substantial additional funding in connection with our continuing operations through public or private equity offerings, debt financing, collaborations or licensing arrangements or other sources. If we are unable to raise capital when needed or on acceptable terms, we could incur losses and be forced to delay, reduce or terminate our research and development programs or any future commercialization efforts.

We believe our cash and cash equivalents and short-term investments as of December 31, 2020 will enable us to fund our operating expenses and capital expenditure requirements for at least the next twelve months. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- the cost and timing of future commercialization activities for ZEJULA, Optune and any other product candidates for which we receive regulatory approval;
- the pricing of and product revenues received, if any, from future commercial sales of ZEJULA, Optune and any other products for which we receive regulatory approval;

- the scope, progress, timing, results and costs of clinical development of our products in additional indications, if any;
- the scope, progress, timing, results and costs of researching and developing our product candidates, and conducting pre-clinical and clinical trials;
- the cost, timing and outcome of seeking, obtaining, maintaining and expanding regulatory approval of our products and product candidates;
- our ability to establish and maintain strategic partnerships, collaboration, licensing or other arrangement and the economic and other terms, timing and success of such arrangements;
- the cost, timing and outcome of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property related claims;
- the extent to which we acquire or in-license other product candidates and technologies and the economic and other terms, timing and success of such collaboration and licensing arrangements;
- cash requirements of any future acquisitions;
- the number, characteristics and development requirements of the product candidates we pursue;
- resources required to develop and implement policies and processes to promote ongoing compliance with applicable healthcare laws and regulations;
- costs required to ensure that our and our partners' business arrangements with third parties comply with applicable healthcare laws and regulations;
- our headcount growth and associated costs; and
- the costs of operating as a public company in both the United States and Hong Kong.

Raising additional capital or entering into certain other arrangements may cause dilution to our shareholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.

Identifying and acquiring rights to develop potential product candidates, conducting pre-clinical testing and clinical trials and commercializing products for which we receive regulatory approval is a time-consuming, expensive and uncertain process that may take years to complete. To date, we have generated revenue from the sales of ZEJULA and Optune, after we received respective regulatory approval in the relevant jurisdictions. Our near-term commercial revenue will continue to be derived from sales of ZEJULA and Optune. Additional commercial revenue, if any, will be derived from sales of product candidates that we do not expect to be commercially available until we receive regulatory approval, if at all. We may never generate the necessary data or results required to obtain regulatory approval and achieve product sales of some of our product candidates, and even if we obtain regulatory approval, our products may not achieve commercial success. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

We may seek additional funding through a combination of equity offerings, debt financings, collaborations, licensing arrangements, strategic alliances and marketing or distribution arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, our shareholders' ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect rights of our security holders. The incurrence of additional indebtedness or the issuance of certain equity securities could result in increased fixed payment obligations and could also result in certain additional restrictive covenants, such as limitations on our ability to incur additional debt or issue additional equity, limitations on our ability to acquire or license intellectual property rights and other operating restrictions that could adversely impact our ability to conduct our business. In addition, issuance of additional equity securities, or the possibility of such issuance, may cause the market price of our ordinary shares and/or ADSs to decline. Additionally, to finance any

acquisitions, licensing arrangement or strategic alliance, we may choose to issue shares of our common stock as consideration, which could dilute the ownership of our stockholders. In the event that we enter into collaboration or licensing arrangements to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party on unfavorable terms our rights to technologies or product candidates that we otherwise would seek to develop or commercialize ourselves or potentially reserve for future potential arrangements when we might be able to achieve more favorable terms.

We may not be able to access the capital and credit markets on terms that are favorable to us.

We may seek access to the capital and credit markets to supplement our existing funds and cash generated from operations for working capital, capital expenditure and debt service requirements and other business initiatives. The capital and credit markets are experiencing, and have in the past experienced, extreme volatility and disruption, which leads to uncertainty and liquidity issues for both borrowers and investors. In the event of adverse market conditions, we may be unable to obtain capital or credit market financing on favorable terms.

Risks Related to Our Business and Industry

We are invested in the commercial success of ZEJULA and Optune and our ability to generate product revenues in the near future is highly dependent on the commercial success of ZEJULA in China, Hong Kong and Macau and Optune in China and Hong Kong.

A substantial portion of our time, resources and effort are focused on, and our ability to generate product revenues will depend heavily on the success of the commercialization of ZEJULA in China, Hong Kong and Macau and Optune in China and Hong Kong. Our ability to successfully commercialize ZEJULA and Optune will depend on, among other things, our ability to:

- maintain commercial manufacturing or supply arrangements with third-party manufacturers for ZEJULA and Optune;
- produce, through a validated process or procure, from third-party manufacturers sufficient quantities and inventory of ZEJULA and Optune to meet demand;
- build and maintain internal sales, distribution and marketing capabilities sufficient to generate commercial sales of ZEJULA and Optune;
- secure widespread acceptance of ZEJULA and Optune from physicians, healthcare payors, patients and the medical community;
- properly price and obtain coverage and adequate reimbursement of ZEJULA and Optune by governmental authorities, private health insurers, managed care organizations and other third-party payors;
- maintain compliance with ongoing regulatory labeling, packaging, storage, advertising, promotion, recordkeeping, safety and other post-market requirements;
- manage our growth and spending as costs and expenses increase due to commercialization; and
- manage business interruptions resulting from the occurrence of any pandemic, epidemic, including from the outbreak of COVID-19, or any other public health crises, natural catastrophe or other disasters.

There are no guarantees that we will be successful in completing these tasks. In addition, we have invested, and will continue to invest, substantial financial and management resources to build out our commercial infrastructure and to recruit and train sufficient additional qualified marketing, sales and other personnel in support of our sales of ZEJULA and Optune.

Sales of our commercial products may be slow or limited for a variety of reasons including competing therapies or safety issues. If either ZEJULA or Optune is not successful in gaining broad commercial acceptance, our business would be harmed.

Any sales of ZEJULA and Optune will be dependent on several factors, including our and our partners' ability to educate and increase physician awareness of the benefits, safety and cost-effectiveness of ZEJULA and Optune relative to competing therapies. The degree of market acceptance of ZEJULA and Optune among physicians, patients, healthcare payors and the medical community will depend on a number of factors, including:

- acceptable evidence of safety and efficacy;
- relative convenience and ease of administration;
- prevalence and severity of any adverse side effects;
- availability of alternative treatments;
- pricing, cost effectiveness and value propositions;
- effectiveness of our sales and marketing capabilities and strategies;
- ability to obtain sufficient third-party coverage and reimbursement;
- the clinical indications for which such product are approved, as well as changes in the standard of care for their targeted indications;
- the continuing effectiveness of manufacturing and supply chain;
- warnings and limitations contained in the approved labeling for such product;
- safety concerns with similar products marketed by others;
- the prevalence and severity of any side effects as a result of treatment with such product;
- our ability to comply with regulatory post-marketing requirements associated with the approval of such product;
- the actual market-size for such product, which may be larger or smaller than expected; and
- our ability to manage complications or barriers that inhibit our commercialization team from reaching the appropriate audience to promote our product(s) because of the outbreak of COVID-19 or any other public health crises, natural catastrophe or other disasters.

We may never obtain approval of ZEJULA or Optune for other indications outside of the regulatory approvals we have already obtained, which would limit our ability to realize their full market potential.

In order to market products in any given jurisdiction, we must comply with numerous and varying regulatory requirements of such jurisdiction regarding safety, efficacy and quality. The approval of our two commercial products, ZEJULA and Optune, for certain indications in certain jurisdictions does not mean that the regulatory authorities will approve ZEJULA or Optune for other indications. Approval procedures vary among jurisdictions and clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other jurisdiction.

We have limited experience in commercializing our products. If we are unable to further develop marketing and sales capabilities or enter into agreements with third parties to market and sell our products, we may not be able to generate substantial product sales revenue.

We continue to build our salesforce in China to commercialize ZEJULA and Optune, and any additional products or product candidates that we may develop or in-license, which will require significant capital expenditures, management resources and time.

We have limited experience in commercializing our products, including ZEJULA and Optune. For example, we have limited experience in building and managing a commercial team, conducting a comprehensive market analysis, obtaining state licenses and reimbursement, or managing distributors and a sales force for our products. We will be competing with many companies that currently have extensive and well-funded sales and marketing operations. As a result, our ability to successfully commercialize our products may involve more inherent risk, take longer and cost more than it would if we were a company with substantial experience launching products.

We compete with other pharmaceutical and biotechnology companies to recruit, hire, train and retain marketing and sales personnel. If we are unable to, or decide not to, further develop internal sales, marketing and commercial distribution capabilities for any or all of our products, we will likely pursue collaborative arrangements regarding the sales and marketing of our products. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend upon the efforts of such third parties. We have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our products ourselves. We also face competition in our search for third parties to assist us with the sales and marketing efforts for our products.

There can be no assurance that we will be able to further develop and successfully maintain internal sales and commercial distribution capabilities or establish or maintain relationships with third-party collaborators, all of which may be necessary to successfully commercialize any product. As a result, we may not be able to generate substantial product sales revenue.

We have limited experience manufacturing our products and product candidates on a large clinical or commercial scale. We are or will be dependent on third party manufacturers for the manufacture of certain of our products and product candidates as well as on third parties for our supply chain, and if we experience problems with any of these third parties, the manufacture of our products or product candidates could be delayed, which could harm our results of operations.

If our two manufacturing facilities are unable to meet our intended production capacity in a timely fashion, we may have to engage a CMO for the production of clinical supplies of our products or product candidates.

Additionally, in order to successfully commercialize our products and product candidates, we will need to identify qualified CMOs for the scaled production of a commercial supply of certain of our products and product candidates. The CMOs should be drug manufacturers holding manufacturing permits with a scope that can cover our drug registration candidates. We have not yet identified suppliers to support scaled production. If we are unable to arrange for alternative third-party manufacturing sources, or to do so on commercially reasonable terms or in a timely manner, we may not be able to complete development of our products or product candidates, or market or distribute them.

We may build a large-scale manufacturing plant in Suzhou to potentially support our ability to manufacture our products in the scale necessary. However, if there are delays in bringing the Suzhou manufacturing plant on-line, we may not have sufficient large scale manufacturing capacity to meet our long-term manufacturing requirements. In addition, we are making significant investments in connection with the building of this manufacturing facility with no assurance that this investment will be recouped. Charges resulting from either excess capacity or insufficient capacity would have a negative effect on our financial condition and results of operations.

We rely on third-party manufacturers and suppliers to manufacture at least some of our products and product candidates.

We rely on third-party manufacturers to manufacture at least some of our products and product candidates. For example, we rely on Turning Point to manufacture and supply TPX-0022 and repotrectinib (TPX-0005),

argenx to manufacture and supply efgartigimod, MacroGenics to manufacture and supply margetuximab, tebotelimab and a pre-clinical multi-specific TRIDENT molecule, Entasis to manufacture and supply SUL-DUR, Novocure to manufacture and supply Optune, Deciphera to manufacture and supply QINLOCK, Incyte to manufacture and supply retifanlimab (INCMGA0012 (PD-1)) and Regeneron to manufacture and supply odronextamab.

Such reliance on third-party manufacturers entails risks to which we would not be subject to if we manufactured product candidates or products ourselves, including reliance on the third party for regulatory compliance and quality assurance, the possibility of breach of the manufacturing or supply agreement by the third party because of factors beyond our control (including a failure to synthesize and manufacture our product candidates or any products we may eventually commercialize in accordance with our specifications) and the possibility of termination or nonrenewal of the agreement by the third party, based on its own business priorities, at a time that is costly or damaging to us. In addition, the NMPA and other regulatory authorities require that our product candidates and any products that we may eventually commercialize be manufactured according to cGMP standards. Any failure by our third-party manufacturers to comply with cGMP standards or failure to scale up manufacturing processes, including any failure to deliver sufficient quantities of product candidates in a timely manner, could lead to a delay in, or failure to obtain, regulatory approval of any of our product candidates. In addition, such failure could be the basis for the NMPA to issue a warning or untitled letter, withdraw approvals for product candidates previously granted to us, or take other regulatory or legal action, including recall or seizure, total or partial suspension of production, suspension of ongoing clinical trials, refusal to approve pending applications or supplemental applications, detention or product, refusal to permit the import or export of products, injunction or imposing civil and criminal penalties.

Any significant disruption in our supplier relationships could harm our business. We currently source key materials from third parties, either directly through agreements with suppliers or indirectly through our manufacturers who have agreements with suppliers, as well as through our licensors. Any significant disruption in our potential supplier relationships, whether due to price hikes, manufacturing or supply related issues, could harm our business. We anticipate that, in the near term, all key materials will be sourced through third parties. There are a small number of suppliers for certain capital equipment and key materials that are used to manufacture some of our drugs. Such suppliers may not sell these key materials to us or our manufacturers at the times we need them or on commercially reasonable terms. We currently do not have any agreements for the commercial production of these key materials. Any significant delay in the supply of a product or product candidate or its key materials for an ongoing clinical study could considerably delay completion of our clinical studies, product or drug testing and potential regulatory approval of our products or product candidates. If we or our manufacturers are unable to purchase these key materials after regulatory approval has been obtained for our product candidates, the commercialization of our products or the commercial launch of our product candidates could be delayed or there could be a shortage in supply, which would impair our ability to generate revenues from the sale of our products and product candidates.

Furthermore, because of the complex nature of our compounds, we or our manufacturers may not be able to manufacture our compounds at a cost or in quantities or in a timely manner necessary to make commercially successful products and drugs. In addition, as our drug development pipeline increases and matures, we will have a greater need for clinical study and commercial manufacturing capacity. We have limited experience manufacturing pharmaceutical products or drugs on a commercial scale and some of our current suppliers will need to increase their scale of production to meet our projected needs for commercial manufacturing, the satisfaction of which on a timely basis may not be met.

We have a very limited operating history, which may make it difficult for you to evaluate the success of our business to date and to assess our future viability.

We are a commercial-stage biopharmaceutical company. Our operations to date have been limited to organizing and staffing our company, identifying potential partnerships and product candidates, acquiring

product and technology rights, conducting research and development activities for our product candidates and, more recently, commercializing products for which we have obtained regulatory approval. We have not yet demonstrated the ability to successfully complete large-scale, pivotal clinical trials. Additionally, we have limited experience in the sale, marketing or distribution of pharmaceutical and medical device products. Consequently, any predictions about our future success, performance or viability may not be as accurate as they could be if we had a longer operating history. If we are unable to further develop marketing and sales capabilities or enter into agreements with third parties to market and sell our commercialized products, we may not be able to generate substantial product sales revenue.

Our limited operating history, particularly in light of the rapidly evolving drug research and development industry in which we operate, may make it difficult to evaluate our current business and prospects for future performance. Our short history makes any assessment of our future performance or viability subject to significant uncertainty. We will encounter risks and difficulties frequently experienced by companies in rapidly evolving fields as we continue to expand our commercial activities. In addition, as a new business, we may be more likely to encounter unforeseen expenses, difficulties, complications and delays due to limited experience. If we do not address these risks and difficulties successfully, our business will suffer.

If we are unable to obtain regulatory approval for and ultimately commercialize our many product candidates or experience significant delays in doing so, our business, financial condition, results of operations and prospects may be materially adversely harmed.

Many of our product candidates are in clinical development and various others are in pre-clinical development. Our ability to generate revenue from our product candidates is dependent on the results of clinical and pre-clinical development, our receipt of regulatory approval and successful commercialization of such products, which may never occur. Each of our product candidates will require additional pre-clinical and/or clinical development, regulatory approval in multiple jurisdictions, development of manufacturing supply and capacity, substantial investment and significant marketing efforts before we generate any revenue from product sales. The success of our product candidates will depend on several factors, including the following:

- successful enrollment of patients in, and completion of, clinical trials as well as completion of pre-clinical studies, which may be especially challenging given the COVID-19 pandemic;
- receipt of regulatory approvals from applicable regulatory authorities for planned clinical trials, future clinical trials or drug registrations, manufacturing and commercialization;
- successful completion of all safety studies required to obtain regulatory approval in Greater China, the United States and other jurisdictions for our product candidates;
- adapting our commercial manufacturing capabilities to the specifications for our product candidates for clinical supply and commercial manufacturing;
- making and maintaining arrangements with third-party manufacturers;
- obtaining and maintaining patent, trade secret and other intellectual property protection and/or regulatory exclusivity for our product candidates;
- launching commercial sales of our product candidates, if and when approved, whether alone or in collaboration with others;
- acceptance of the product candidates, if and when approved, by patients, the medical community and third-party payors;
- effectively competing with other therapies and alternative drugs;
- obtaining and maintaining healthcare coverage and adequate reimbursement;
- successfully enforcing and defending intellectual property rights and claims; and

- maintaining a continued acceptable safety profile of the product candidates following regulatory approval.

The success of our business is substantially dependent on our ability to complete the development of our product candidates and to maintain, expand or obtain regulatory approval for, and successfully commercialize our products and, if approved, product candidates in a timely manner.

We are not permitted to market any of our products or product candidates in Greater China, the United States and other jurisdictions unless and until we receive regulatory approval from the NMPA, FDA and EMA, and other comparable authorities, respectively. The process to develop, obtain regulatory approval for and commercialize product candidates is long, complex and costly both inside and outside of China and approval may not be granted. Securing regulatory approval requires the submission of extensive pre-clinical and clinical data and supporting information to the various regulatory authorities for each therapeutic indication to establish the product's or product candidate's safety and efficacy. Securing regulatory approval may also require the submission of information about the product or drug manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Our products and product candidates may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining of the regulatory approval or prevent or limit commercial use. The NMPA, FDA and EMA and comparable authorities in other countries have substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient for approval and require additional pre-clinical, clinical or other studies. Our products and product candidates could be delayed in receiving, or fail to receive, regulatory approval for many reasons, including the following:

- disagreement with the NMPA, FDA and EMA or comparable regulatory authorities regarding the number, design, size, conduct or implementation of our clinical trials;
- failure to demonstrate to the satisfaction of the NMPA, FDA and EMA or comparable regulatory authorities that a product candidate is safe and effective for its proposed indication;
- failure of CROs, clinical study sites or investigators to comply with the ICH-good clinical practice, or GCP, requirements imposed by the NMPA, FDA and EMA or comparable regulatory authorities;
- failure of the clinical trial results to meet the level of statistical significance required by the NMPA, FDA and EMA or comparable regulatory authorities for approval;
- failure to demonstrate that a product's or product candidate's clinical and other benefits outweigh its safety risks;
- the NMPA, FDA and EMA or comparable regulatory authorities disagreeing with our interpretation of data from pre-clinical studies or clinical trials;
- insufficient data collected from clinical trials to support the submission of an NDA or other submission or to obtain regulatory approval in Greater China, the United States or elsewhere;
- the NMPA, FDA and EMA or comparable regulatory authorities not approving the manufacturing processes for our clinical and commercial supplies;
- changes in the approval policies or regulations of the NMPA, FDA or comparable regulatory authorities rendering our clinical data insufficient for approval;
- the NMPA, FDA or comparable regulatory authorities restricting the use of our products to a narrow population; and
- our CROs or licensors taking actions that materially and adversely impact the clinical trials.

Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and obtaining regulatory approval in one country does not mean that regulatory approval will be obtained in any

other country. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. For example, even if a product is approved by the FDA or comparable foreign regulatory authorities, we would still need to seek approval from the NMPA to commercialize the product in China and we may need to conduct clinical trials of each of our product candidates in patients in China prior to seeking regulatory approval from the NMPA. Even if our product candidates have successfully completed clinical trials outside of China, there is no assurance that clinical trials conducted with patients in China will be successful. Any safety issues, product recalls or other incidents related to products approved and marketed in other jurisdictions may impact approval of those products by the NMPA. If we are unable to obtain regulatory approval for our product candidates in one or more jurisdictions, or any approval contains significant limitations, or are imposed on certain product candidates, we may not be able to obtain sufficient funding or generate sufficient revenue to continue the commercialization of our products and the development of our product candidates or any other product candidate that we may in-license, acquire or develop in the future.

We may allocate our limited resources to pursue a particular product, product candidate or indication and fail to capitalize on products, product candidates or indications that may later prove to be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we must limit our licensing, research, development and commercialization programs to specific products and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other products or product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial drugs or profitable market opportunities. In addition, if we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements when it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

Our products and product candidates are subject to extensive regulation, and we cannot give any assurance that any of our products or product candidates will receive any additional, regulatory approval or be successfully commercialized.

Our products and product candidates and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, quality control, recordkeeping, labeling, packaging, storage, approval, advertising, promotion, sale, distribution, import and export are subject to comprehensive regulation by the NMPA, FDA and EMA and other regulatory agencies in Greater China, the United States and the EU and by comparable authorities in other countries.

The process of obtaining regulatory approvals in Greater China, the United States and other countries is expensive, may take many years of additional clinical trials and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product or product candidates involved. Changes in regulatory approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted New Drug Application, or NDA, pre-market approval or equivalent application type, may cause delays in the approval or rejection of an application.

In addition, even if we were to obtain approval, regulatory authorities may revoke approval, may approve any of our products or product candidates for fewer or more limited indications than we request, may monitor the price we intend to charge for our products or drugs, may grant approval contingent on the performance of costly post-marketing clinical trials or may approve a product or product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product or product candidate. Any of the foregoing scenarios could materially harm the commercial prospects for our products or product candidates.

The market opportunities for our products and product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small.

In markets with approved therapies, we have and expect to initially seek approval of our product candidates as a later stage therapy for patients who have failed other approved treatments. Subsequently, for those products that prove to be sufficiently beneficial, if any, we would expect to seek approval as a second line therapy and potentially as a first-line therapy, but there is no guarantee that our product and product candidates, even if approved, would be approved for second-line or first-line therapy.

Our projections of both the number of people who have the indications we are targeting, as well as the subset of people with those indications who may be in a position to receive later stage therapy and who have the potential to benefit from treatment with our products, are based on our beliefs and estimates and may prove to be inaccurate or based on imprecise data. Further, new studies may change the estimated incidence or prevalence of these cancers. The number of patients may turn out to be lower than expected. Additionally, the potentially addressable patient population for our products and product candidates may be limited or may not be amenable to treatment with our products and product candidates. Even if we obtain significant market share for our products, because the potential target populations are small, we may never achieve profitability without obtaining regulatory approval for additional indications, including use as a first- or second-line therapy.

The incidence and prevalence for target patient populations of our products and product candidates are based on estimates and third-party sources. If the market opportunities for our products and product candidates are smaller than we estimate or if any approval that we obtain is based on a narrower definition of the patient population, our revenue and ability to achieve profitability might be materially and adversely affected.

Periodically, we make estimates regarding the incidence and prevalence of target patient populations for particular diseases based on various third-party sources and internally generated analysis and use such estimates in making decisions regarding our product development strategy, including acquiring or in-licensing products or product candidates and determining indications on which to focus in pre-clinical or clinical trials.

These estimates may be inaccurate or based on imprecise data. For example, the total addressable market opportunity will depend on, among other things, their acceptance by the medical community and patient access, product pricing and reimbursement. The number of patients in the addressable markets may turn out to be lower than expected, patients may not be otherwise amenable to treatment with our products, or new patients may become increasingly difficult to identify or gain access to, all of which may significantly harm our business, financial condition, results of operations and prospects.

The pharmaceutical industry in Greater China and other jurisdictions is highly regulated and such regulations are subject to change, which may affect the approval and commercialization of our drugs and product candidates, and any failure to comply with such regulations could have adverse legal and financial impact.

In Greater China, the United States, the EU and some other jurisdictions, manufacturing, sales, promotion and other activities related to drug candidates and approved drug therapies are subject to extensive regulation by numerous regulatory authorities.

There have been a number of legislative and regulatory changes and proposed changes regarding healthcare that could prevent or delay regulatory approval of our products and product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any product candidates for which we obtain regulatory approval. The commercial success of our approved products depends in part on coverage and adequate reimbursement by third party payors, including government health benefit programs and authorities. We expect that healthcare reform measures may result in more rigorous coverage criteria and in additional downward pressure on the price that we receive for any approved drug. Any reduction in reimbursement from

government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our products and product candidates. Various laws that address "fraud and abuse" may restrict our activities, including interactions with healthcare providers, third party payors and patients, or impose additional obligations (such as government reporting obligations).

Specifically, the pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, manufacturing, distribution and marketing of new drugs. In recent years, the pharmaceutical laws and regulations in China have undergone significant changes, including but not limited to the adoption of some exploratory programs in pilot regions, and we expect that the transformation will continue. Any changes or amendments with respect to government regulation and supervision of the pharmaceutical industry in Greater China may result in uncertainties with respect to the interpretation and implementation of the relevant laws and regulations or adversely impact the development or commercialization of our drugs and product candidates in Greater China.

For instance, in March 2020, Medical Products Administration of Hainan Province promulgated the Interim Measures for the Administration of Taking Away the Imported Urgently Needed Drug from the Boao Lecheng International Medical Tourism Pilot Zone of Hainan Province. These Interim Measures permit a patient to apply for permission to take away, following his therapeutic schedules, a small amount of the legally imported drugs that is not yet registered domestically but is on urgent medical need from the Boao Lecheng International Medical Tourism Pilot Zone of Hainan Province, which is also known as the special Named Patient Program, or NPP. However, as NPP is newly adopted, any change in future policies or implementing measures, which we may not be able to predict or control, could create uncertainties affecting our development and commercialization of our drugs candidates.

Efforts to ensure that our activities comply with these extensive regulatory requirements may involve substantial costs. If our operations were found to be in violation of applicable regulatory requirements, we could be subject to significant civil, criminal and administrative penalties, including, without limitation, damages, fines, imprisonment and exclusion from participation in government healthcare programs or contracting with government authorities and the curtailment or restructuring of our operations, which could significantly harm our business.

If safety, efficacy, manufacturing or supply issues arise with any therapeutic that we use in combination with our products and product candidates, we may be unable to market such products or product candidate or may experience significant regulatory delays or supply shortages, and our business could be materially harmed.

In May 2020, Optune was approved by the NMPA in combination with temozolomide for the treatment of patients with newly diagnosed GBM. We may also develop certain other products and product candidates for use as a combination therapy, in which case we would seek to develop and obtain regulatory approval for, and, if approved, manufacture and sell, such product in combination with other therapeutics.

If the NMPA, FDA or another regulatory agency revokes its approval of any therapeutic we use in combination with our products and product candidates, we will not be able to market our products and product candidates in combination with such revoked therapeutics. If safety or efficacy issues arise with the therapeutics that we seek to combine with our products and product candidates in the future, we may experience significant regulatory delays and we may be required to redesign or terminate the applicable clinical trials. In addition, if manufacturing or other issues result in a supply shortage of any combination therapeutic, we may not be able to successfully commercialize our products or product candidates on our current timeline or at all.

Even after obtaining regulatory approval for use in combination with any therapeutic, we continue to be subject to the risk that the NMPA, FDA or another regulatory agency could revoke its approval of the combination therapeutic, or that safety, efficacy, manufacturing or supply issues could arise with any of our

combination therapeutics. This could result in our products being removed from the market or being less successful commercially.

We face substantial competition, which may result in our competitors discovering, developing or commercializing drugs before or more successfully than we do, or developing products or therapies that are more advanced or effective than ours, which may adversely affect our financial condition and our ability to successfully market or commercialize our products and product candidates.

The development and commercialization of new medical device products and drugs is highly competitive. We face competition with respect to our current products and product candidates, and will face competition with respect to any product candidates that we may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies, biotechnology companies and medical device companies worldwide. For example, there are a number of large pharmaceutical and biotechnology companies that currently market drugs or are pursuing the development of therapies in the field of poly ADP ribose polymerase, or PARP, inhibition to treat cancer. Some of these competitive drugs and therapies are based on scientific approaches that are the same as or similar to that of our products and product candidates. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization. Specifically, there are a large number of companies developing or marketing treatments for oncology, autoimmune and infectious diseases including many major pharmaceutical and biotechnology companies.

Many of the companies against which we are competing or against which we may compete in the future have significantly greater financial resources and expertise in research and development, manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals and marketing approved drugs than we do. Mergers and acquisitions in the pharmaceutical, biotechnology and diagnostic industries may result in even more resources being concentrated among a smaller number of our competitors. Smaller or early stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, our programs.

Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products or drugs that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than products or drugs that we may develop. Our competitors also may obtain NMPA, FDA or other regulatory approval for their products or drugs more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market. Additionally, technologies developed by our competitors may render our products or potential product candidates uneconomical or obsolete, and we may not be successful in marketing our products or product candidates against competitors.

In addition, as a result of the expiration or successful challenge of our patent rights, we could face more litigation with respect to the validity and/or scope of patents relating to our competitors' products. The availability of our competitors' products could limit the demand, and the price we are able to charge, for any products that we may develop and commercialize.

Clinical development involves a lengthy and expensive process with an uncertain outcome.

There is a risk of failure for each of our product candidates. It is difficult to predict when or if any of our product candidates will prove effective and safe in humans or will receive regulatory approval. Before obtaining regulatory approval from regulatory authorities for the sale of any product candidate, our product candidates must complete pre-clinical studies and then conduct extensive clinical trials to demonstrate the safety and

efficacy of our product candidates in humans. Clinical testing is expensive, difficult to design and implement and can take many years to complete, especially in light of the COVID-19 pandemic.

The outcomes of pre-clinical development testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, pre-clinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in pre-clinical studies and clinical trials have nonetheless failed to obtain regulatory approval of their product candidates. Future clinical trials of our product candidates may not be successful.

Commencement of clinical trials is subject to finalizing the trial design based on ongoing discussions with the NMPA, FDA and/or other regulatory authorities, as applicable. The NMPA, FDA and other regulatory authorities could change their position on the acceptability of trial designs or clinical endpoints, which could require us to complete additional clinical trials or impose approval conditions that we do not currently expect. Successful completion of our clinical trials is a prerequisite to submitting an NDA (or equivalent filing) to the NMPA, FDA and/or other regulatory authorities for each product or product candidate and, consequently, the ultimate approval and commercial marketing of our products or product candidates. A number of companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier trials. There are inherent uncertainties associated with development of our products and product candidates. We do not know whether the clinical trials for our product candidates will begin or be completed on schedule, if at all. Our future clinical trial results may not be favorable.

We may incur additional costs or experience delays in completing pre-clinical or clinical trials, or ultimately be unable to complete the development and commercialization of our products and product candidates. You may lose all or part of your investment if we are unable to successfully complete clinical development, obtain regulatory approval and successfully commercialize our products and product candidates.

We may experience delays in completing our pre-clinical or clinical trials, and numerous unforeseen events could arise during, or as a result of, future clinical trials, which could delay or prevent us from receiving regulatory approval, including:

- regulators or institutional review boards, or IRBs, or ethics committees may not authorize us or our investigators to commence or conduct a clinical trial at a prospective trial site;
- we may experience delays in reaching, or may fail to reach, agreement on acceptable terms with prospective trial sites and prospective CROs who conduct clinical trials on our behalf, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- clinical trials may produce negative or inconclusive results, and we may decide, or regulators may require us or them, to conduct additional clinical trials or we may decide to abandon product development programs;
- the number of patients required for clinical trials of our products and product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate or participants may drop out of these clinical trials or fail to return for post-treatment follow-up at a higher rate than we anticipate;
- third-party contractors used in our clinical trials may fail to comply with regulatory requirements or meet their contractual obligations in a timely manner, or at all, or may deviate from the clinical trial protocol or drop out of the trial, which may require that we add new clinical trial sites or investigators;
- the ability to conduct a companion diagnostic test to identify patients who are likely to benefit from our products and product candidates;

- we may elect to, or regulators, IRBs or ethics committees may require that we or our investigators, suspend or terminate clinical research for various reasons, including non-compliance with regulatory requirements or a finding that participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our products and product candidates may be greater than we anticipate;
- the supply or quality of our products and product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate; and
- our products and product candidates may have undesirable side effects or unexpected characteristics, causing us or our investigators, regulators, IRBs or ethics committees to suspend or terminate the trials, or reports may arise from pre-clinical or clinical testing of other cancer therapies that raise safety or efficacy concerns about our products and product candidates.

We could encounter regulatory delays if a clinical trial is suspended or terminated by us or, as applicable, the IRBs or the ethics committee of the institutions in which such trials are being conducted, by the data safety monitoring board, which is an independent group of experts that is formed to monitor clinical trials while ongoing, or by the NMPA, FDA or other regulatory authorities. Such authorities may impose a suspension or termination due to a number of factors, including: a failure to conduct the clinical trial in accordance with regulatory requirements or the applicable clinical protocols, a failure to obtain the regulatory approval and/or complete record filings with respect to the collection, preservation, use and export of China's human genetic resources, inspection of the clinical trial operations or trial site by the NMPA, FDA or other regulatory authorities that results in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product candidate, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. Many of the factors that cause a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates. Further, the NMPA, FDA or other regulatory authorities may disagree with our clinical trial design or our interpretation of data from clinical trials, or may change the requirements for approval even after it has reviewed and commented on the design for our clinical trials. You may lose all or part of your investment if we are unable to successfully complete clinical development, obtain regulatory approval and successfully commercialize our products and product candidates.

If we are required to conduct additional clinical trials or other testing of our products or product candidates beyond those that are currently contemplated, or if we are unable to successfully complete clinical trials of our products or product candidates or other testing, or if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, we may:

- be delayed in obtaining regulatory approval for our products and product candidates;
- not obtain regulatory approval at all;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- be subject to post-marketing testing requirements;
- encounter difficulties obtaining or be unable to obtain reimbursement for use of our products and product candidates;
- be subject to restrictions on the distribution and/or commercialization of our products and product candidates; or
- have our products and product candidates removed from the market after obtaining regulatory approval.

Our product development costs will also increase if we experience delays in testing or regulatory approvals. We do not know whether any of our clinical trials will begin as planned, will need to be restructured or will be completed on schedule, or at all. Significant pre-clinical study or clinical trial delays also could allow our

competitors to bring products to market before we do and impair our ability to successfully commercialize our products and product candidates and may harm our business and results of operations. Any delays in our clinical development programs may harm our business, financial condition and prospects significantly.

If we experience delays or difficulties in the enrollment of patients in clinical trials, particularly in light of the COVID-19 pandemic, the progress of such clinical trials and our receipt of necessary regulatory approvals could be delayed or prevented.

We may not be able to initiate or continue clinical trials for our products and product candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the NMPA, FDA or similar regulatory authorities. In particular, we have designed many of our clinical trials, and expect to design future trials, to include some patients with the applicable genomic mutation with a view to assessing possible early evidence of potential therapeutic effect. Genomically defined diseases, however, may have relatively low prevalence, and it may be difficult to identify patients with the applicable genomic mutation. The inability to enroll a sufficient number of patients with the applicable genomic alteration or that meet other applicable criteria for our clinical trials would result in significant delays and could require us to abandon one or more clinical trials altogether.

In addition, some of our competitors have ongoing clinical trials for products or product candidates that treat the same indications as our products or product candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in clinical trials of our competitors' products or product candidates.

Patient enrollment may be affected by other factors including:

- the severity of the disease under investigation;
- the total size and nature of the relevant patient population;
- the design and eligibility criteria for the clinical trial in question;
- the availability of an appropriate genomic screening test;
- the perceived risks and benefits of the product or product candidate under study;
- the efforts to facilitate timely enrollment in clinical trials;
- the patient referral practices of physicians;
- the availability of competing therapies also undergoing clinical trials;
- the ability to monitor patients adequately during and after treatment;
- the proximity and availability of clinical trial sites for prospective patients; and
- the occurrence of any pandemic, epidemic, including from the outbreak of COVID-19, or any other public health crises, natural catastrophe or other disasters may cause a delay in enrollment of patients in clinical trials.

Our products and product candidates may cause undesirable side effects that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following regulatory approval, if any.

Undesirable side effects, including adverse safety events, caused by our products or product candidates could have a negative impact on our business. Discovery of safety issues with our products could create issues of product liability and create issues of additional regulatory scrutiny and requirements for additional labeling or safety monitoring, withdrawal of products from the market, and the imposition of fines or criminal penalties. Adverse safety events may also damage physician, patient and/or investor confidence in our products and our

reputation. Any of these events could result in liability, loss of revenues, material write-offs of inventory, material impairments of intangible assets, goodwill and fixed assets, material restructuring charges or other adverse impacts on our results of operations.

Furthermore, undesirable side effects could cause us to interrupt, delay or halt clinical trials or could cause regulatory authorities to interrupt, delay or halt our clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the NMPA, FDA or other regulatory authorities. In particular, as is the case with all oncology products, it is likely that there may be side effects, such as fatigue, nausea and low blood cell levels, associated with the use of certain of our oncology products or product candidates. For example, the common side effects for ZEJULA include thrombocytopenia, anemia and neutropenia and for Optune, the most common side effects when used together with TMZ were low blood platelet count, nausea, constipation, vomiting, tiredness, scalp irritation from the device, headache, seizure and depression. The results of our products' or product candidates' trials could reveal a high and unacceptable severity and prevalence of these or other side effects. In such an event, trials of our products or product candidates could be suspended or terminated and the NMPA, FDA or comparable regulatory authorities could order us to cease further development of or deny approval of our products or product candidates for any or all targeted indications. The product-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

Additionally, our products and product candidates could cause undesirable side effects related to off-target toxicity. For example, many of the currently approved PARP inhibitors have been associated with off-target toxicities. Many compounds that initially showed promise in early stage testing for treating cancer have later been found to cause side effects that prevented further development of the compound.

Clinical trials assess a sample of the potential patient population. With a limited number of patients and duration of exposure, rare and severe side effects of our products or product candidates may only be uncovered with a significantly larger number of patients exposed to the product candidate. Even after a product or product candidate receives regulatory approval, if we, our partners or others identify undesirable side effects caused by such product candidates (or any other similar product candidates) after such approval, a number of potentially significant negative consequences could result, including:

- our revenue may be negatively impacted;
- the NMPA, FDA or other comparable regulatory authorities may withdraw or limit their approval of such products or product candidates;
- the NMPA, FDA or other comparable regulatory authorities may require the addition of labeling statements, such as a "boxed" warning or a contra-indication;
- we may be required to create a medication guide outlining the risks of such side effects for distribution to patients;
- we may be required to change the way such products or product candidates are distributed or administered, conduct additional clinical trials or change the labeling of our products or product candidates;
- the NMPA, FDA or other comparable regulatory authorities may require a Risk Evaluation and Mitigation Strategy, or REMS (or analogous requirement), plan to mitigate risks, which could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools;
- we may be subject to regulatory investigations and government enforcement actions;
- we may decide to remove such products or product candidates from the marketplace;

- we could be sued and held liable for injury caused to individuals exposed to or taking our products or product candidates; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected products or product candidates and could substantially increase the costs of commercializing our products and product candidates, if approved, and significantly impact our ability to successfully commercialize our products and product candidates and generate revenue.

If we are unable to obtain NMPA approval for our products and product candidates to be eligible for an expedited registration pathway, the time and cost we incur to obtain regulatory approvals may increase. Even if we receive Category 1 drug designation, it may not lead to a faster development, review or approval process.

The NMPA designates innovative drug as Category 1 drugs. To qualify for a Category 1 designation, a drug needs to have a new and clearly defined structure, pharmacological property and apparent clinical value and has not been marketed anywhere in the world. Our clinical trial applications, or CTAs, for ZEJULA and NUZYRA were approved as Category 1 drugs by the NMPA. A Category 1 designation by the NMPA may not be granted for any of our other product candidates that will not be first approved in China or, if granted, such designation may not lead to faster development or regulatory review or approval process. Moreover, a Category 1 designation does not increase the likelihood that our product or product candidates will receive regulatory approval.

Furthermore, despite positive regulatory changes introduced since 2015 which significantly accelerated time to market for innovative drugs, the regulatory process in China is still relatively ambiguous and unpredictable. The NMPA might require us to change our planned clinical study design or otherwise spend additional resources and effort to obtain approval of our product candidates. In addition, policy changes may contain significant limitations related to use restrictions for certain age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. If we are unable to obtain regulatory approval for our product candidates in one or more jurisdictions, or any approval contains significant limitations, we may not be able to obtain sufficient funding or generate sufficient revenue to continue the development of our product candidates or any other product candidate that we may in-license, acquire or develop in the future.

We continue to be subject to ongoing obligations and continued regulatory review with respect to our products and any product candidates for which we receive regulatory approval, which may result in significant additional expense, and if we fail to comply with ongoing regulatory requirements or experience any unanticipated problems with any of our products or product candidates, we may be subject to penalties.

Even after obtaining regulatory approval, our products and product candidates will be subject to, among other things, ongoing regulatory requirements governing the labeling, packaging, promotion, recordkeeping, data management and submission of safety, efficacy and other post-market information. These requirements include submissions of safety and other post-marketing information and reports, registration and continued compliance with cGMPs and GCPs. For example, ZEJULA and Optune will continue to be subject to post-approval development and regulatory requirements, which may limit how they are manufactured and marketed, and could materially impair our ability to generate revenue. As such, we and our partners and any of our and their respective contract manufacturers will be subject to ongoing review and periodic inspections to assess compliance with applicable post-approval regulations. Additionally, to the extent we want to make certain changes to the approved products, product labeling or manufacturing processes, we will need to submit new applications or supplements to the Hong Kong Department of Health and the NMPA and obtain the agencies' approval.

Additionally, any additional regulatory approvals that we receive for our products or product candidates may also be subject to limitations on the approved indications for which the products may be marketed or to the

conditions of approval, or contain requirements for potentially costly post-marketing studies, including Phase IV studies for the surveillance and monitoring the safety and efficacy of the products. For example, we are required to collect additional safety and efficacy data for post-market safety and efficacy analysis for Optune and monitor adverse effects related to skin irritation.

In addition, once a product is approved by the NMPA, FDA or a comparable regulatory authority for marketing, it is possible that there could be a subsequent discovery of previously unknown problems with the product, including problems with third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements. If any of the foregoing occurs with respect to our products, it may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product or drug from the market, or voluntary or mandatory product recalls;
- fines, warning letters or holds on clinical trials;
- refusal by the NMPA, FDA or comparable regulatory authority to approve pending applications or supplements to approved applications filed by us, or suspension or revocation of product license approvals;
- drug seizure, detention or refusal to permit the import or export of the product; and
- injunctions or the imposition of civil, administrative or criminal penalties.

Any government investigation of alleged violations of law could require us to expend significant time and resources and could generate negative publicity. Moreover, regulatory policies may change or additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our products or product candidates. If we are not able to maintain regulatory compliance, regulatory approval that has been obtained may be lost and we may not achieve or sustain profitability, which may harm our business, financial condition and prospects significantly.

Our future success depends on our ability to retain key executives and to attract, retain and motivate qualified personnel.

We are highly dependent on the expertise of the members of our research and development team, as well as the other principal members of our management, including Samantha (Ying) Du, our founder, Chairwoman and Chief Executive Officer. Although we have entered into employment letter agreements with our executive officers, each of them may terminate their employment with us at any time with one months' prior written notice. We do not maintain "key person" insurance for any of our executives or other employees.

Recruiting and retaining qualified management, scientific, clinical, manufacturing and sales and marketing personnel will also be critical to our success. The loss of the services of certain of our executive officers or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing certain of our executive officers and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize products. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, our management will be required to devote significant time to new compliance initiatives from our status as both a U.S. public company and a Hong Kong public company, which may require us to recruit more management personnel. Failure to succeed in clinical trials may make it more challenging to recruit and retain qualified scientific personnel.

We will need to increase the size and capabilities of our organization, and we may experience difficulties in managing our growth.

We expect to experience significant growth in the number of our employees and consultants and the scope of our operations, particularly in the areas of product development, product commercialization, regulatory affairs and business development. To manage our anticipated future growth, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Due to our limited financial resources and the limited experience of our management team in managing a company with such anticipated growth, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. The expansion of our operations may lead to significant costs and may divert our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations, and have a materially adverse effect on our business.

We may explore the licensing of development and/or commercialization rights or other forms of collaboration worldwide, which will expose us to additional risks of conducting business in additional international markets.

We are currently focused on developing and commercializing products that target serious, life threatening medical conditions affecting patients in Greater China. We have and may in the future explore licensing or development and/or commercialization rights or other forms of collaboration in territories outside of Greater China and any such licensing, development, commercialization or collaboration may subject us to additional risks that may adversely affect our ability to attain or sustain profitable operations or our other business plans. Moreover, international business relationships subject us to additional risks that may materially adversely affect our ability to attain or sustain our operating goals, including:

- efforts to enter into collaboration or licensing arrangements with third parties may increase our expenses or divert our management's attention from the acquisition or development of product candidates;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- potential third-party patent rights or potentially reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements, including the loss of normal trade status between China and the United States;
- economic weakness, including inflation;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- the effects of applicable foreign tax structures and potentially adverse tax consequences;
- currency fluctuations, which could result in increased operating expenses and reduced revenue;
- workforce uncertainty and labor unrest;
- failure of our employees and contracted third parties to comply with the anti-bribery laws in China, Office of Foreign Asset Control rules and regulations and the Foreign Corrupt Practices Act and other anti-bribery and corruption laws; and
- business interruptions resulting from geo-political actions, including trade disputes, war and terrorism, disease or public health epidemics, such as the coronavirus impacting China and elsewhere, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes and fires.

These and other risks may materially adversely affect our ability to attain or sustain revenue from international markets.

We may engage in future partnership, in-licensing, joint ventures or future business acquisitions that could disrupt our business, cause dilution to holders of our ordinary shares and/or ADSs and harm our financial condition and operating results.

We have, from time to time, evaluated partnership or strategic collaboration opportunities or investments and may, in the future, make acquisitions of, or investments in, companies that we believe have products or capabilities that are a strategic or commercial fit with our current product candidates and business or otherwise offer opportunities for our company. In connection with these partnership or collaboration opportunities, acquisitions or investments, we may:

- issue stock that would dilute the percentage of ownership of the holders of our ordinary shares and/or ADSs;
- incur debt and assume liabilities; and
- incur amortization expenses related to intangible assets or incur large and immediate write-offs.

For example, in January 2021, we entered into a strategic collaboration with argenx BV pursuant to which we obtained an exclusive license for the development and commercialization of efgartigimod in Greater China in exchange for a combination of cash and ordinary shares.

We may form or seek strategic alliances, create joint ventures or collaborations, or enter into additional licensing arrangements with third parties that we believe will complement or augment our research, development and commercialization efforts with respect to our products and product candidates and any future products and product candidates that we may develop. Any of these relationships may require us to incur non-recurring and other charges, increase our near- and long-term expenditures, issue securities that dilute our existing shareholders, or disrupt our management and business. Additionally, establishment of a joint venture involves significant risks and uncertainties, including (i) our ability to cooperate with our strategic partner, (ii) our strategic partner having economic, business, or legal interests or goals that are inconsistent with ours, and (iii) the potential that our strategic partner may be unable to meet its economic or other obligations, which may require us to fulfill those obligations alone.

We may be unable to find suitable acquisition candidates and we may not be able to complete partnership or strategic collaboration opportunities or investments on favorable terms, if at all. If we do enter into partnerships, strategic collaborations or make other investments, we cannot assure you that it will ultimately strengthen our competitive position or that it will not be viewed negatively by customers, financial markets or investors. Further, future partnerships, strategic collaborations or other investments could also pose numerous additional risks to our operations, including:

- problems integrating the purchased business, products, personnel or technologies;
- increases to our expenses;
- the failure to have discovered undisclosed liabilities of the acquired asset or company;
- diversion of management’s attention from their day-to-day responsibilities;
- harm to our operating results or financial condition;
- entrance into markets in which we have limited or no prior experience; and
- potential loss of key employees, particularly those of the acquired entity.

We may not be able to realize the benefit of current or future collaborations, strategic partnerships or the license of our third-party products and product candidates if we are unable to successfully integrate such products with our existing operations and company culture, which could delay our timelines or otherwise adversely affect our business. We also cannot be certain that, following a strategic transaction or license, we will achieve the

revenue or specific net income that justifies such transaction. If we elect to fund and undertake development or commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities, we may not be able to further develop our products and product candidates or bring them to market and generate product sales revenue, which would harm our business prospects, financial condition and results of operations.

We may need to significantly reduce our prices for ZEJULA, Optune or our other product candidates and devices for which we may receive regulatory approval in China and face uncertainty of reimbursement, which could diminish our sales or affect our profitability.

The regulations that govern pricing and reimbursement for pharmaceutical drugs and devices vary widely from country to country. In China, the newly created National Healthcare Security Administration, or NHSA, an agency responsible for administering China's social security system, organized a price negotiation with drug companies for 119 new drugs that had not been included in the National Reimbursable Drug List, or the NRDL, at the time of the negotiation in November 2019, which resulted in an average price reduction by over 60% for 70 of the 119 drugs that passed the negotiation. In December 2020, 119 drugs were added to the 2020 NRDL, and the average price reduction was about 50.64%. NHSA, together with other government authorities, review the inclusion or removal of drugs from the NRDL, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs. These determinations are made based on a number of factors, including price and efficacy. In December 2020, ZEJULA was included in the updated NRDL. As a result, the prices for ZEJULA have significantly decreased and our potential revenue from the sales of ZEJULA could be negatively affected.

We may also be invited to attend the price negotiation with NHSA upon receiving regulatory approval in China, but we will likely need to significantly reduce our prices and to negotiate with each of the provincial healthcare security administrations on reimbursement ratios. If we were to successfully launch commercial sales of our oncology-based product and product candidates, our revenue from such sales is largely expected to be self-paid by patients, which may make our product candidates and devices less desirable. On the other hand, if the NHSA or any of its local counterparts includes our drugs and devices in the NRDL, which may increase the demand for our product candidates and devices, if and when approved, our potential revenue from the sales of our product candidates and devices may still decrease as a result of lower prices.

Eligibility for reimbursement in China does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including licensing fees, research, development, manufacture, sale and distribution.

Moreover, the centralized tender process can create pricing pressure among substitute products or products that are perceived to be substitute products, and we cannot assure you that our drug price will not be adversely affected.

Companies in China that manufacture or sell drugs and medical devices are required to comply with extensive regulations and hold a number of permits and licenses to carry on their business. Our ability to obtain and maintain these regulatory approvals is uncertain, and future government regulation may place additional burdens on our efforts to commercialize our product candidates.

The life sciences industry in China is subject to extensive government regulation and supervision. The regulatory framework addresses all aspects of operating in the pharmaceutical industry, including approval, registration, production, distribution, packaging, labelling, storage and shipment, advertising, licensing and certification requirements and procedures, periodic renewal and re-evaluation processes, registration of new products and environmental protection. Violation of applicable laws and regulations may materially and

adversely affect our business. In order to manufacture and distribute drug and medical device products in China, we are required to:

- obtain a manufacturing permit for each production facility from the NMPA and its relevant branches for the manufacture of drug and device products domestically;
- obtain a marketing authorization, which includes an approval number, from the NMPA for each drug or device for sale in China;
- obtain a pharmaceutical distribution permit from the provincial medical products administration if we were to sell drugs manufactured by third parties; and
- renew the manufacturing permits, the distribution permits and marketing authorizations every five years, among other requirements.

If we are unable to obtain or renew such permits or any other permits or licenses required for our operations, we will not be able to engage in the commercialization, manufacture and distribution of our products and product candidates and our business may be adversely affected.

The regulatory framework governing the pharmaceutical industry in China is subject to change and amendment from time to time. Any such change or amendment could materially and adversely impact our business, financial condition and prospects. The Chinese government has introduced various reforms to the Chinese healthcare system in recent years and may continue to do so, with an overall objective to expand basic medical insurance coverage and improve the quality and reliability of healthcare services without incurring significant fiscal burden. The implementing measures to be issued may not be sufficiently effective to achieve the stated goals, and as a result, we may not be able to benefit from such reform to the level we expect, if at all. Moreover, the reform could give rise to regulatory developments, such as more burdensome administrative procedures, which may have an adverse effect on our business and prospects.

For further information regarding government regulation in China and other jurisdictions, see “Regulation—Government Regulation of Pharmaceutical Product Development and Approval,” “Regulation—Coverage and Reimbursement” and “Regulation—Other Healthcare Laws.”

If we breach our license or other intellectual property-related agreements for our products or product candidates or otherwise experience disruptions to our business relationships with our licensors and collaboration partners, we could lose the ability to continue the development and commercialization of our products and product candidates.

Our business relies, in large part, on our ability to develop and commercialize products and product candidates from third parties as described above in the Overview of Our Licensing and Strategic Collaboration Agreements. If we have not obtained a license to all intellectual property rights that are relevant to our products and product candidates and that are owned or controlled by our licensors and collaboration partners or owned or controlled by affiliates of such licensors and collaboration partners, we may need to obtain additional licenses to such intellectual property rights which may not be available on an exclusive basis, on commercially reasonable terms or at all. In addition, if our licensors and collaboration partners breach such agreements, we may not be able to enforce such agreements against our licensors’ parent entity or affiliates. Under each of our license and intellectual property-related agreements, in exchange for licensing or sublicensing us the right to develop and commercialize the applicable product candidates, our licensors will be eligible to receive from us milestone payments, tiered royalties from commercial sales of such product candidates, assuming relevant approvals from government authorities are obtained, or other payments. Our license and other intellectual property-related agreements also require us to comply with other obligations including development and diligence obligations, providing certain information regarding our activities with respect to such product candidates and/or maintaining the confidentiality of information we receive from our licensors. We are also obligated to use commercially reasonable efforts to develop and commercialize our in-licensed assets in certain of their respective territories under their respective agreements.

If we fail to meet any of our obligations under our license and other intellectual property-related agreements, our licensors have the right to terminate our licenses and sublicenses and, upon the effective date of such termination, have the right to re-obtain the licensed and sub-licensed technology and intellectual property. If any of our licensors terminate any of our licenses or sublicenses, we will lose the right to develop and commercialize our applicable products and product candidates and other third parties may be able to market products or product candidates similar or identical to ours. In such case, we may be required to provide a grant back license or expand an existing license to the licensors under our own intellectual property with respect to the terminated products.

For example, if our agreement with GSK for ZEJULA terminates for any reason, we are required to grant GSK an exclusive license to certain of our intellectual property rights that relate to ZEJULA to develop, manufacture and commercialize ZEJULA outside of the licensed territory. Furthermore, if our agreement with MacroGenics for margetuximab, tebotelimab and a pre-clinical multi-specific TRIDENT molecule is terminated by MacroGenics or by us for certain reasons, we are required to grant MacroGenics an option to convert the non-exclusive license granted to MacroGenics to use certain of our intellectual property rights that relate to margetuximab, tebotelimab and a pre-clinical multi-specific TRIDENT molecule in Greater China to an exclusive license. Similarly, if our agreement with Entasis for durlobactam is terminated, we are required to grant Entasis an exclusive, fully paid, royalty free, perpetual, irrevocable and sublicensable (through multiple tiers) license under certain of our intellectual property rights to make (or have made), use, import, offer for sale and sell durlobactam in the licensed territory. If our agreement with Incyte for retifanlimab is terminated for certain reasons, we are required to assign to Incyte certain trademarks and certain other business premises, data and regulatory materials that relate to retifanlimab. If our agreement with Deciphera for ripretinib is terminated, we are required to grant Deciphera a worldwide, perpetual and irrevocable license under certain of our intellectual property rights, if any, that relate to QINLOCK to develop, manufacture and commercialize ripretinib. Likewise, if our agreements with Turning Point for TPX-0022 and Repotrectinib or with Cullinan are terminated for certain reasons, we are required to extend the scope of their respective licenses under certain intellectual property of our own to include Greater China. If our agreement with argenx is terminated, we are required to grant argenx and its affiliates an exclusive, worldwide license under certain intellectual property of our own to exploit the licensed products in Greater China. While we would expect to exercise all rights and remedies available to us, including seeking to cure any breach by us, and otherwise seek to preserve our rights under the intellectual property rights licensed and sublicensed to us, we may not be able to do so in a timely manner, at an acceptable cost or at all.

Furthermore, some of the milestone payments under our licensing agreements are payable upon our product candidates reaching development milestones before we have commercialized, or received any revenue from the sales of such product candidates. We cannot guarantee, therefore, that we will have sufficient resources to make such milestone payments. Any uncured, material breach under our licensing agreements could result in our loss of exclusive rights and may lead to a complete termination of our rights to the applicable product candidate. Any of the foregoing could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

In addition, disputes may further arise regarding intellectual property subject to a license and/or collaboration agreement, including but not limited to:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- the extent to which our technology and processes infringe, misappropriate or otherwise violate on intellectual property of the licensor that is not subject to the licensing agreement;
- the sublicensing of patent and other rights under our collaborative development relationships;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;

- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- the priority of invention of patented technology.

Moreover, certain of our licensors do not own some or all of the intellectual property included in the license, but instead have licensed such intellectual property from a third party, and have granted us a sub-license. As a result, the actions of our licensors or of the ultimate owners of the intellectual property may affect our rights to use our sublicensed intellectual property, even if we are in compliance with all of the obligations under our license agreements. For example, our licenses from GSK, Paratek, MacroGenics, Cullinan, argenx and Incyte comprise sublicenses to us of certain intellectual property rights owned by third parties that are not our direct licensors. If our licensors were to fail to comply with their obligations under the agreements pursuant to which they obtain the rights that are sublicensed to us, or should such agreements be terminated or amended, our rights to the applicable licensed intellectual property may be terminated or narrowed, our exclusive licenses may be converted to non-exclusive licenses and our ability to produce and sell our products and product candidates may be materially harmed. Any of the foregoing could have a material adverse effect on our business, financial conditions, results of operations, and prospects.

In addition, the agreements under which we currently license or have rights to use intellectual property or technology from third parties are complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement, either of which could have a material adverse effect on our business, financial condition, results of operations, and prospects. Moreover, if disputes over intellectual property that we have licensed, sublicensed or obtained rights to use prevent or impair our ability to maintain our current licensing arrangements on commercially acceptable terms, we may be unable to successfully develop and commercialize the affected products or product candidates, which could have a material adverse effect on our business, financial conditions, results of operations and prospects.

Reputational harm to our products, including product liability claims or lawsuits against us or any of our licensors, could cause us to incur substantial liabilities or loss of revenue or reputation.

We face an inherent risk related to the use of our products and product candidates anywhere in the world. If we or our licensors cannot successfully defend the reputation of our licensed products, including against product liability or other claims, then we may incur substantial liability, loss of revenue or loss of reputation. Regardless of merit or eventual outcome, the consequences to us from those claims (whether resulting from our sales in our licensed territories, or those of our licensors' sales elsewhere in the world) may result in:

- significant negative media attention and reputational damage;
- withdrawal of clinical trial subjects and inability to continue clinical trials;
- significant costs to defend the related litigation;
- substantial monetary awards to trial subjects or patients;
- the inability to commercialize any products or product candidates that we may develop;
- initiation of investigations by regulators;
- a diversion of management's time and our resources; and
- a decline in the market price of our ordinary shares and/or our ADSs.

Any litigation or investigation might result in substantial costs and diversion of resources. While we maintain liability insurance for certain clinical trials (which covers the patient human clinical trial liabilities

including, among others, bodily injury), product liability insurance to cover our product liability claims and general liability and D&O insurance to cover other commercial liability claims, these insurances may not fully cover our potential liabilities. Additionally, inability to obtain sufficient insurance coverage at an acceptable cost could prevent or inhibit the successful commercialization of products or drugs we develop, alone or with our collaborators. Any negative reputational harm to our licensors' products anywhere in the world may have an adverse impact on our ability to sell those same products in our licensed territories. If our licensors incur such harm or liability, it may also cause damage to our revenues and reputation which may not be covered by insurance.

The research and development projects under our internal discovery programs are at an early stage of development. As a result, we are unable to predict if or when we will successfully develop or commercialize any product candidates under such programs.

Our internal discovery programs are at an early stage of development and will require significant investment and regulatory approvals prior to commercialization. Each of our product candidates will require additional clinical and pre-clinical development, management of clinical, pre-clinical and manufacturing activities, obtaining regulatory approval, obtaining manufacturing supply, building of a commercial organization, substantial investment and significant marketing efforts before they generate any revenue from product sales. We are not permitted to market or promote any of our product candidates before we receive regulatory approval from the NMPA, the FDA or comparable regulatory authorities, and we may never receive such regulatory approval for any such product candidates.

We cannot be certain that clinical development of any product candidates from our internal discovery programs will be successful or that we will obtain regulatory approval or be able to successfully commercialize any of our product candidates and generate revenue. Success in pre-clinical testing does not ensure that clinical trials will be successful, and the clinical trial process may fail to demonstrate that our product candidates are safe and effective for their proposed uses. Any such failure could cause us to abandon further development of any one or more of our product candidates and may delay development of other product candidates. Any delay in, or termination of, our clinical trials will delay and possibly preclude the filing of any NDAs with the NMPA, the FDA or comparable regulatory authorities and, ultimately, our ability to commercialize our product candidates and generate product revenue.

If our manufacturing facilities are damaged or destroyed or production at such facilities is otherwise interrupted, or any new facilities are not approved by regulators, our business and prospects would be negatively affected.

In 2017, we built a small molecule facility capable of supporting clinical and commercial production, and in 2018, we built a large molecule facility in Suzhou, China using GE Healthcare FlexFactory platform technology capable of supporting clinical production of our product candidates. These facilities were approved for clinical and commercial production of our product candidates and, accordingly, we intend to rely on these facilities for the manufacture of clinical and commercial supply of some of our products or product candidates. If either facility were damaged or destroyed, or otherwise subject to disruption, for example due to the COVID-19 pandemic, it would require substantial lead-time to replace our manufacturing capabilities. In such event, we would be forced to identify and rely partially or entirely on third-party contract manufacturers for an indefinite period. Any new facility needed to replace an existing production facility would need to comply with the necessary regulatory requirements and be tailored to our production requirements and processes. We also would need regulatory approvals before using any products or drugs manufactured at a new facility in clinical trials or selling any products or drugs that are ultimately approved. Any disruptions or delays at our facility or its failure to meet regulatory compliance would impair our ability to develop and commercialize our products or product candidates, which would adversely affect our business and results of operations.

We may become involved in lawsuits to protect or enforce our intellectual property.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. If we are unable to protect our intellectual property, our competitors could use our intellectual property to market offerings similar to ours and we may not be able to compete effectively. Moreover, others may independently develop technologies that are competitive to ours or infringe on our intellectual property. To counter infringement or unauthorized use, litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others. This can be expensive and time consuming. Any claims that we assert against perceived infringers could also provoke these parties to assert counterclaims against us alleging that we infringe their intellectual property rights. We may not be able to prevent third parties from infringing upon or misappropriating our intellectual property, particularly in countries where the laws may not protect intellectual property rights as fully as in the United States. An adverse result in any litigation proceeding could put our patent, as well as any patents that may issue in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly. Because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Furthermore, some of our intellectual property rights are licensed from our partners who may have the first right and/or who we may need to cooperate with to assert claims of infringement against third parties or defend against claims or counterclaims brought by third parties against us alleging that we infringe their intellectual property rights, and our partners may be unwilling to assert or allow us to assert such intellectual property rights against perceived infringers or in defense of such claims or counter claims to avoid provoking these third parties to assert invalidity claims or other challenges to the validity or enforceability of such intellectual property rights. This may limit our ability to effectively prevent third parties from infringing upon or misappropriating such intellectual property rights or adequately defend against claims or counterclaims that we infringe their intellectual property rights.

Our internal computer systems, or those used by our CROs, CMOs or other contractors or consultants, may fail or suffer security breaches.

Despite the implementation of security measures, our internal computer systems and those of our CROs, CMOs and other contractors and consultants are vulnerable to damage from computer viruses and unauthorized access. Although to our knowledge we have not experienced any material system failure or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our development programs and our business operations.

The data privacy regime in China and in the United States are evolving and there may be more stringent compliance requirements for the collection, processing, use, and transfer of personal information and important data. In the ordinary course of our business, we collect and store sensitive data, including, among other things, legally protected patient health information, personally identifiable information about our employees, intellectual property, and proprietary business information. We manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business critical information including research and development information, commercial information and business and financial information. Because information systems, networks and other technologies are critical to many of our operating activities, shutdowns or service disruptions at our company or vendors that provide information systems, networks or other services to us pose increasing risks. Such disruptions may be caused by events such as computer hacking, phishing attacks, ransomware, dissemination of computer viruses, worms and other destructive or disruptive software, denial of service attacks and other malicious activity, as well as power outages, natural disasters (including extreme weather), terrorist attacks or other similar events. Such events could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues, and invite regulator’s scrutiny. In addition, we may not have adequate insurance coverage to compensate for any losses associated with such events.

We could be subject to risks caused by misappropriation, misuse, leakage, falsification or intentional or accidental release or loss of information maintained in the information systems and networks of our company and our vendors, including personal information of our employees and patients, and company and vendor confidential data. In addition, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. Like other companies, we may experience threats to our data and systems, including malicious codes and viruses, phishing and other cyber-attacks. The number and complexity of these threats continue to increase over time. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed and our reputation and credibility could be damaged. We could be required to expend significant amounts of money and other resources to repair or replace information systems or networks. Although we develop and maintain systems and controls designed to prevent these events from occurring, and we have a process to identify and mitigate threats, the development and maintenance of these systems, controls and processes is costly and requires ongoing monitoring and updating as technologies change and efforts to overcome security measures become increasingly sophisticated. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely. As we outsource more of our information systems to vendors, engage in more electronic transactions with payors and patients and rely more on cloud-based information systems, the related security risks will increase and we will need to expend additional resources to protect our technology and information systems.

We are subject to laws and government regulations relating to privacy and data protection that have required us to modify certain of our policies and procedures with respect to the collection and processing of personal data, and future laws and regulations may cause us to incur additional expenses or otherwise limit our ability to collect and process personal data.

We may be subject to data privacy and security laws in the various jurisdictions in which we operate, obtain or store personally identifiable information. The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing focus on privacy and data protection issues with the potential to affect our business.

Within the United States, there are numerous federal and state laws and regulations related to the privacy and security of personal information. For example, at the federal level, our operations may be affected by the Health Insurance Portability and Accountability Act of 1996 as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, collectively, HIPAA, which impose obligations on certain “covered entities” and their “business associates” contractors with respect to the privacy, security and transmission of individually identifiable health information. Although we believe that we are not currently directly subject to HIPAA, HIPAA affects the ability healthcare providers and other entities with which we may interact to disclose patient health information to us. As another example, at the state level, we are subject to the California Consumer Privacy Act, or CCPA, that became effective on January 1, 2020 and has been enforced by the California Attorney General since July 1, 2020. The CCPA gives California consumers (defined to include all California residents) certain rights, including the right to ask companies to disclose details about the personal information they collect, as well as other rights such as the right to ask companies to delete a consumer’s personal information and opt out of the sale of personal information. These protections will be expanded by the California Privacy Rights Act (CPRA), which was approved by California voters in November 2020 and will be operational in most key respects on January 1, 2023. There are similar legislative proposals being advanced in other states, as well as in Congress.

Numerous other jurisdictions regulate the privacy and security of personally identifiable data. For example, the General Data Protection Regulation, or GDPR, imposes obligations on companies that operate in our industry with respect to the processing of personal data collected in relation to an establishment located in the European Economic Area (EEA) or in connection with the offering goods and services to individuals located in the EEA or monitoring the behavior of individuals located in the EEA. GDPR imposes onerous accountability obligations requiring data controllers and processors to maintain a record of their data processing and policies. If we or our

service providers fail to comply with any applicable GDPR requirements, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data and/or fines of up to 20 million Euros or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, as well as compensation claims by affected individuals, negative publicity, reputational harm and a potential loss of business and goodwill. GDPR additionally places restrictions on the cross-border transfer of personal data from the EEA to countries that have not been found by the European Commission to offer adequate data protection legislation, such as the People's Republic of China and the United States. In July 2020, the Court of Justice of the European Union (CJEU) invalidated the EU-U.S. Privacy Shield framework, one of the mechanisms used to legitimize the transfer of personal data from the EEA to the United States. The CJEU decision also drew into question the long-term viability of an alternative means of data transfer, the standard contractual clauses, for transfers of personal data from the EEA to the United States. This CJEU decision may lead to increased scrutiny on data transfers from the EEA to the United States generally and increase our costs of compliance with data privacy legislation.

We could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices and other data privacy laws and regulations, including claims under the laws described, as well as for alleged unfair or deceptive practices. If our operations are found to be in violation of any of the privacy laws, rules or regulations that apply to us, we could be subject to penalties, including civil penalties, damages, injunctive relief, and other penalties, which could adversely affect our ability to operate our business and our financial results. We will continue to review these and all future privacy and other laws and regulations to assess whether additional procedural safeguards are warranted, which may cause us to incur additional expenses or otherwise limit our ability to collect and process personal data.

We may be restricted from transferring our scientific and clinical study data from China abroad.

In March 2018, the General Office of the State Council promulgated the Measures for the Management of Scientific Data (the "Scientific Data Measures"), which provides a broad definition of scientific data and relevant rules for the management of scientific data in China. According to the Scientific Data Measures, enterprises in China must seek governmental approval before any scientific data involving a state secret may be transferred abroad or to foreign parties. Further, any researcher conducting research funded at least in part by the Chinese government is required to submit relevant scientific data for management by the entity to which such researcher is affiliated before such data may be published in any foreign academic journal. Given that the term state secret is not clearly defined, if and to the extent our research and development of product candidates will be subject to the Scientific Data Measures and any subsequent laws as required by the relevant government authorities, we cannot assure you that we can always obtain relevant approvals for sending scientific data (such as the results of our preclinical studies or clinical trials conducted within China) abroad or to our foreign partners in China. If we are unable to obtain necessary approvals in a timely manner, or at all, our research and development of product candidates may be hindered, which may materially and adversely affect our business, results of operations, financial condition and prospects. If the relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to fines and other administrative penalties imposed by those government authorities.

In addition, the Cyber Security Law that took effect in 2017 requires companies that are considered critical information infrastructure operators to store important data and personal information collected or generated during operations in China within China and to undergo a security review before transferring such important data and personal information outside of China. Although the Cyber Security Law designates healthcare as a priority area that is part of critical information infrastructure, since China's cyberspace regulators are developing regulations to determine under what circumstances an organization will be considered a critical information infrastructure operator, our status as a critical information infrastructure operator is currently unknown. The Biosecurity Law and the Human Genetic Resources also restrict foreign entities from collecting, using or transferring clinical and health data derived from Chinese people out of China unless obtaining the approval or completing the notification filing with the HGRAO. As we collect information ourselves, through our CROs,

other contractors and consultants, certain personal information, such as patient health information during the conduct of clinical trials for our products in China, is shared with other CROs, contractors, consultants and our partners, if we are considered a critical information infrastructure operator and are required to store such information within China, or are unable to timely pass a security review or the HGRAO review in order to transfer such information outside of China, our clinical trials and the sharing of data collected in the course of our clinical trials may be prevented or delayed, and we may be required to reorganize how we collect and store such information, including the CROs and other contractors and consultants we use, and we may incur additional expense as a result.

Risks Related to Our Dependence on Third Parties

We rely on third parties to conduct our pre-clinical and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may not be able to obtain regulatory approval for or commercialize our products or product candidates and our business could be substantially harmed.

We have relied upon and plan to continue to rely upon third-party CROs to monitor and manage data for some of our ongoing pre-clinical and clinical programs. We rely on these parties for execution of our pre-clinical and clinical trials, and control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol and legal, regulatory and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities. We also rely on third parties to assist in conducting our pre-clinical studies in accordance with Good Laboratory Practices, or GLP, and the Regulations for the Administration of Affairs Concerning Experimental Animals. We and our CROs are required to comply with Good Clinical Practice and relevant guidelines enforced by the NMPA, and comparable foreign regulatory authorities for all of our products or product candidates in clinical development. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, investigators and trial sites. If we or any of our CROs fail to comply with applicable GCP requirements, the clinical data generated in our clinical trials may be deemed unreliable and the NMPA or comparable foreign regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP requirements. In addition, our clinical trials must be conducted with products or drugs produced under cGMP requirements. Failure to comply with these regulations may require us to repeat pre-clinical and clinical trials, which would delay the regulatory approval process.

Our CROs are not our employees, and except for remedies available to us under our agreements with such CROs, we cannot control whether or not they devote sufficient time and resources to our on-going clinical, nonclinical and pre-clinical programs. If CROs do not successfully carry out their contractual duties or obligations or meet expected deadlines or if the quality or accuracy of the clinical data they obtain is compromised due to their failure to adhere to our clinical protocols, regulatory requirements or for other reasons, our clinical trials may be extended, delayed or terminated and we may not be able to obtain regulatory approval for or successfully commercialize our products or product candidates. As a result, our results of operations and the commercial prospects for our products and product candidates would be harmed, our costs could increase and our ability to generate revenues could be delayed or compromised.

Because we rely on third parties, our internal capacity to perform these functions is limited. Outsourcing these functions involves risk that third parties may not perform to our standards, may not produce results in a timely manner or may fail to perform at all. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated. We currently have a small number of employees, which limits the internal resources we have available to identify and monitor our third-party providers. To the extent we are unable to identify and successfully manage the performance of third-party service providers in the future, our business may be adversely affected. Though we carefully manage our relationships with our CROs, there can be no assurance that

we will not encounter similar challenges or delays in the future or that these delays or challenges will not have a material adverse impact on our business, financial condition and prospects.

If we lose our relationships with CROs, our product or drug development efforts could be delayed.

We rely on third-party vendors and CROs for some of our pre-clinical studies and clinical trials related to our product or drug development efforts. Switching or adding additional CROs involves additional cost and requires management time and focus. Our CROs have the right to terminate their agreements with us in the event of an uncured material breach. In addition, some of our CROs have an ability to terminate their respective agreements with us if it can be reasonably demonstrated that the safety of the subjects participating in our clinical trials warrants such termination, if we make a general assignment for the benefit of our creditors or if we are liquidated. Identifying, qualifying and managing performance of third-party service providers can be difficult, time-consuming and cause delays in our development programs. In addition, there is a natural transition period when a new CRO commences work and the new CRO may not provide the same type or level of services as the original provider. If any of our relationships with our third-party CROs are terminated, we may not be able to enter into arrangements with alternative CROs or to do so on commercially reasonable terms, and we may not be able to meet our desired clinical development timelines.

We depend on our licensors or patent owners of our in-licensed patent rights to prosecute and maintain patents and patent applications that are material to our business. Any failure by our licensors or such patent owners to effectively protect these patent rights could adversely impact our business and operations.

We have licensed and sublicensed patent rights from third parties for some of our development programs as described above in the Overview of Our Material License and Strategic Collaboration Agreements. As a licensee and sublicensee of third parties, we rely on these third parties to file and prosecute patent applications and maintain patents and otherwise protect the licensed intellectual property under certain of our license agreements. In addition, we have not had and do not have primary control over these activities for certain of our patents or patent applications and other intellectual property rights that we jointly own with certain of our licensors and sub-licensors. We cannot be certain that the patents and patent applications for our products and product candidates have been or will be prepared, filed, prosecuted or maintained by such third parties in compliance with applicable laws and regulations, in a manner consistent with the best interests of our business, or in a manner that will result in valid and enforceable patents or other intellectual property rights that cover our product candidates. If our licensors or such third parties fail to prepare, prosecute or maintain such patent applications and patents, or lose rights to those patent applications or patents, the rights we have licensed may be reduced or eliminated, and our right to develop and commercialize any of our product candidates that are subject of such licensed rights could be adversely affected.

Pursuant to the terms of the license agreements with some of our licensors, the licensors may have the right to control prosecution, maintenance or enforcement of our licensed patents or defense of any claims asserting the invalidity or unenforceability of these patents. Even if we are permitted to pursue the enforcement or defense of our licensed and sub-licensed patents, we will require the cooperation of our licensors and any applicable patent owners and such cooperation may not be provided to us. We cannot be certain that our licensors will allocate sufficient resources or prioritize their or our enforcement of such patents or defense of such claims to protect our interests in the licensed patents. Even if we are not a party to these legal actions, an adverse outcome could harm our business because it might prevent us from continuing to license intellectual property that we may need to operate our business. If we lose any of our licensed intellectual property, our right to develop and commercialize any of our product candidates that are subject of such licensed rights could be adversely affected. By way of illustration, under our agreements with Turning Point for TPX-0022 and repotrectinib, Cullinan for CLN-081, Novocure for TTFields, and argenx for Efgartigimod, each of our licensors has the first right to prosecute and maintain the respective licensed patents and joint patents in Greater China. With respect to the patent portfolio for ZEJULA, which we sub-license from GSK, we have the first right to enforce such patent portfolio within China, Hong Kong and Macau. However, GSK maintains the right to enforce such patent portfolio in all other

territories or, if we fail to bring an action within 90 days, within Greater China. In the case where GSK controls such enforcement actions, although GSK has the obligation to consult with us on such actions within Greater China, rights granted by GSK under ZEJULA to another licensee, such as Janssen Biotech, Inc. to whom GSK has granted an exclusive right to develop ZEJULA for the treatment of prostate cancer, could potentially influence GSK's interests in the exercise of its prosecution, maintenance and enforcement rights in a manner that may favor the interests of such other licensee as compared with us, which could have a material adverse effect on our business, financial conditions, results of operations and prospects.

We have relied on a limited number of customers for a substantial portion of our revenue.

A substantial amount of our revenue is derived from sales to a limited number of customers, which are distributors as consistent with industry norm. Because of this concentration among a small number of customers, if an event were to adversely affect one of these customers, it would have a material impact on our business. For the years ended December 31, 2020 and 2019, the aggregate amount of revenue generated from our five largest customers accounted for approximately 48.6% and 85.0% of our total revenue, respectively. Revenue generated from our largest customer for the same periods accounted for approximately 27.5% and 41.6% of our total revenue, respectively. While we are continuing to expand our customer base for ZEJULA and Optune in China, we may continue to rely on such major customers in ramping up the sales of our commercialized products. There is no assurance that our five largest customers will continue to purchase from us at the current levels or at all in the future. If any of our five largest customers significantly reduces its purchase volume or ceases to purchase from us, and we are not able to identify new customers in a timely manner, our business, financial condition and results of operation may be materially and adversely affected. In addition, there is no assurance that our major customers will not negotiate for more favorable terms for them in the future. Under such circumstances, we may have to agree to less favorable terms in order to maintain the ongoing cooperative relationships with our major customers. If we are unable to reduce our production cost accordingly, our profitability, results of operations and financial conditions may be materially and adversely affected. Therefore, any risks which could have a negative impact on our major customers could in turn have a negative impact on our business.

If we fail to maintain an effective distribution channel for our products, our business and sales of the relevant products could be adversely affected.

We rely on third-party distributors to distribute our commercialized products. We also expect to rely on third-party distributors to distribute our other products and internally discovered products, if approved. Our ability to maintain and grow our business will depend on our ability to maintain an effective distribution channel that ensures the timely delivery of our products to the relevant markets where we generate market demand through our sales and marketing activities. However, we have relatively limited control over our distributors, who may fail to distribute our products in the manner we contemplate. If price controls or other factors substantially reduce the margins our distributors can obtain through the resale of our products to hospitals, medical institutions and sub-distributors, they may terminate their relationship with us. While we believe alternative distributors are readily available, there is a risk that, if the distribution of our products is interrupted, our sales volumes and business prospects could be adversely affected.

The illegal distribution and sale by third parties of counterfeit versions of our products or stolen products could have a negative impact on our reputation and business.

Third parties might illegally distribute and sell counterfeit or unfit versions of our products, which do not meet our or our collaborators' rigorous manufacturing and testing standards. A patient who receives a counterfeit or unfit product may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit or unfit products sold under our or our collaborators' brand name(s). In addition, thefts of inventory at warehouses, plants or while in-transit, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

Our business, profitability and liquidity may be adversely affected by deterioration in the credit quality of, or defaults by, our distributors and customers, and an impairment in the carrying value of our short-term investments could negatively affect our consolidated results of operations.

We are exposed to the risk that our distributors and customers may default on their obligations to us as a result of bankruptcy, lack of liquidity, operational failure or other reasons. As we continue to expand our business, the amount and duration of our credit exposure will be expected to increase over the next few years, as will the breadth of the entities to which we have credit exposure. Although we regularly review our credit exposure to specific distributors and customers that we believe may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee.

Also, the carrying amounts of cash and cash equivalents, restricted cash and short-term investments represent the maximum amount of loss due to credit risk. We had cash and cash equivalents (in millions of dollars) of $442.1 and $75.9, restricted cash of $0.7 and $0.5 and short-term investments of $744.7 and $200.0 at December 31, 2020 and 2019, respectively, most of which are deposited in financial institutions outside of China. Although our cash and cash equivalents in China, Hong Kong, Australia and the United States are deposited with various major reputable financial institutions, deposits placed with these financial institutions are not protected by statutory or commercial insurance. In the event of bankruptcy of one of these financial institutions, we may be unlikely to claim our deposits back in full. As of December 31, 2020 and 2019, our short-term investments consisted of time deposits with original maturities more than three months.

Although we believe that U.S. Treasury securities are of high credit quality, concerns about, or a default by, one or more institutions in the market could lead to significant liquidity problems, losses or defaults by other institutions, which in turn could adversely affect us.

Other Risks and Risks Related to Doing Business in China

The audit report included in this Annual Report on Form 10-K was prepared by an auditor who is not inspected by the U.S. Public Company Accounting Oversight Board, or the PCAOB, and as such, you are deprived of the benefits of such inspection.

Auditors of companies that are registered with the SEC and traded publicly in the United States, including the independent registered public accounting firm of our company, must be registered with the PCAOB, and are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. Because substantially all of our operations are within China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditor is not currently inspected by the PCAOB.

Inspections of auditors conducted by the PCAOB outside the PRC have at times identified deficiencies in those auditors' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections of audit work undertaken in the PRC prevents the PCAOB from regularly evaluating our auditor's audits and its quality control procedures. As a result, investors are deprived of the benefits of PCAOB inspections and may lose confidence in our reported financial information and procedures and the quality of our financial statements.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China's, in June 2019, a bipartisan group of lawmakers introduced bills in both houses of the U.S. Congress, which if passed, would require the SEC to maintain a list of issuers for which PCAOB is not able to inspect or investigate the audit work performed by a foreign public accounting firm completely. The proposed Ensuring Quality Information and Transparency for Abroad-Based Listings on our Exchanges ("EQUITABLE") Act prescribes increased disclosure requirements for these issuers and, beginning in 2025, the delisting from U.S. national securities exchanges such as the Nasdaq of issuers included on the SEC's list for three consecutive years. It is unclear if this proposed legislation will be enacted.

Furthermore, there have been recent deliberations within the U.S. government regarding potentially limiting or restricting China-based companies from accessing U.S. capital markets. On May 20, 2020, the U.S. Senate passed the Holding Foreign Companies Accountable Act (HFCA Act), which includes requirements for the SEC to identify issuers whose audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely because of a restriction imposed by a non-U.S. authority in the auditor's local jurisdiction. The U.S. House of Representatives passed the HFCA Act on December 2, 2020, and the HFCA Act was signed into law on December 18, 2020. Additionally, in July 2020, the U.S. President's Working Group on Financial Markets issued recommendations for actions that can be taken by the executive branch, the SEC, the PCAOB or other federal agencies and department with respect to Chinese companies listed on U.S. stock exchanges and their audit firms, in an effort to protect investors in the United States. In response, on November 23, 2020, the SEC issued guidance highlighting certain risks (and their implications to U.S. investors) associated with investments in China-based issuers and summarizing enhanced discloses the SEC recommends China-based issuers make regarding such risks.

Under the HFCA Act, our securities may be prohibited from trading on the Nasdaq or other U.S. stock exchanges if our auditor is not inspected by the PCAOB for three consecutive years, and this ultimately could result in our ADSs being delisted. While we understand that there has been dialogue among the China Securities Regulatory Commission (CSRC), the SEC and the PCAOB regarding the inspection of PCAOB-registered accounting firms in China, there can be no assurance that we or our auditor will be able to comply with requirements imposed by U.S. regulators. Delisting of our ADSs would force holders of our ADSs to sell their ADSs or convert them into our ordinary shares. The market price of our ADSs could be adversely affected as a result of anticipated negative impacts of these executive or legislative actions upon, as well as negative investor sentiment towards, companies with significant operations in China that are listed in the United States, regardless of whether these executive or legislative actions are implemented and regardless of our actual operating performance.

Proceedings brought by the SEC against PRC-based accounting firms could result in our inability to file future financial statements in compliance with the requirements of the Exchange Act.

In December 2012, the SEC instituted administrative proceedings under Rule 102(e)(1)(iii) of the SEC's Rules of Practice against PRC-based accounting firms alleging that these firms had violated U.S. securities laws and the SEC's rules and regulations thereunder by failing to provide to the SEC the firms' audit work papers with respect to certain PRC-based companies under the SEC's investigation. On January 22, 2014, the administrative law judge (ALJ) presiding over the matter rendered an initial decision that each of the firms had violated the SEC's rules of practice by failing to produce audit workpapers to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months. On February 12, 2014, certain of these PRC-based accounting firms appealed the ALJ's initial decision to the SEC. On February 6, 2015, the four China-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms' audit documents via the China Securities Regulatory Commission (CSRC), in response to future document requests by the SEC made through the CSRC. If the PRC-based accounting firms fail to comply with the documentation production procedures in the settlement agreement or if there is a failure of the process between the SEC and the CSRC, the SEC could restart the proceedings against the firms.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding PRC-based, United States-listed companies and the market price of our ADSs may be adversely affected.

If the accounting firms are subject to additional remedial measures, our ability to file our financial statements in compliance with SEC requirements could be impacted. A determination that we have not timely filed financial statements in compliance with SEC requirements would substantially reduce or effectively terminate the trading of our ADSs in the United States.

China's economic, political and social conditions, as well as governmental policies, could affect the business environment and financial markets in China, our ability to operate our business, our liquidity and our access to capital.

Substantially all of our operations are conducted in China. Accordingly, our business, results of operations, financial condition and prospects may be influenced to a significant degree by economic, political, legal and social conditions in China as well as China's economic, political, legal and social conditions in relation to the rest of the world. China's economy differs from the economies of developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, and control of foreign exchange and allocation of resources. While China's economy has experienced significant growth over the past 40 years, growth has been uneven across different regions and among various economic sectors of China. China's government has implemented various measures to encourage economic development and guide the allocation of resources. Some of these measures may benefit the overall economy in China, but may have a negative effect on us. 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 currently applicable to us. In addition, in the past, China's government implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, which may adversely affect our business and results of operation. More generally, if the business environment in China deteriorates from the perspective of domestic or international investment, our business in China may also be adversely affected.

Uncertainties with respect to the Chinese legal system and changes in laws, regulations and policies in China could materially and adversely affect us.

We conduct our business primarily through our subsidiaries in China. Chinese laws and regulations govern our operations in China. Our subsidiaries are generally subject to laws and regulations applicable to foreign investments in China, which may not sufficiently cover all of the aspects of our economic activities in China. In addition, the implementation of laws and regulations may be in part based on government policies and internal rules that are subject to the interpretation and discretion of different government agencies (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, we may not always be aware of any potential violation of these policies and rules. Such unpredictability regarding our contractual, property and procedural rights could adversely affect our business and impede our ability to continue our operations. Furthermore, since Chinese 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 in more developed legal systems. These uncertainties could materially and adversely affect our business and results of operations.

In January 2015, the Ministry of Commerce of China, or the MOFCOM, published a discussion draft of the proposed Foreign Investment Law. The Foreign Investment Law passed the legislative review in March 2019 and came into effect on January 1, 2020. Foreign-invested entities will enjoy national treatment in industry sectors that are not prohibited or restricted from foreign investment. The Foreign Investment Law imposes information reporting requirements on foreign investors and the applicable foreign invested entities. Non-compliance with the reporting requirements will result in corrective orders and fines between RMB100,000 to 500,000. The Foreign Investment Law reinforces the duties of government authorities to protect intellectual property rights and trade secrets of foreign-investment entities. Government authorities cannot compel technology transfer by administrative means, reveal or provide trade secrets of foreign-invested entities to third parties. Additionally, the Foreign Investment Law calls for the establishment of a foreign investment security review mechanism, details of which will be further developed by the Chinese government.

In addition, any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention.

We may be exposed to liabilities under the U.S. Foreign Corrupt Practices Act, or FCPA, and Chinese anti-corruption laws, and any determination that we have violated these laws could have a material adverse effect on our business or our reputation.

We are subject to the FCPA. The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. We are also subject to the anti-bribery laws of other jurisdictions, particularly China. As our business continues to expand, the applicability of the FCPA and other anti-bribery laws to our operations will continue to increase. Our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees or agents. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

Restrictions on currency exchange may limit our ability to receive and use financing in foreign currencies effectively.

Our Chinese subsidiaries' ability to obtain foreign exchange is subject to significant foreign exchange controls and, in the case of transactions under the capital account, requires the approval of and/or registration with Chinese government authorities, including the state administration of foreign exchange, or SAFE. In particular, if we finance our Chinese subsidiaries by means of foreign debt from us or other foreign lenders, the amount is not allowed to, among other things, exceed the statutory limits and such loans must be registered with the local counterpart of the SAFE. If we finance our Chinese subsidiaries by means of additional capital contributions, these capital contributions are subject to registration with SAMR or its local branch, reporting of foreign investment information with the Chinese Ministry of Commerce or registration with other governmental authorities in China.

In the light of the various requirements imposed by Chinese regulations on loans to, and direct investment in, China-based entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government formalities or obtain the necessary government approvals on timely basis, if at all, with respect to future loans or capital contributions by us to our Chinese subsidiaries. If we fail to complete such registrations or obtain such approval, our ability to capitalize or otherwise fund our Chinese operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Chinese regulations relating to the establishment of offshore special purpose companies by residents in China may subject our China resident beneficial owners or our wholly foreign-owned subsidiaries in China to liability or penalties, limit our ability to inject capital into these subsidiaries, limit these subsidiaries' ability to increase their registered capital or distribute profits to us, or may otherwise adversely affect us.

In 2014, 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, or SAFE Circular 37. SAFE Circular 37 requires residents of China to register with local branches of SAFE or competent banks designated by SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such 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." The term "control" under SAFE Circular 37 is broadly defined as the operation rights, beneficiary rights or decision-making rights acquired by residents of China in the offshore special purpose vehicles or Chinese companies by such means as acquisition, trust, proxy, voting rights, repurchase, convertible

bonds or other arrangements. SAFE Circular 37 further requires amendment to the registration in the event of any changes with respect to the basic information of or any significant changes with respect to the special purpose vehicle. If the shareholders of the offshore holding company who are residents of China do not complete their registration with the local SAFE branches, the Chinese subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to the offshore company, and the offshore company may be restricted in its ability to contribute additional capital to its Chinese subsidiaries. Moreover, failure to comply with SAFE registration and amendment requirements described above could result in liability under Chinese law for evasion of applicable foreign exchange restrictions.

We will request residents of China who we know hold direct or indirect interests in our company, if any, to make the necessary applications, filings and amendments as required under SAFE Circular 37 and other related rules. However, we may not be informed of the identities of all the residents of China holding direct or indirect interest in our company, and we cannot provide any assurance that these residents will comply with our request to make or obtain any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules. The failure or inability of our China resident shareholders to comply with the registration procedures set forth in these regulations may subject us to fines and legal sanctions, restrict our cross-border investment activities, limit the ability of our wholly foreign-owned subsidiaries in China to distribute dividends and the proceeds from any reduction in capital, share transfer or liquidation to us, and we may also be prohibited from injecting additional capital into these subsidiaries. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under Chinese law for circumventing applicable foreign exchange restrictions. As a result, our business operations and our ability to distribute profits to you could be materially and adversely affected.

Chinese regulations establish complex procedures for some acquisitions of China based companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

Chinese regulations and rules concerning mergers and acquisitions including the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, and other regulations and rules with respect to mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or Chinese time-honored brand. Moreover, according to the Anti-Monopoly Law of China promulgated on August 30, 2007 and the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings issued by the State Council in August 2008 and amended in September 2018, the concentration of business undertakings by way of mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the anti-monopoly enforcement agency of the State Council when the threshold is crossed and such concentration shall not be implemented without the clearance of prior notification. In addition, the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprise by Foreign Investors issued by the MOFCOM that became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise “national defense and security” concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise “national security” concerns are subject to strict review by the MOFCOM, and the rules prohibit any activities attempting to bypass a security review by structuring the transaction through, among other things, trusts, entrustment or contractual control arrangements. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises “national defense and security” or “national security”

concerns. However, MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

Chinese manufacturing facilities have historically experienced issues operating in line with established GMPs and international best practices, and passing FDA, NMPA and EMA inspections, which may result in a longer and costlier current GMP inspection and approval process by the FDA, NMPA or EMA for our Chinese manufacturing processes and third-party contract manufacturers.

To obtain FDA, NMPA and EMA approval for our product candidates in the United States, China and Europe, we will need to undergo strict pre-approval inspections of our manufacturing facilities, which are located in China, or the manufacturing facilities of our CMOs located in China and elsewhere. Historically, some manufacturing facilities in China have had difficulty meeting the FDA's, NMPA's or EMA's standards. When inspecting ours or our contractors' Chinese manufacturing facilities, the FDA, NMPA or EMA might cite GMP deficiencies, both minor and significant, which we may not be required to disclose. Remediating deficiencies can be laborious and costly and might consume significant periods of time. Moreover, if the FDA, NMPA or EMA notes deficiencies as a result of its inspection, it will generally reinspect the facility to determine if the deficiency was remediated to its satisfaction. The FDA, NMPA or EMA may note further deficiencies as a result of its re-inspection, either related to the previously identified deficiency or otherwise. If we cannot satisfy the FDA, NMPA and EMA as to our compliance with GMP in a timely basis, marketing approval for our product candidates could be seriously delayed, which in turn would delay commercialization of our product candidates.

Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.

Local governments in China have granted certain financial incentives from time to time to our Chinese subsidiaries as part of their efforts to encourage the development of local businesses. The timing, amount and criteria of government financial incentives are determined within the sole discretion of the local government authorities and cannot be predicted with certainty before we actually receive any financial incentive. We generally do not have the ability to influence local governments in making these decisions. Local governments may decide to reduce or eliminate incentives at any time. In addition, some of the government financial incentives are granted on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific project therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to do so we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us. Any reduction or elimination of incentives would have an adverse effect on our results of operations. Government grant and subsidies recognized in the income statement for the years ended December 31, 2020 and 2019 were $7.3 million and $2.2 million, respectively.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigation that is common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanisms. Furthermore, according to Article 177 of the Chinese Securities Law, or Article 177, which became effective in March 2020, no overseas securities regulator is allowed to

directly conduct investigation or evidence collection activities within the territory of China. While detailed interpretations of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties you may face in protecting your interests.

If we are classified as a China resident enterprise for Chinese income tax purposes, such classification could result in unfavorable tax consequences to us and our non-Chinese shareholders or ADS holders.

China Enterprise Income Tax Law, or the EIT Law, which was promulgated in March 2007, became effective in January 2008 and was amended in February 2017 and December 2018, and the Regulation on the Implementation of the EIT Law, effective as of January 1, 2008 and amended in April 2019, define the term "de facto management bodies" as "bodies that substantially carry out comprehensive management and control on the business operation, employees, accounts and assets of enterprises." Under the EIT Law, an enterprise incorporated outside of China whose "de facto management bodies" are located in China is considered a "resident enterprise" and will be subject to a uniform 25% enterprise income tax, or EIT, rate on its global income. On April 22, 2009, Chinese State Administration of Taxation, or the SAT, in the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as Chinese Tax Resident Enterprises on the Basis of De Facto Management Bodies, or SAT Circular 82, further specified certain criteria for the determination of what constitutes "de facto management bodies." If all of these criteria are met, the relevant foreign enterprise may be regarded to have its "de facto management bodies" located in China and therefore be considered a Chinese resident enterprise. These criteria include: (i) the enterprise's day-to-day operational management is primarily exercised in China; (ii) decisions relating to the enterprise's financial and human resource matters are made or subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders' meeting minutes are located or maintained in China; and (iv) 50% or more of voting board members or senior executives of the enterprise habitually reside in China. Although SAT Circular 82 only applies to foreign enterprises that are majority-owned and controlled by Chinese enterprises, not those owned and controlled by foreign enterprises or individuals, the determining criteria set forth in SAT Circular 82 may be adopted by the Chinese tax authorities as the test for determining whether the enterprises are Chinese tax residents, regardless of whether they are majority-owned and controlled by Chinese enterprises.

We believe that neither Zai Lab Limited nor any of our subsidiaries outside of China is a China resident enterprise for Chinese tax purposes. However, the tax resident status of an enterprise is subject to determination by the Chinese tax authorities, and uncertainties remain with respect to the interpretation of the term "de facto management body." If the Chinese tax authorities determine that Zai Lab Limited or any of its subsidiaries outside of China is a China resident enterprise for EIT purposes that entity would be subject to a 25% EIT on its global income. If such entity derives income other than dividends from its wholly-owned subsidiaries in China, a 25% EIT on its global income may increase our tax burden. Dividends paid to a China resident enterprise from its wholly-owned subsidiaries in China may be regarded as tax-exempt income if such dividends are deemed to be "dividends between qualified China resident enterprises" under the EIT Law and its implementation rules. However, we cannot assure you that such dividends will not be subject to Chinese withholding tax, as the Chinese tax authorities, which enforce the withholding tax, have not yet issued relevant guidance.

In addition, if Zai Lab Limited is classified as a China resident enterprise for Chinese tax purposes, we may be required to withhold tax at a rate of 10% from dividends we pay to our shareholders, including the holders of our ADSs that are non-resident enterprises. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% Chinese withholding tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within China. Furthermore, gains derived by our non-Chinese individual shareholders from the sale of our shares and ADSs may be subject to a 20% Chinese withholding tax. It is unclear whether our non-China-based individual shareholders (including our ADS holders) would be subject to any Chinese tax (including withholding tax) on dividends received by such non-Chinese individual shareholders in the event we are determined to be a China resident enterprise. If any Chinese tax were

to apply to such dividends, it would generally apply at a rate of 20%. The Chinese tax liability may be reduced under applicable tax treaties. However, it is unclear whether our non-China shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and China in the event that Zai Lab Limited is treated as a China resident enterprise.

We and our shareholders face uncertainties in China with respect to indirect transfers of equity interests in China resident enterprises.

The indirect transfer of equity interest in China resident enterprises by a non-China resident enterprise, or Indirect Transfer, is potentially subject to income tax in China at a rate of 10% on the gain if such transfer is considered as not having a commercial purpose and is carried out for tax avoidance. The SAT has issued several rules and notices to tighten the scrutiny over acquisition transactions in recent years. The Announcement of the State Administration of Taxation on Several Issues Concerning the Enterprise Income Tax on Indirect Property Transfer by Non-Resident Enterprises, or SAT Circular 7, sets out the scope of Indirect Transfers, which includes any changes in the shareholder's ownership of a foreign enterprise holding Chinese assets directly or indirectly in the course of a group's overseas restructuring, and the factors to consider in determining whether an Indirect Transfer has a commercial purpose. An Indirect Transfer satisfying all the following criteria will be deemed to lack a bona fide commercial purpose and be taxable under Chinese laws: (i) 75% or more of the equity value of the intermediary enterprise being transferred is derived directly or indirectly from the Chinese taxable assets; (ii) at any time during the one-year period before the indirect transfer, 90% or more of the asset value of the intermediary enterprise (excluding cash) is comprised directly or indirectly of investments in China, or 90% or more of its income is derived directly or indirectly from China; (iii) the functions performed and risks assumed by the intermediary enterprise and any of its subsidiaries that directly or indirectly hold the Chinese taxable assets are limited and are insufficient to prove their economic substance; and (iv) the non-Chinese tax payable on the gain derived from the indirect transfer of the Chinese taxable assets is lower than the potential Chinese income tax on the direct transfer of such assets. Nevertheless, a non-resident enterprise's buying and selling shares or ADSs of the same listed foreign enterprise on the public market will fall under the safe harbor available under SAT Circular 7 and will not be subject to Chinese tax pursuant to SAT Circular 7. Under SAT Circular 7, the entities or individuals obligated to pay the transfer price to the transferor shall be the withholding agent and shall withhold the Chinese tax from the transfer price. If the withholding agent fails to do so, the transferor shall report to and pay the Chinese tax to the Chinese tax authorities. In case neither the withholding agent nor the transferor complies with the obligations under SAT Circular 7, other than imposing penalties such as late payment interest on the transferors, the tax authority may also hold the withholding agent liable and impose a penalty of 50% to 300% of the unpaid tax on the withholding agent. The penalty imposed on the withholding agent may be reduced or waived if the withholding agent has submitted the relevant materials in connection with the indirect transfer to the Chinese tax authorities in accordance with SAT Circular 7.

However, as these rules and notices are relatively new and there is a lack of clear statutory interpretation, we face uncertainties regarding the reporting required for and impact on future private equity financing transactions, share exchange or other transactions involving the transfer of shares in our company by investors that are non-Chinese resident enterprises or the sale or purchase of shares in other non-Chinese resident companies or other taxable assets by us. Our company and other non-resident enterprises in our group may be subject to filing obligations or being taxed if our company and other non-resident enterprises in our group are transferors in such transactions, and may be subject to withholding obligations if our company and other non-resident enterprises in our group are transferees in such transactions. For the transfer of shares in our company by investors that are non-Chinese resident enterprises, our Chinese subsidiaries may be requested to assist in the filing under the rules and notices. As a result, we may be required to expend valuable resources to comply with these rules and notices or to request the relevant transferors from whom we purchase taxable assets to comply, or to establish that our company and other non-resident enterprises in our group should not be taxed under these rules and notices, which may have a material adverse effect on our financial condition and results of operations. There is no assurance that the tax authorities will not apply the rules and notices to our offshore restructuring transactions where non-Chinese residents were involved if any of such transactions were determined by the tax authorities to lack

reasonable commercial purpose. As a result, we and our non-Chinese resident investors may be at risk of being taxed under these rules and notices and may be required to comply with or to establish that we should not be taxed under such rules and notices, which may have a material adverse effect on our financial condition and results of operations or such non-Chinese resident investors' investments in us. We may conduct acquisition transactions in the future. We cannot assure you that the Chinese tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of Chinese tax authorities with respect thereto. Heightened scrutiny over acquisition transactions by the Chinese tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

Any failure to comply with Chinese regulations regarding the registration requirements for our employee equity incentive plans may subject us to fines and other legal or administrative sanctions, which could adversely affect our business, financial condition and results of operations.

In February 2012, the SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies, or the Stock Option Rules. In accordance with the Stock Option Rules and relevant rules and regulations, Chinese citizens or non-Chinese citizens residing in China for a continuous period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be a Chinese subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are Chinese citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. We plan to assist our employees to register their share options or shares. However, any failure of our Chinese individual beneficial owners and holders of share options or shares to comply with the SAFE registration requirements may subject them to fines and legal sanctions and may limit the ability of our Chinese subsidiaries to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors and employees under Chinese law.

Certain of our investments may be subject to review from the Committee on Foreign Investment in the United States, or CFIUS, which may delay or block a transaction from closing.

The Committee on Foreign Investment in the United States (CFIUS) has jurisdiction over investments in which a foreign person acquirers control over a U.S. company, as well as certain non-controlling investments in U.S. businesses that deal in critical technology, critical infrastructure, or sensitive personal data. Some transactions involving U.S. businesses that deal in critical technology are subject to a mandatory filing requirement. Accordingly, to the extent the U.S. portion of our business decides to take investments from foreign persons, or we decide to invest in or acquire, in whole or in part, a U.S. business, such investments could be subject to CFIUS's jurisdiction. To date, none of our investments have been subject to CFIUS review but, depending on the particulars of ongoing or future investments, we may be obligated to secure CFIUS approval before closing, which could delay the time period between signing and closing. If we determine that a CFIUS filing is not mandatory (or otherwise advisable), there is a risk that CFIUS could initiate its own review, if it determines that the transaction is subject to its jurisdiction. If an investment raises significant national security concerns, CFIUS has the authority to impose mitigation conditions or recommend that the President block a transaction.

Changes in United States and international trade policies and relations, particularly with regard to China, may adversely impact our business and operating results.

The U.S. government has recently made statements and taken certain actions that led to changes to United States and international trade policies and relations, including imposing several rounds of tariffs affecting certain products manufactured in China, as well as imposing certain sanctions and restrictions in relation to China. It is unknown whether and to what extent new tariffs or other new executive orders, laws or regulations will be

adopted, or the effect that any such actions would have on us or our industry. We conduct preclinical and clinical activities and have business operations both in the United States and China, any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our drug products, the competitive position of our drug products, the hiring of scientists and other research and development personnel and import or export of raw materials in relation to drug development, or prevent us from selling our drug products in certain countries. If any new tariffs, legislation, executive orders and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. or Chinese governments takes retaliatory actions due to the recent U.S.—China tension, such changes could have an adverse effect on our business, financial condition and results of operations.

It may be difficult to enforce against us or our management in China any judgments obtained from foreign courts.

On July 14, 2006, Hong Kong and China entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned, or the Arrangement, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in China. Similarly, a party with a final judgment rendered by a Chinese court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. On January 18, 2019, the Supreme People's Court and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region, or the New Arrangement, which seeks to establish a mechanism with greater clarity and certainty for recognition and enforcement of judgments in wider range of civil and commercial matters between Hong Kong and China. The New Arrangement discontinued the requirement for a choice of court agreement for bilateral recognition and enforcement. The New Arrangement will only take effect after the promulgation of a judicial interpretation by the Supreme People's Court, completion of the relevant legislative procedures in the Hong Kong and announcement by both sides of a date on which the New Arrangement shall commence. The New Arrangement will, upon its effectiveness, supersede the Arrangement. Therefore, before the New Arrangement becomes effective it may be difficult or impossible to enforce a judgment rendered by a Hong Kong court in China if the parties in the dispute do not agree to enter into a choice of court agreement in writing. Additionally, there are uncertainties about the outcomes and effectiveness of enforcement or recognition of judgements under the New Arrangement.

Furthermore, China does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, most other western countries or Japan. Hence, the recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to the Measures for Administration of Lease of Commodity Properties, which was promulgated by the Ministry of Housing and Urban-Rural Development of China on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As of the Latest Practicable Date, we leased certain properties primarily as office space in China and did not register all of our lease agreements as tenant. We may be required by relevant governmental authorities to file these lease agreements for registration within a time limit, and may be subject to a fine for non-registration exceeding such time limit, which may range from RMB1,000 to RMB10,000 for each lease agreement. As of the Latest Practicable Date, we were not aware of any action, claim or investigation being conducted or threatened by the competent governmental authorities with respect to such defects in our leased properties.

Failure to renew our current leases or locate desirable alternatives for our leased properties could materially and adversely affect our business.

We lease properties for our offices and manufacturing facilities. We may not be able to successfully extend or renew such leases upon expiration of the current term on commercially reasonable terms or at all, and may therefore be forced to relocate our affected operations. This could disrupt our operations and result in significant relocation expenses, which could adversely affect our business, financial condition and results of operations. In addition, we compete with other businesses for premises at certain locations or of desirable sizes. As a result, even though we could extend or renew our leases, rental payments may significantly increase as a result of the high demand for the leased properties. In addition, we may not be able to locate desirable alternative sites for our current leased properties as our business continues to grow and failure in relocating our affected operations could adversely affect our business and operations.

Risks Related to Intellectual Property

If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

Our success depends, in part, on our ability to protect our products and product candidates from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We seek to protect the products and product candidates and technology that we consider commercially important by filing Chinese and international patent applications, relying on trade secrets or pharmaceutical regulatory protection or employing a combination of these methods. We also seek to protect our proprietary position by in-licensing intellectual property relating to our technology and product candidates. We do not own or exclusively license any issued patents with respect to certain of our products and product candidates in all territories in which we plan to commercialize our products and product candidates. For example, we do not own or exclusively license any issued patents covering ZEJULA in Macau. We do not own or exclusively license any issued patents covering margetuximab, tebotelimab and a pre-clinical multi-specific TRIDENT molecule in Macau, but we do exclusively license issued patents or pending patent applications in China, Hong Kong or Taiwan covering them. We do not own or exclusively license any issued patents or pending patent applications covering Tumor Treating Fields in Macau or Taiwan, but we do exclusively license issued patents and pending patent applications covering Tumor Treating Fields in China and Hong Kong. We in-license one issued patent in Taiwan, two pending patent applications in China, one pending patent application in each of Taiwan and Hong Kong, which are all related to retifanlimab (INCMGA0012 (PD-1)). We in-license two issued patents in each of China, Hong Kong and Taiwan relating to durlobactam, but we do not own or exclusively license any issued patents or pending application in Macau. We cannot predict whether such patent applications or any of our other owned or in-licensed pending patent applications will result in the issuance of any patents that effectively protect our products and product candidates. If we or our licensors are unable to obtain or maintain patent protection with respect to our products or product candidates and technology we develop, our business, financial condition, results of operations and prospects could be materially harmed.

The patent prosecution process is expensive, time-consuming and complex, and we may not be able to file, prosecute, maintain, enforce or license all necessary or desirable patent applications at a reasonable cost or in a timely manner. In addition, our license and intellectual property-related agreements may not provide us with exclusive rights to use our in-licensed intellectual property rights relating to the applicable products and product candidates in all relevant fields of use and in all territories in which we may wish to develop or commercialize our technology and products in the future. For example, under our agreements with GSK for ZEJULA, our licenses are limited to China, Hong Kong, and Macau. In the case of our agreements with Turning Point for TPX-0022 and repotrectinib (TPX-0005), Cullinan for CLN-081, argenx for efgartigimod, Regeneron for odronextamab (REGN1979), Novocure for Tumor Treating Fields, Paratek for omadacycline (ZL-2401), Five Prime for bemarituzumab (FPA144), and MacroGenics for margetuximab, tebotelimab and a pre-clinical multi-specific TRIDENT molecule, Deciphera for QINLOCK and Incyte for retifanlimab (INCMGA0012 (PD-1)), our

licenses or, as applicable, our rights are limited to Greater China. Also, in the case of our agreement with Entasis for durlobactam, our license is limited to China, Hong Kong, Macau, Taiwan, Korea, Vietnam, Thailand, Cambodia, Laos, Malaysia, Indonesia, the Philippines, Singapore, Australia, New Zealand and Japan. In the case of our agreement with Takeda for simurosertib (TAK-931), our license is worldwide except for Japan. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

Patents may be invalidated and patent applications relating to bemarituzumab (FPA144), Tumor Treating Fields, margetuximab, tebotelimab, durlobactam, a pre-clinical multi-specific TRIDENT molecule or retifanlimab (INCMGA0012 (PD-1)) as well as Regeneron's patents relating to odronextamab (REGN1979), may not be granted for a number of reasons, including known or unknown prior art, deficiencies in the patent application or the lack of novelty of the underlying invention or technology. It is also possible that we will fail to identify patentable aspects of our research and development output in time to obtain patent protection. Although we enter into non-disclosure and confidentiality agreements with parties who have access to confidential or patentable aspects of our research and development output, such as our employees, corporate collaborators, outside scientific collaborators, contract manufacturers, consultants, advisors and any other third parties, any of these parties may breach such agreements and disclose such output before a patent application is filed, thereby jeopardizing our ability to seek patent protection. In addition, publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases, not at all. Therefore, we cannot be certain that we or our licensors were the first to make the inventions claimed in our owned or in-licensed patents or pending patent applications or that we or our licensors were the first to file for patent protection of such inventions. Furthermore, China and the United States have adopted the "first-to-file" or the "first-inventor-to file" system under which whoever first files a patent application will be awarded the patent if all other patentability requirements are met. Under the first-to-file or the first-inventor-to file system third parties may be granted a patent relating to a technology, which we invented.

In addition, under Chinese Patent Law, any organization or individual that applies for a patent in a foreign country for an invention or utility model accomplished in China is required to report to the CNIPA for confidentiality examination. Otherwise, if an application is later filed in China, the patent right will not be granted. Moreover, even if patents do grant from any of the applications, the grant of a patent is not conclusive as to its scope, validity or enforceability.

The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Even if patent applications we license or own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. In addition, the patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been the subject of much litigation in recent years. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in China, United States and abroad. We and our licensors and collaboration partners may be subject to a third-party preissuance submission of prior art to the United States Patent and Trademark Office, or USPTO, or become involved in opposition, derivation, revocation, re-examination, post-grant and *inter partes* review, or interference proceedings or similar proceedings in foreign jurisdictions challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our owned or in-licensed patent rights, allow third parties to commercialize our technology, products or product candidates and compete directly with us without payment to us, or result in our inability to manufacture or commercialize products or product candidates without infringing, misappropriating or otherwise violating third-party patent rights. Moreover, we, or

one of our licensors or collaboration partners, may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge the priority of our or our licensor's or collaboration partner's invention or other features of patentability of our owned or in-licensed patents and patent applications. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit our ability to stop others from using or commercializing similar or identical technology and products, limit the duration of the patent protection of our technology, or limit the price at which we can sell our products and product candidates. Such proceedings also may result in substantial costs and require significant time from our scientists and management, even if the eventual outcome is favorable to us. Consequently, we do not know whether any of our technology, products or product candidates will be protectable or remain protected by valid and enforceable patents. Our competitors or other third parties may be able to circumvent our owned or in-licensed patents by developing similar or alternative technologies or products in a non-infringing manner.

Furthermore, the terms of patents are finite. The patents we own or in-license and the patents that may issue from our currently pending owned and in-licensed patent applications generally have a 20-year protection period starting from such patents' filing date (or the priority date, if priority is claimed). Given the amount of time required for the development, testing and regulatory review of products and new product candidates, patents protecting such products and product candidates might expire before or shortly after such products or product candidates are commercialized. While the patent laws in jurisdictions we operate in, including in the United States and China, enable the term of the patent term to be extend to account for the time required for the development, testing and regulatory review of products and new product candidates, we may not be able to successfully obtain any extension of terms of our owned or in-licensed patents, and, in China, the legal regime for obtaining patent term extensions is being developed and not yet mature. As a result, our owned or in-licensed patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Moreover, some of our patents and patent applications are, and may in the future be, co-owned with third parties. If we are unable to obtain an exclusive license to any such third party co-owners' interest in such patents or patent applications, such co-owners may be able to license their rights to other third parties, including our competitors, and our competitors could market competing products and technology. In addition, we may need the cooperation of any such co-owners of our patents in order to enforce such patents against third parties, and such cooperation may not be provided to us. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations and prospects.

Our owned or in-licensed patents could be found invalid or unenforceable if challenged in court or before the USPTO or comparable foreign authority.

We or our licensors or collaboration partners may become involved in patent litigation against third parties to enforce owned or in-licensed patent rights, to invalidate patents held by such third parties or to defend against such claims. A court may refuse to stop the other party from using the technology at issue on the grounds that patents owned or in-licensed by us, our licensors or our collaboration partners do not cover the third-party technology in question. Further, such third parties could counterclaim that we infringe, misappropriate or otherwise violate their intellectual property or that a patent we or our licensors or collaboration partners have asserted against them is invalid or unenforceable. In patent litigation, defendant counterclaims challenging the validity, enforceability or scope of asserted patents are commonplace and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. In addition, third parties may initiate legal proceedings before administrative bodies in the United States or abroad, even outside the context of litigation, against us or our licensors with respect to our owned or in-licensed intellectual property to assert such challenges to such intellectual property rights. Such mechanisms include re-examination, *inter partes* review, post-grant review, interference proceedings, derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings). Such proceedings could result in revocation, cancellation or amendment to our patents in such a way that they no longer cover and protect our products and product candidates.

The outcome of any such proceeding is generally unpredictable. Grounds for a validity challenge could be, among other things, an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, lack of written description or non-enablement. Grounds for an unenforceability assertion could be, among other things, an allegation that someone connected with prosecution of the patent withheld relevant information or made a misleading statement during prosecution. It is possible that prior art of which we and the patent examiner were unaware during prosecution exists, which could render our patents invalid. Moreover, it is also possible that prior art may exist that we are aware of but do not believe is relevant to our current or future patents, but that could nevertheless be determined to render our patents invalid. Even if we are successful in defending against such challenges, the cost to us of any patent litigation or similar proceeding could be substantial, and it may consume significant management and other personnel time. We do not maintain insurance to cover intellectual property infringement, misappropriation or violation.

An adverse result in any litigation or other intellectual property proceeding could put one or more of our patents at risk of being invalidated, rendered unenforceable or interpreted narrowly. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability of our patents covering one or more of our products or product candidates, we would lose at least part, and perhaps all, of the patent protection covering such products or product candidates. Competing products or drugs may also be sold in other countries in which our patent coverage might not exist or be as strong. If we lose a foreign patent lawsuit, alleging our infringement of a competitor's patents, we could be prevented from marketing our products or drugs in one or more foreign countries. Any of these outcomes would have a materially adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to protect our intellectual property in China or other jurisdictions.

The validity, enforceability and scope of protection available under the relevant intellectual property laws in China are uncertain and still evolving. Implementation and enforcement of Chinese intellectual property-related laws have historically been deficient and ineffective. Accordingly, intellectual property and confidentiality legal regimes in China may not afford protection to the same extent as in the United States or other countries. Policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend patents issued to us or our licensors to determine the enforceability, scope and validity of our proprietary rights or those of others. As noted above, we may need to rely on our licensors to enforce and defend our technologies. The experience and capabilities of Chinese courts in handling intellectual property litigation varies, and outcomes are unpredictable. Further, such litigation may require a significant expenditure of cash and may divert management's attention from our operations, which could harm our business, financial condition and results of operations. An adverse determination in any such litigation could materially impair our intellectual property rights and may harm our business, prospects and reputation.

Filing, prosecuting, maintaining and defending patents on products and product candidates in all countries throughout the world would be prohibitively expensive, and the laws of foreign countries may not protect our rights to the same extent as the laws of the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States or China or from selling or importing products made using our inventions in and into the United States, China or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own competing products and, further, may export otherwise infringing products to territories where we have patent protection or licenses but enforcement is not as strong as that in the United States. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions, including China. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the

infringement of our patents or marketing of competing products in violation of our intellectual property and proprietary rights generally. Proceedings to enforce our intellectual property and proprietary rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate, and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property and proprietary rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Furthermore, many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If we or any of our licensors are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be impaired, and our business, financial condition, results of operations and prospects may be adversely affected.

Developments in patent law could have a negative impact on our business.

Changes in either the patent laws or interpretation of the patent laws in the United States, China and other jurisdictions could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents, including changing the standards of patentability, and any such changes could have a negative impact on our business. For example, in the United States, the Leahy-Smith America Invents Act, or the America Invents Act, which was signed into law in September 2011, includes a number of significant changes to U.S. patent law. These changes include a transition from a “first-to-invent” system to a “first-to-file” to a “first-inventor-to file” system as of March 2013, changes to the way issued patents are challenged, and changes to the way patent applications are disputed during the examination process. These include allowing third party submission and explanation of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post grant proceedings, including post grant review, *inter partes* review, and derivation proceedings. As a result of these changes, patent law in the United States may favor larger and more established companies that have greater resources to devote to patent application filing and prosecution. The USPTO has developed new and untested regulations and procedures to govern the full implementation of the America Invents Act, and many of the substantive changes to patent law associated with the America Invents Act, and, in particular, the first-inventor-to-file provisions became effective in March 2013. Substantive changes to patent law associated with the America Invents Act may affect our ability to obtain patents, and if obtained, to enforce or defend them. Accordingly, it is not clear what, if any, impact the America Invents Act will have on the cost of prosecuting our patent applications and our ability to obtain patents based on our discoveries and to enforce or defend any patents that may issue from our patent applications, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, the patent positions of companies in the development and commercialization of biologics and pharmaceuticals are particularly uncertain. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. In China, it has become challenging to obtain patents that claim aspects of a product other than the direct compound structure of the active pharmaceutical ingredient of a pharmaceutical or biopharmaceutical product, such as selection patents, polymorphs, enantiomers, salts, ethers and esters, compositions, doses, combinations, prodrugs, metabolites and new medical uses. Additionally, because a Markush claim lists alternative elements and thus claims numerous lots of chemicals, a Markush claim is much easier than a direct compound structure of the active pharmaceutical ingredient claim to be invalidated. Even if these so-called “secondary patents” are granted in China, they remain challenging to enforce against potential infringers and are invalidated or declared unenforceable at a high rate when challenged. This combination of events has created uncertainty with respect to

the validity and enforceability of patents, once obtained. Depending on future actions by the U.S. Congress, the federal courts and the USPTO, the Chinese government, the People's Courts and the China National Intellectual Property Administration, the laws and regulations governing patents could change in unpredictable ways that could have a material adverse effect on our existing patent portfolio and our ability to protect and enforce our intellectual property in the future.

If we are unable to maintain the confidentiality of our trade secrets, our business and competitive position may be harmed.

In addition to the protection afforded by registered patents and pending patent applications, we rely upon unpatented trade secret protection, unpatented know-how and continuing technological innovation to develop and maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We also seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with parties that have access to them, such as our partners, collaborators, scientific advisors, employees, consultants and other third parties, and invention assignment agreements with our consultants and employees. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. We may not be able to prevent the unauthorized disclosure or use of our technical know-how or other trade secrets by the parties to these agreements, however, despite the existence generally of confidentiality agreements and other contractual restrictions. If any of the partners, collaborators, scientific advisors, employees and consultants who are parties to these agreements breaches or violates the terms of any of these agreements or otherwise discloses our proprietary information, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets as a result. Enforcing a claim that a third party illegally disclosed or misappropriated our trade secrets, including through intellectual property litigations or other proceedings, is difficult, expensive and time consuming, and the outcome is unpredictable. In addition, courts in China and other jurisdictions inside and outside the United States are less prepared, less willing or unwilling to protect trade secrets.

Our trade secrets could otherwise become known or be independently discovered by our competitors or other third parties. For example, competitors could purchase our products and product candidates and attempt to replicate some or all of the competitive advantages we derive from our development efforts, willfully infringe, misappropriate or otherwise violate our intellectual property rights, design around our intellectual property protecting such technology or develop their own competitive technologies that fall outside of our intellectual property rights. If any of our trade secrets were to be disclosed or independently developed by a competitor, we would have no right to prevent them, or others to whom they communicate it, from using that technology or information to compete against us, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

If our products or product candidates infringe, misappropriate or otherwise violate the intellectual property rights of third parties, we may incur substantial liabilities, and we may be unable to sell or commercialize these products and product candidates.

Our commercial success depends significantly on our ability to develop, manufacture, market and sell our products and product candidates and use our proprietary technologies without infringing, misappropriating or otherwise violating the patents and other proprietary rights of third parties. The biotechnology and pharmaceutical industries are characterized by extensive litigation regarding patents and other intellectual property rights. In China and the United States, invention patent applications are generally maintained in confidence until their publication 18 months from the filing date. The publication of discoveries in the scientific or patent literature frequently occurs substantially later than the date on which the underlying discoveries were made and invention patent applications are filed. Even after reasonable investigation, we may not know with certainty whether any third-party may have filed a patent application without our knowledge while we are still developing or producing that product. We may become party to, or threatened with, adversarial proceedings or litigation regarding intellectual property rights with respect to our technology and any products or product

candidates we may develop, including interference proceedings, post-grant review, *inter partes* review and derivation proceedings before the USPTO and similar proceedings in foreign jurisdictions.

Third parties may assert infringement claims against us based on existing patents or patents that may be granted in the future, regardless of their merit. Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity, enforceability or priority. A court of competent jurisdiction could hold that these third-party patents are valid, enforceable and infringed, which could materially and adversely affect our ability to commercialize any products or product candidates we may develop and any other products, product candidates or technologies covered by the asserted third-party patents. In order to successfully challenge the validity of any such U.S. patent in federal court, we would need to overcome a presumption of validity. There is no assurance that a court of competent jurisdiction would invalidate the claims of any such U.S. patent.

If we are found to infringe a third party's patent rights, and we are unsuccessful in demonstrating that such patents are invalid or unenforceable, we could be required to:

- obtain royalty-bearing licenses from such third party to such patents, which may not be available on commercially reasonable terms, if at all and even if we were able to obtain such licenses, they could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and could require us to make substantial licensing and royalty payments;
- defend litigation or administrative proceedings;
- reformulate product(s) so that it does not infringe the intellectual property rights of others, which may not be possible or could be very expensive and time consuming;
- cease developing, manufacturing and commercializing the infringing technology, products or product candidates; and
- pay such third party significant monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed a patent or other intellectual property right.

Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar material adverse effect on our business, financial condition, results of operations, and prospects. Even if we are successful in such litigations or administrative proceedings, such litigations and proceedings may be costly and could result in a substantial diversion of management resources. Any of the foregoing may have a material adverse effect on our business, prospects, financial condition and results of operations.

Intellectual property litigation and proceedings could cause us to spend substantial resources and distract our personnel from their normal responsibilities.

Even if resolved in our favor, litigation or other legal proceedings relating to our, our licensor's or other third parties' intellectual property claims may cause us to incur significant expenses and could distract our personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or distribution activities. We may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace.

We may be subject to claims that we or our employees, consultants or advisors have wrongfully used or disclosed alleged trade secrets of competitors or their current or former employers or are in breach of non-competition or non-solicitation agreements with competitors or other third parties.

We could in the future be subject to claims that we or our employees, consultants or advisors have inadvertently or otherwise used or disclosed alleged trade secrets or other proprietary information of current or former employers, competitors or other third parties. Many of our employees, consultants and advisors are currently or were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees and consultants do not improperly use the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may be subject to claims that we or these individuals have breached the terms of his or her non-competition or non-solicitation agreement, or that we or these individuals have, inadvertently or otherwise, used or disclosed the alleged trade secrets or other proprietary information of a current or former employer, competitor or other third parties.

Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and could be a distraction to management and research personnel. If our defenses to these claims fail, in addition to requiring us to pay monetary damages, a court could prohibit us from using technologies or features that are essential to our products and product candidates, if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. An inability to incorporate such technologies or features would have a material adverse effect on our business and may prevent us from successfully commercializing our products and product candidates. In addition, we may lose valuable intellectual property rights or personnel as a result of such claims. Moreover, any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent sales representatives. A loss of key personnel or their work product could hamper or prevent our ability to commercialize our products and product candidates, which would have a material adverse effect on our business, results of operations and financial condition.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be successful in obtaining necessary intellectual property rights to product candidates for our development pipeline through acquisitions and in-licenses.

Although we also intend to develop product candidates through our own internal research, our near-term business model is predicated, in large part, on our ability to successfully identify and acquire or in-license product candidates to grow our product candidate pipeline. However, we may be unable to acquire or in-license intellectual property rights relating to, or necessary for, any such product candidates from third parties on commercially reasonable terms or at all, including because we are focusing on specific areas of care such as oncology and inflammatory and infectious diseases. In that event, we may be unable to develop or commercialize such product candidates. We may also be unable to identify product candidates that we believe are an appropriate strategic fit for our company and intellectual property relating to, or necessary for, such product candidates. Any of the foregoing could have a materially adverse effect on our business, financial condition, results of operations and prospects.

The in-licensing and acquisition of third-party intellectual property rights for product candidates is a competitive area, and a number of more established companies are also pursuing strategies to in-license or

acquire third-party intellectual property rights for product candidates that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, cash resources and greater clinical development and commercialization capabilities. Furthermore, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. If we are unable to successfully obtain rights to suitable product candidates, our business, financial condition, results of operations and prospects for growth could suffer.

In addition, we expect that competition for the in-licensing or acquisition of third-party intellectual property rights for product candidates that are attractive to us may increase in the future, which may mean fewer suitable opportunities for us as well as higher acquisition or licensing costs. We may be unable to in-license or acquire the third-party intellectual property rights for product candidates on terms that would allow us to make an appropriate return on our investment.

If we or our licensors or collaboration partners do not obtain patent term extension and data exclusivity for our products or their products or any product candidates we may develop, our business may be materially harmed.

Depending upon the timing, duration and specifics of any FDA marketing approval of our products or any product candidates we may develop, one or more of our owned or in-licensed U.S. patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Action of 1984, or Hatch Waxman Amendments. The Hatch Waxman Amendments permit a patent extension term of up to five years as compensation for patent term lost during the FDA regulatory review process. A patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. However, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request.

On October 17, 2020, the National People’s Congress Standing Committee of China passed the Fourth Amendment to the Patent Law which, when it takes effect on June 1, 2021, will for the first time, provide for patent term extension and adjustments for patents and a patent linkage system. Under the new Patent Law, patent term extensions can be obtained for regulatory delays in the review and approval of new drugs but are limited to no more than five years and the total post-marketing patent term of the new drug cannot exceed 14 years. The new Patent Law also provides for patent term adjustments where there is an unreasonable delay caused during patent examination. A patentee may apply for a patent term adjustment where the patent is granted at least four years after the filing date, and at least three years after substantive examination was requested. In addition, the Patent Law, for the first time, introduces in China a patent linkage system for the early resolution of patent disputes concerning generic drug applications similar to the Hatch Waxman Act in the United States, and around the same time of the new Patent Law, the National Medical Products Administration and the China National Intellectual Property Administration jointly issued on September 11, 2020 a draft of the Implementation Measures for Early Resolution Mechanism of Pharmaceutical Patent Disputes (for Trial Implementation) for public comment which sets forth, for the first time, details of how such patent linkage system would be implemented. However, to be implemented, the patent term extensions and adjustments and patent linkage system require further promulgation of regulations and detailed implementation measures. Additionally, in China, there is currently no effective law or regulation providing for data exclusivity, although Chinese regulators have proposed a framework for integrating data exclusivity into the Chinese regulatory regime. Until the new provisions of the Patent Law providing for patent term extensions and adjustments and the proposed framework for a patent linkage system and data exclusivity can be implemented through the promulgation of additional laws, regulations and detailed implementation measures, a lower-cost generic or biosimilar drug can emerge onto the market more quickly. Consequently, the absence of currently implemented laws and regulations

on patent term extension and adjustment, patent linkage, and data exclusivity or the cancellation of the previous five-year administrative exclusivity for domestically manufactured new drugs could result in much weaker protection for us against generic competition in China. For instance, if we are unable to obtain patent term extension or adjustment or the term of any such extension or adjustment is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our business, financial condition, results of operations, and prospects could be materially harmed.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees, and various other government fees on patents and applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned or licensed patents and applications. In certain circumstances, we rely on our licensing partners to pay these fees due to U.S. and non-U.S. patent agencies. The USPTO and various non-U.S. government agencies require compliance with several procedural, documentary, fee payment, and other similar provisions during the patent application process. We are also dependent on our licensors to take the necessary action to comply with these requirements with respect to our licensed intellectual property. In some cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in a partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market with similar or identical products or technology, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Intellectual property rights do not necessarily address all potential threats.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to any product or product candidates we may develop or utilize similar technology but that are not covered by the claims of the patents that we license or may own in the future;
- we, our licensors, patent owners of patent rights that we have in-licensed, or current or future collaborators might not have been the first to make the inventions covered by the issued patent or pending patent application that we license or may own in the future;
- we, our licensors, patent owners of patent rights that we have in-licensed, or current or future collaborators might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating or otherwise violating our owned or licensed intellectual property rights;
- it is possible that our pending licensed patent applications or those that we may own in the future will not lead to issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable, including as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;

- we may not develop additional proprietary technologies that are patentable;
- the patents of others may harm our business; and
- we may choose not to file a patent in order to maintain certain trade secrets or know how, and a third party may discover certain technologies containing such trade secrets or know how through independent research and development and/or subsequently file a patent covering such intellectual property.

Should any of these events occur, they could have a material adverse effect on our business, financial condition, results of operations and prospects.

Risks Related to Our ADSs and Ordinary Shares

If we fail to establish and maintain proper internal financial reporting controls, our ability to produce accurate financial statements or comply with applicable regulations could be impaired.

Pursuant to Section 404 of the Sarbanes-Oxley Act, we are required to file a report by our management on our internal control over financial reporting, including an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. The presence of material weaknesses in internal control over financial reporting could result in financial statement errors which, in turn, could lead to errors in our financial reports and/or delays in our financial reporting, which could require us to restate our operating results. We might not identify one or more material weaknesses in our internal controls in connection with evaluating our compliance with Section 404 of the Sarbanes-Oxley Act. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal controls over financial reporting, we will need to expend significant resources and provide significant management oversight. Implementing any appropriate changes to our internal controls may require specific compliance training of our directors and employees, entail substantial costs in order to modify our existing accounting systems, take a significant period of time to complete and divert management's attention from other business concerns. These changes may not, however, be effective in maintaining the adequacy of our internal control.

If we fail to maintain effective internal control over financial reporting in the future, our management and our independent registered public accounting firm may not be able to conclude that we have effective internal controls over financial reporting, investors may lose confidence in our operating results, the price of our ordinary shares and/or ADSs could decline and we may be subject to litigation or regulatory enforcement actions. In addition, if we are unable to meet the requirements of Section 404 of the Sarbanes-Oxley Act, the ADSs may not be able to remain listed on the Nasdaq Global Market.

We do not currently intend to pay dividends on our securities, and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our ordinary shares and/or ADSs.

We have never declared or paid any dividends on our ordinary shares. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, investors are not likely to receive any dividends on their ordinary shares and/or ADSs at least in the near term, and the success of an investment in our ordinary shares and/or ADSs will depend upon any future appreciation in its value. Consequently, investors may need to sell all or part of their holdings of our ordinary shares and/or ADSs after price appreciation, which may never occur, to realize any future gains on their investment. There is no guarantee that our ordinary shares and/or ADSs will appreciate in value or even maintain the price at which our investors purchased the ordinary shares and/or ADSs.

The market price for our ADSs and/or our ordinary shares may be volatile which could result in substantial loss to you.

The market price for our ADSs and/or ordinary shares has been volatile. From September 20, 2017 to February 26, 2021, the closing price of our ADSs on the Nasdaq Global Market ranged from a high of $191.71 to

a low of $14.95 per ADS. From September 28, 2020 to February 26, 2021, the closing price of our ordinary shares on the Stock Exchange of Hong Kong ranged from a high of HKD 1504.00 to a low of HKD 610.00 per ordinary share.

The market price of our ADSs and ordinary shares are likely to continue to be highly volatile and subject to wide fluctuations in response to factors, including the following:

- announcements of competitive developments;
- regulatory developments affecting us, our customers or our competitors;
- announcements regarding litigation or administrative proceedings involving us;
- actual or anticipated fluctuations in our period-to-period operating results;
- changes in financial estimates by securities research analysts;
- additions or departures of our executive officers;
- fluctuations of exchange rates between the RMB and the U.S. dollar;
- release or expiration of lock-up or other transfer restrictions on our outstanding ordinary shares or ADSs; and
- sales or perceived sales of additional ordinary shares or ADSs.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. For example, since August 2008, multiple exchanges in the United States and other countries and regions, including China, experienced sharp declines in response to the growing credit market crisis and the recession in the United States. In the year ended December 31, 2020, there were multiple severe daily drops in the global stock market. Prolonged global capital markets volatility may affect overall investor sentiment towards our ADSs and/or ordinary shares, which would also negatively affect the trading prices for our ADSs and ordinary shares.

Fluctuations in the value of the RMB may have a material adverse effect on our results of operations and the value of your investment.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. On July 21, 2005, China government changed its decade-old policy of pegging the value of the RMB to the U.S. dollar, and the RMB appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted, and the exchange rate between the RMB and U.S. dollar remained within a narrow band. In June 2010, the People's Bank of China, or PBOC, announced that China government would increase the flexibility of the exchange rate, and thereafter allowed the RMB to appreciate slowly against the U.S. dollar within the narrow band fixed by the PBOC. However, more recently, on August 11, 12 and 13, 2015, the PBOC significantly devalued the RMB by fixing its price against the U.S. dollar 1.9%, 1.6%, and 1.1% lower than the previous day's value, respectively. On October 1, 2016, the RMB joined the International Monetary Fund's basket of currencies that make up the Special Drawing Right, or SDR, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the RMB depreciated significantly while the U.S. dollar surged and China experienced persistent capital outflows. With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the Chinese government may in the future announce further changes to the exchange rate system. There is no guarantee that the RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or Chinese or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

Significant revaluation of the RMB may have a material adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars into RMB for our operations, appreciation of the RMB against the

U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert our RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us. In addition, appreciation or depreciation in the value of the RMB relative to U.S. dollars would affect our financial results reported in U.S. dollar terms regardless of any underlying change in our business or results of operations.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by Chinese exchange control regulations that restrict our ability to convert RMB into foreign currency.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise their rights.

Holders of our ADSs do not have the same rights as our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Under our fourth amended and restated articles of association, an annual general meeting and any extraordinary general meeting may be called with not less than seven days' notice. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw the ordinary shares underlying your ADSs to allow you to vote with respect to any specific matter. If we ask for your instructions, we will give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date and the depositary will send a notice to you about the upcoming vote and will arrange to deliver our voting materials to you. The depositary and its agents, however, may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all commercially reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the ordinary shares underlying your ADSs. Furthermore, the depositary will not be liable for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a holder or beneficial owner of ADSs, you may have limited recourse if we or the depositary fail to meet our respective obligations under the deposit agreement or if you wish us or the depositary to participate in legal proceedings. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you request. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

Under the deposit agreement, for the ADSs, the depositary will give us a discretionary proxy to vote the ordinary shares underlying your ADS at shareholders' meeting if you do not give instructions to the depositary, unless (i) we have failed to timely provide the depositary with our notice of meeting and related voting materials, (ii) we have instructed the depositary that we do not wish a discretionary proxy to be given, (iii) we have informed the depositary that there is a substantial opposition as to a matter to be voted on at the meeting or (iv) a matter to be voted on at the meeting would have a material adverse impact on shareholders.

The effect of this discretionary proxy is that, if you fail to give voting instructions to the depositary, you cannot prevent the ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may adversely affect your interests and make it more difficult for ADS holders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

You may not receive distributions on our ADSs or any value for them if such distribution is illegal or impractical or if any required government approval cannot be obtained in order to make such distribution available to you.

Although we do not have any present plan to pay any dividends, the depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses and any applicable taxes and governmental charges. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities whose offering would require registration under the Securities Act but are not so properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not reasonably practicable to distribute certain property. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under the U.S. securities laws any offering of ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to you unless either both the rights and any related securities are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. If the depositary does not distribute the rights, it may, under the deposit agreement, either sell them, if possible, or allow them to lapse. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

Taxing authorities could reallocate our taxable income among our subsidiaries, which could increase our overall tax liability.

We are incorporated under the laws of the Cayman Islands and currently have subsidiaries in China, Hong Kong, Taiwan, the Cayman Islands, the United States, Australia and the British Virgin Islands. If we succeed in growing our business we expect to conduct increased operations through our subsidiaries in various tax jurisdictions pursuant to transfer pricing arrangements between us, our parent company and our subsidiaries. If two or more affiliated companies are located in different countries, the tax laws or regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arms' length and that appropriate documentation is maintained to support the transfer prices. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax authorities.

If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arms' length transactions they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us. In addition, if the country from which the income is reallocated does not agree with the reallocation, both countries could tax the same

income, resulting in double taxation. If tax authorities were to allocate income to a higher tax jurisdiction, subject our income to double taxation or assess interest and penalties, it would increase our consolidated tax liability, which could adversely affect our financial condition, results of operations and cash flows.

A tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions. A tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, in which case, we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly and if we were unsuccessful in disputing the assessment, the implications could increase our anticipated effective tax rate, where applicable.

There is no assurance that we will not be a passive foreign investment company ("PFIC") for U.S. federal income tax purposes for any taxable year, which could subject U.S. investors in our ADSs or shares to significant adverse U.S. federal income tax consequences.

In general, a non-U.S. corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on a quarterly average basis) consists of assets that produce, or are held for the production of, passive income (the "asset test"). For purposes of the above calculations, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes interest, dividends and gains from certain property transactions, rents and royalties (other than certain rents or royalties derived in the active conduct of a trade or business). For these purposes, cash is a passive asset and the value of a non-U.S. corporation's goodwill (which may be determined by reference to the excess of the sum of its market capitalization and liabilities over its booked assets) generally should be an active asset to the extent attributable to business activities that produce non-passive income.

Based on the current market price of our ADSs and our current and expected composition of income and assets, we do not expect the Company and its subsidiaries to be PFICs for our current taxable year. However, our assets other than goodwill are expected to consist primarily of cash and cash equivalents for the foreseeable future. Therefore, whether we will satisfy the asset test for the current or any future taxable year will depend largely on the quarterly value of our goodwill (which may be determined by reference to the market price of our ADSs, which could be volatile given the nature and early stage of our business). If our market capitalization declines while we continue to hold a significant amount of cash (including cash raised in this offering) the risk that we will be a PFIC will increase. Furthermore, we may be a PFIC for any taxable year in which our interest and other investment income constitutes 75% or more of the sum of (i) such interest and investment income and (ii) the excess of our revenue over cost of goods sold. In addition, a company's PFIC status is an annual determination that can be made only after the end of each taxable year. Therefore, we cannot give any assurance as to whether we are a PFIC for the current or any future taxable year.

Subject to the discussion in the next paragraph, if we are or become a PFIC, U.S. investors generally would be subject to adverse U.S. federal income tax consequences, such as increased tax liabilities on capital gains and certain distributions, and interest charges on taxes deemed to be deferred. If we are a PFIC for any taxable year during which a U.S. investor owns ADSs or shares, we will generally continue to be treated as a PFIC with respect to such investor for all succeeding years during which the investor own ADSs or shares (unless the investor timely makes a valid "deemed sale" election), even if we cease to meet the threshold requirements for PFIC status. A mark-to-market election may be available with respect our ADSs, which would result in U.S. federal income tax consequences to holders of our ADSs that are different from those described above.

If a U.S. investor owns ADSs or shares during any year in which we are a PFIC, such investor generally will be required to file annual reports on IRS Form 8621 (or any successor form) with respect to us, generally with

their U.S. federal income tax return for that year. U.S. investors should consult their tax advisors regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules.

If a United States person is treated as owning at least 10% of our ordinary shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a U.S. Holder (as defined below under "Material United States Federal Income Tax Considerations") is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our ADSs, such U.S. Holder may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group (if any). Because our group includes at least one U.S. subsidiary (Zai Lab (US) LLC), certain of our non-U.S. subsidiaries will be treated as controlled foreign corporations (regardless of whether Zai Lab Limited is treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. We cannot provide any assurances that we will assist investors in determining whether any of our non-U.S. subsidiaries, if any, are treated as a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to any of such controlled foreign corporations. Further, we cannot provide any assurances that we will furnish to any United States shareholders information that may be necessary to comply with the reporting and tax paying obligations discussed above. Failure to comply with these reporting obligations may subject you to significant monetary penalties and may prevent the statute of limitations with respect to your U.S. federal income tax return for the year for which reporting was due from starting. U.S. holders should consult their tax advisors regarding the potential application of these rules to their investment in our ADSs.

Changes in tax law may adversely affect our business and financial results.

Under current law, we expect to be treated as a non-U.S. corporation for U.S. federal income tax purposes. The tax laws applicable to our business activities, however, are subject to change and uncertain interpretation. Our tax position could be adversely impacted by changes in tax rates, tax laws, tax practice, tax treaties or tax regulations or changes in the interpretation thereof by the tax authorities in jurisdictions in which we do business. Our actual tax rate may vary from our expectation and that variance may be material. A number of factors may increase our future effective tax rates, including: (i) the jurisdictions in which profits are determined to be earned and taxed; (ii) the resolution of issues arising from any future tax audits with various tax authorities; (iii) changes in the valuation of our deferred tax assets and liabilities; (iv) our ability to use net operating loss carryforwards to offset future taxable income and any adjustments to the amount of the net operating loss carryforwards we can utilize, and (v) changes in tax laws or the interpretation of such tax laws, and changes in U.S. GAAP.

On December 22, 2017, the Tax Cut and Jobs Act ("Tax Act") was signed into law which significantly revised the Internal Revenue Code of 1986, as amended ("The Code"). The Tax Act, significantly changed certain aspects of corporate taxation, including reduction of the corporate tax rate from a top marginal rate of 35% to a flat rate of 21%, limitation of the tax deduction for interest expense to 30% of adjusted earnings (except for certain small businesses), limitation of the deduction for net operating losses to 80% of current year taxable income and elimination of net operating loss carrybacks, one time taxation of offshore earnings at reduced rates regardless of whether they are repatriated, elimination of U.S. tax on foreign earnings (subject to certain important exceptions), immediate deductions for certain new investments instead of deductions for depreciation expense over time, and modifying or repealing many business deductions and credits. In addition, the Code has recently been amended by the Coronavirus Adi, Relief, and Economic Security Act. Because regulations and other official interpretations have not yet been issued with respect to some of these changes, their impact on holders of our ADSs may be uncertain and could be adverse. We urge holders of our ADS to consult with their legal and tax advisors with respect to such changes and about the potential tax consequences of investing in or holding our ADSs.

Our corporate actions are substantially controlled by our directors, executive officers and other principal shareholders, who can exert significant influence over important corporate matters, which may reduce the price of the ordinary shares and/or ADSs and deprive you of an opportunity to receive a premium for your ordinary shares and/or ADSs.

These shareholders, if acting together, could exert substantial influence over matters such as electing directors and approving material mergers, acquisitions or other business combination transactions. This concentration of ownership may also discourage, delay or prevent a change in control of our company, which could have the dual effect of depriving our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and reducing the price of our ordinary shares and/or ADSs. These actions may be taken even if they are opposed by our other shareholders. In addition, these persons could divert business opportunities away from us to themselves or others.

You may have difficulty enforcing judgments obtained against us.

We are a company incorporated under the laws of the Cayman Islands, and substantially all of our assets are located outside the United States. Substantially all of our current operations are conducted in China. In addition, some of our directors and officers are nationals and residents of countries or regions other than the United States or Hong Kong. A substantial portion of the assets of these persons are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States or Hong Kong upon these persons, or to bring an action against us or against these individuals in the United States or Hong Kong in the event that they believe that their rights have been infringed under the U.S. federal securities laws, Hong Kong laws or otherwise. Even if shareholders are successful in bringing an action of this kind, the laws of the Cayman Islands and China may render them unable to enforce a judgment against our assets or the assets of our directors and officers. There is uncertainty as to whether the courts of the Cayman Islands or China would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

The recognition and enforcement of foreign judgments are provided for under China Civil Procedures Law. Chinese courts may recognize and enforce foreign judgments in accordance with the requirements of China Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other forms of reciprocity with the United States that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to China Civil Procedures Law, China courts will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of Chinese laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a Chinese court would enforce a judgment rendered by a court in the United States.

Investors may be subject to limitations on transfers of their ADSs.

ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

Substantial future sales or perceived potential sales of our ordinary shares, ADSs or other equity or equity-linked securities in the public market could cause the price of our ordinary shares and/or ADSs to decline.

Sales of our ordinary shares, ADSs or other equity or equity-linked securities in the public market, or the perception that these sales could occur, could cause the market price of our ordinary shares and/or ADSs to

decline significantly. All of our ordinary shares represented by ADSs were freely transferable by persons other than our affiliates without restriction or additional registration under the U.S. Securities Act. The shares held by our affiliates are also available for sale, subject to volume and other restrictions as applicable under Rule 144 of the U.S. Securities Act, under trading plans adopted pursuant to Rule 10b5-1 or otherwise.

Divestiture in the future of our ordinary shares and/or ADSs by shareholders, the announcement of any plan to divest our ordinary shares and/or ADSs or hedging activity by third-party financial institutions in connection with similar derivative or other financing arrangements entered into by shareholders could cause the price of our ordinary shares and/or ADSs to decline.

Furthermore, although all of our directors and executive officers have agreed to a lock-up of their ordinary shares, any major disposal of our ordinary shares and/or ADSs by any of them upon expiration of the relevant lock-up periods (or the perception that these disposals may occur upon the expiration of the lock-up period) may cause the prevailing market price of our ordinary shares and/or ADSs to fall, which could negatively impact our ability to raise equity capital in the future.

The different characteristics of the capital markets in Hong Kong and the U.S. may negatively affect the trading prices of our ordinary shares and/or ADSs.

We are subject to Hong Kong and Nasdaq listing and regulatory requirements concurrently. The Stock Exchange of Hong Kong and Nasdaq have different trading hours, trading characteristics (including trading volume and liquidity), trading and listing rules, and investor bases (including different levels of retail and institutional participation). As a result of these differences, the trading prices of our ordinary shares on the Stock Exchange of Hong Kong and our ADSs on Nasdaq may not be the same, even allowing for currency differences. Fluctuations in the price of our ordinary shares due to circumstances peculiar to the Hong Kong capital markets could materially and adversely affect the price of our ordinary shares and/or ADSs, or vice versa. Certain events having significant negative impact specifically on the Hong Kong capital markets may result in a decline in the trading price of our ADSs notwithstanding that such event may not impact the trading prices of securities listed in Hong Kong generally or to the same extent, or vice versa.

The depositary for the ADSs is entitled to charge holders fees for various services, including annual service fees. Dealings in the ordinary shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty.

The depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of ordinary shares, cancellation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. In the case of ADSs issued by the depositary into The Depository Trust Company (“DTC”), the fees will be charged by the DTC participant to the account of the applicable beneficial owner in accordance with the procedures and practices of the DTC participant as in effect at the time. Additionally, dealings in the ordinary shares registered in our Hong Kong register of members will be subject to Hong Kong stamp duty.

Exchange between our ordinary shares and our ADSs may adversely affect the liquidity and/or trading price of each other.

Subject to compliance with U.S. securities law and the terms of the deposit agreement, holders of our ordinary shares may deposit such ordinary shares with the depositary in exchange for the issuance of our ADSs. Any holder of ADSs may also withdraw the underlying ordinary shares represented by the ADSs pursuant to the terms of the deposit agreement for trading on the Stock Exchange of Hong Kong. In the event that a substantial number of our ordinary shares are deposited with the depositary in exchange for ADSs or vice versa, the liquidity and trading price of our ordinary shares on the Stock Exchange of Hong Kong and our ADSs on Nasdaq may be adversely affected.

The time required for the exchange between our ordinary shares and ADSs might be longer than expected and investors might not be able to settle or effect any sale of their securities during this period, and the exchange of ordinary shares into ADSs involves costs.

There is no direct trading or settlement between Nasdaq and the Stock Exchange of Hong Kong on which our ADSs and our ordinary shares are respectively traded. In addition, the time differences between Hong Kong and New York and unforeseen market circumstances or other factors may delay the deposit of ordinary shares in exchange of ADSs or the withdrawal of ordinary shares underlying the ADSs. Investors will be prevented from settling or effecting the sale of their securities during such periods of delay. In addition, there is no assurance that any exchange of ADSs into ordinary shares (and vice versa) will be completed in accordance with the timelines investors may anticipate.

Furthermore, the depositary for the ADSs is entitled to charge holders fees for various services including for the issuance of ADSs upon deposit of ordinary shares, cancelation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. As a result, Shareholders who exchange ADSs into ordinary shares, and vice versa, may not achieve the level of economic return the Shareholders may anticipate.

There is uncertainty as to whether Hong Kong stamp duty will apply to the trading or conversion of our ADSs.

In connection with our initial public offering of our ordinary shares in Hong Kong, or the Hong Kong IPO, we established a branch register of members in Hong Kong, or the Hong Kong share register. Our ordinary shares that are traded on the Stock Exchange of Hong Kong are registered on the Hong Kong share register, and the trading of these ordinary shares on the Stock Exchange of Hong Kong will be subject to the Hong Kong stamp duty. To facilitate ADS ordinary share conversion and trading between Nasdaq and the Stock Exchange of Hong Kong, we have moved a portion of our issued ordinary shares from our register of members maintained in the Cayman Islands to our Hong Kong share register.

Under the Hong Kong Stamp Duty Ordinance, any person who effects any sale or purchase of Hong Kong stock, defined as stock the transfer of which is required to be registered in Hong Kong, is required to pay Hong Kong stamp duty. The stamp duty is currently set at a total rate of 0.2% of the greater of the consideration for, or the value of, shares transferred, with 0.1% payable by each of the buyer and the seller. To the best of our knowledge, Hong Kong stamp duty has not been levied in practice on the trading or conversion of ADSs of companies that are listed in both the United States and Hong Kong and that have maintained all or a portion of their ordinary shares, including ordinary shares underlying ADSs, in their Hong Kong share registers. However, it is unclear whether, as a matter of Hong Kong law, the trading or conversion of ADSs of these dual-listed companies constitutes a sale or purchase of the underlying Hong Kong-registered ordinary shares that is subject to Hong Kong stamp duty. We advise investors to consult their own tax advisors on this matter. If Hong Kong stamp duty is determined by the competent authority to apply to the trading or conversion of our ADSs, the trading price and the value of your investment in our ADSs and/or ordinary shares may be affected.

General Risk Factors

We are subject to the risks of doing business globally.

Because we operate in China and other countries outside of the United States, our business is subject to risks associated with doing business globally. Accordingly, our business and financial results could be adversely affected due to a variety of factors, including: changes in a specific country's or region's political and cultural climate or economic condition; unexpected changes in laws and regulatory requirements in local jurisdictions; difficulty of effective enforcement of contractual provisions in local jurisdictions; inadequate intellectual property protection in certain countries; enforcement of anti-corruption and anti-bribery laws, such as the FCPA; economic sanctions and export control laws, such as the Export Administration Regulations promulgated by the

United States Department of Commerce; laws and regulations on foreign investment, including the CFIUS regulations in the United States; the effects of applicable local tax regimes and potentially adverse tax consequences; the impact of public health epidemics on employees, our operations and the global economy, such as the COVID-19 outbreak impacting China and elsewhere; restrictions on international travel and commerce; and significant adverse changes in local currency exchange rates.

We face risks related to public health crises, including the current ongoing COVID-19 pandemic, which could have a material adverse effect on our business and results of operations.

Our global operations expose us to risks associated with public health crises, such as epidemics and pandemics, natural catastrophes, such as earthquakes, hurricanes, typhoons, or floods, or other disasters such as fires, explosions and terrorist activity or war that are outside of our control, including government reactions due to such events. Our business operations and those of our suppliers, CROs, contract manufacturing organizations, or CMOs, and other contractors may potentially suffer interruptions caused by any of these events.

In December 2019, a respiratory illness caused by a novel strain of coronavirus, SARS-CoV2, causing the Coronavirus Disease 2019, also known as COVID-19 or coronavirus emerged. Global health concerns relating to the COVID-19 pandemic have been weighing on the macroeconomic environment and the pandemic has significantly increased economic volatility and uncertainty. The pandemic has resulted in government authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place or stay-at-home orders, and business shutdowns. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak and travel bans and restrictions, quarantines, shelter-in-place or stay-at-home orders and business shutdowns. The continued COVID-19 pandemic could adversely impact our operations, given the impact it may have on the manufacturing and supply chain, sales and marketing and clinical trial operations of us and our business partners, and the ability to advance our research and development activities and pursue development of any of our pipeline products, each of which could have an adverse impact on our business and our financial results.

For example, due to business interruptions to hospitals and treatment centers in China arising in connection with the outbreak of COVID-19, some patients have experienced difficulties in accessing hospital care and, as a result, our commercialization team has had fewer opportunities to reach patients who could benefit from ZEJULA or Optune. In addition, we have experienced delays in the enrollment of patients in our clinical trials due to the outbreak of COVID-19. Our commercial partners and licensors also have similarly experienced delays in enrollment of patients to their clinical trials due to the outbreak of COVID-19 in their respective territories. However, none of our NDA submission and acceptance nor CTA approvals have been materially delayed.

However, as the outbreak of COVID-19 has largely been contained in China, we believe we have experienced only minimal disruption to our overall commercialization efforts for ZEJULA and Optune and our planned clinical trials since the outbreak. Nevertheless, outbreaks may occur again and may result in similar business interruptions in the future. Additionally, although we have not experienced material supply disruptions due to the outbreak of COVID-19, we cannot guarantee that we will not experience supply disruptions in the future due to COVID-19 or any other pandemic, epidemic or other public health crises, natural catastrophe or other disasters.

There are no comparable recent events that provide guidance as to the effect the COVID-19 outbreak as a global pandemic may have and, as a result, the ultimate impact of the pandemic is highly uncertain and subject to change, and the actual effects will depend on many factors beyond our control. To the extent the outbreak of COVID-19 results in delays and interruptions to our or our commercial partners' and licensors' clinical trials in the future, such delays may result in increased development costs for our products and product candidates, which could cause the value of our company to decline and limit our ability to obtain additional financing.

If we or our CROs or CMOs fail to comply with environmental, health and safety laws and regulations of China, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.

We, our CROs, CMOs or other contractors are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. In addition, our construction projects can only be put into operation after certain regulatory procedures with the relevant administrative authorities in charge of environmental protection, health and safety have been completed. Our development operations primarily occur in China and the United States and involve the use of hazardous and flammable materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We are therefore subject to Chinese laws and regulations as well as U.S. laws and regulations concerning the discharge of wastewater, gaseous waste and solid waste during our processes of research and development drugs. We generally contract with third parties for the disposal of these materials and wastes. We may not at all times comply fully with environmental regulations and we cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources or insurance coverage. We also could incur significant costs associated with civil, administrative or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses that we may incur due to injuries to our employees resulting from the use of or exposure to hazardous materials, this insurance may not provide adequate coverage against potential liabilities. Furthermore, the Chinese government or the U.S. government may take steps towards the adoption of more stringent environmental regulations. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any unanticipated change in the environmental regulations, we may need to incur substantial capital expenditures to install, replace, upgrade or supplement our facilities and equipment or make operational changes to limit any adverse impact or potential adverse impact on the environment in order to comply with new environmental protection laws and regulations. If such costs become prohibitively expensive, we may be forced to cease certain aspects of our business operations. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage, use or disposal of biological or hazardous materials.

In addition, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

We may be at an increased risk of securities class action litigation.

We may be at an increased risk of securities class action litigation. Historically, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and biopharmaceutical companies have experienced significant share price volatility in recent years. If we were to be sued, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

If securities or industry analysts do not continue to publish research or publish inaccurate or unfavorable research about our business, the market price for our ordinary shares and/or ADSs and trading volume could decline.

The trading market for our ADSs and/or ordinary shares relies in part on the research and reports that equity research analysts publish about us or our business. We do not control these analysts. If research analysts do not maintain adequate research coverage or if one or more of the analysts who covers us downgrades our ordinary

shares and/or ADSs or publishes inaccurate or unfavorable research about our business, the market price for our ADSs and/or ordinary shares would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs and/or ordinary shares to decline significantly.

We may rely on dividends and other distributions on equity paid by our Chinese subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our Chinese subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.

We are a holding company, and we may rely on dividends and other distributions on equity paid by our Chinese subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders or to service any debt we may incur. If any of our Chinese subsidiaries incur debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Under Chinese laws and regulations, our Chinese subsidiaries may pay dividends only out of its respective accumulated profits as determined in accordance with Chinese accounting standards and regulations. In addition, our Chinese subsidiary is required to set aside at least 10% of its accumulated after-tax profits each year, if any, to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Such reserve funds cannot be distributed to us as dividends. At its discretion, our Chinese subsidiary may allocate a portion of its after-tax profits based on Chinese accounting standards to a discretionary reserve fund.

Our Chinese subsidiaries generate primarily all of their revenue in RMB, which is not freely convertible into other currencies. As result, any restriction on currency exchange may limit the ability of our Chinese subsidiaries to use their RMB revenues to pay dividends to us.

In response to the persistent capital outflow in China and RMB's depreciation against U.S. dollar in the fourth quarter of 2016, the People's Bank of China, or PBOC, and the SAFE have promulgated a series of capital control measure in early 2017, including stricter vetting procedures for domestic companies to remit foreign currency for overseas investments, dividends payments and shareholder loan repayments.

The Chinese government may continue to strengthen its capital controls, and more restrictions and substantial vetting process may be put forward by SAFE for cross-border transactions falling under both the current account and the capital account. Any limitation on the ability of our Chinese subsidiaries to pay dividends or make other kinds of payments to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

The increasing use of social media platforms presents new risks and challenges.

Social media is increasingly being used to communicate about our products and the diseases our therapies are designed to treat. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear and create uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a product or to report an alleged adverse event. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable adverse event reporting obligations or we may not be able to defend the company or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our products. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on any social networking website. Further, there is a risk that unmerited or unsupported claims about our products may circulate on social media. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face overly restrictive regulatory actions, or incur other harm to our business, including damage to the reputation of our products or Company.

Item 1B. Unresolved Staff Comments

Not applicable.

Item 2. Properties

We lease all of our facilities. We are headquartered in Shanghai where we have our main administrative and laboratory offices, which is 3,632 square meters in size. The lease for this facility expires in 2023. We also have a 2,475 square meter commercial office for in Shanghai, the lease for which expires in 2022, and a 493 square meter office in Beijing, the lease for which expires in 2022. We have a 445 square meter commercial office in Hong Kong, the leases for which expire in 2022. We lease an administrative office in Guangzhou from a third party. We also have a 2,652 square foot administrative office and an 18,707 square foot laboratory office in the San Francisco Bay area, the leases for which expire in 2021 and 2026, respectively. We also lease corporate offices in Cambridge, Massachusetts. In early 2017, we built a small molecule drug product facility in Suzhou, China, capable of supporting clinical and commercialized production, which is 4,223 square meters. The lease for this facility expires in 2023. In 2018, we built a large molecule facility in Suzhou, China, using GE Healthcare FlexFactory platform technology capable of supporting clinical production of our drug candidates, which is 4,223 square meters. The lease for this facility expires in 2021 and we do not expect difficulties in renewing such lease. The cost to complete the small molecule facility was approximately US$6.7 million and was paid with cash on hand. The construction of the large molecule facility was completed in 2018, which cost approximately US$12.9 million and was financed with cash. We believe our current facilities are sufficient to meet our near-term needs. In 2019, we acquired land use rights of 50,851 square meters in Suzhou for the purpose of constructing and operating the research center and biologics manufacturing facility in Suzhou. The terms of the land use rights are 30 years.

Please refer to “Note 22: Commitments and Contingencies” in the notes to our consolidated financial statements in this Annual Report for further information on our real property leases.

Item 3. Legal Proceedings

We may be, from time to time, subject to claims and suits arising in the ordinary course of business. Although the outcome of these and other claims cannot be predicted with certainty, management does not believe that the ultimate resolution of these matters will have a material adverse effect on our financial position or on our results of operations. We are not currently a party to, nor is our property the subject of, any actual or threatened material legal or administrative proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our ADSs have been listed on the Nasdaq Global Market since September 20, 2017 under the symbol "ZLAB." Our ordinary shares have been publicly traded on the Stock Exchange of Hong Kong since September 28, 2020 under the stock code "9688."

Shareholders

As of February 15, 2021, we had approximately 27 holders of record of our ordinary shares and one holder of record of our ADSs. This number does not include beneficial owners whose ordinary shares or ADSs are held by nominees in street name. Because many ordinary shares and ADSs are held by broker nominees, we are unable to estimate the total number of beneficial holders represented by these record holders.

Dividend Policy

We have never declared or paid dividends on our ordinary shares. We currently expect to retain all future earnings for use in the operation and expansion of our business and do not have any present plan to pay any dividends. The declaration and payment of any dividends in the future will be determined by our board of directors in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition, and contractual restrictions.

Equity Compensation Plan Information

Our equity compensation plan information required by this item is incorporated by reference in the information in "Part III—Item 12—Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" of this Annual Report.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

There were no repurchases of our ordinary shares during the fourth quarter of 2020.

Taxation

The following is a discussion of the material Cayman Islands, People's Republic of China and U.S. federal income tax considerations that may be relevant to an investment decision by a potential investor with respect to our ADSs. This summary should not be considered a comprehensive description of all the tax considerations that may be relevant to the decisions to acquire ADSs.

Material Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Material People's Republic of China Taxation

We are a holding company incorporated in the Cayman Islands.

Under the EIT Law and its implementation rules, an enterprise established outside of China with a "de facto management body" within China is considered a "resident enterprise," and will be subject to the EIT on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In 2009, the State Administration of Taxation issued SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, all offshore enterprises controlled by a PRC enterprise or a PRC enterprise will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met:

(i) the primary location of the day-to-day operational management is in China;

(ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China;

(iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and

(iv) at least 50% of voting board members or senior executives habitually reside in China.

We believe that none of Zai Lab Limited and its subsidiaries outside of China is a PRC resident enterprise for PRC tax purposes. Zai Lab Limited is not controlled by a PRC enterprise or PRC enterprise group, and we do not believe that Zai Lab Limited meets all of the conditions above. Zai Lab Limited is a company incorporated outside China. As a holding company, some of its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside China. For the same reasons, we believe our other subsidiaries outside of China are also not PRC resident enterprises. However, the tax resident status of an enterprise is subject to determination by China tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body."

If China tax authorities determine that Zai Lab Limited is a PRC resident enterprise for EIT purposes, we may be required to withhold tax at a rate of 10% on dividends we pay to our shareholders, including holders of our ADSs that are non-resident enterprises. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC withholding tax on gains realized on the sale or other disposition of ADS or ordinary shares, if such income is treated as sourced from within China. Furthermore, gains derived by our non-PRC individual shareholders from the sale of our shares and ADSs may be subject to a 20% PRC withholding tax. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax (including withholding tax) on dividends received by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to dividends realized by non-PRC individuals, it will generally apply at a rate of 20%. China tax liability may be reduced under applicable tax treaties. However, it is unclear whether non-PRC shareholders of Zai Lab Limited would be able to claim the benefits of any tax treaty between their country of tax residence and China in the event that Zai Lab Limited is treated as a PRC resident enterprise.

See "Part I—Item 1A—Risk Factors—Risks Related to Doing Business in China— If we are classified as a China resident enterprise for Chinese income tax purposes, such classification could result in unfavorable tax consequences to us and our non-Chinese shareholders or ADS holders."

Pursuant to the EIT Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in China, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the tax rate in respect to dividends paid by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of China enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced tax rate: (i) it must directly own the required percentage of equity interests and voting rights in China resident enterprise; and (ii) it must have directly owned such percentage in China resident enterprise throughout the 12 months prior to receiving the dividends. Furthermore, the Administrative Measures for Non-Resident Taxpayer to Enjoy Treatments under Treaties became effective in January 2020, according to which, where non-resident enterprises judge by themselves that they meet the conditions for entitlement to reduced tax rate according to tax treaties, they may enjoy such entitlement after reporting required information to competent tax authorities provided that they shall collect and retain relevant documents for future reference and inspections. Accordingly, our subsidiary Zai Lab (Hong Kong) Limited may be able to enjoy the 5% tax rate for the dividends it receives from its PRC incorporated subsidiaries if they satisfy the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations and complete the necessary government formalities. However, according to SAT Circular 81, if the relevant tax authorities determine our transactions or arrangements are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable tax rate on dividends in the future.

If our Cayman Islands holding company, Zai Lab Limited, is not deemed to be a PRC resident enterprise, holders of our ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our shares or ADSs.

Material United States Federal Income Tax Consideration

The following discussion, subject to the limitations set forth below, describes the material U.S. federal income tax consequences for a U.S. Holder (as defined below) of the acquisition, ownership and disposition of ADSs. It is not a comprehensive description of all tax considerations that may be relevant to a particular person's decision to acquire our ADSs. This discussion is limited to U.S. Holders who hold such ADSs as capital assets (generally, property held for investment). This discussion is based on Internal Revenue Code of 1986, as amended, or the Code, U.S. Treasury Regulations promulgated thereunder and administrative and judicial interpretations thereof, and the income tax treaty between China and the United States, or the U.S.-PRC Tax Treaty, each as available and in effect on the date hereof, all of which are subject to change or differing interpretations, possibly with retroactive effect, which could affect the tax consequences described herein. In addition, this summary is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of an ADS that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States or any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (i) it has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (ii) a U.S. court can exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions.

Except as explicitly set forth below, this summary does not address all aspects of U.S. federal income taxation that may be applicable to U.S. Holders subject to special rules, including:

- banks or other financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons holding ADSs through a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) or S corporation;
- dealers or traders in securities, commodities or currencies;
- persons whose functional currency is not the U.S. dollar;
- certain former citizens and former long-term residents of the United States;
- persons holding ADSs as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes; or
- direct, indirect or constructive owners of 10% or more of our total combined voting power or value.

In addition, this summary does not address the 3.8% Medicare contribution tax imposed on certain net investment income, the U.S. federal estate and gift tax or the alternative minimum tax consequences of the acquisition, ownership, and disposition of ADSs. We have not received nor do we expect to seek a ruling from the U.S. Internal Revenue Service, or the IRS, regarding any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of those set forth below. Moreover, on December 22, 2017, the Tax Act which significantly revise the Code. In addition, the Code has recently been amended by the Coronavirus Aid, Relief, and Economic Security Act. Because regulations and other official interpretations have not yet been issued with respect to some of these changes, their impact on holders of our ADSs may be uncertain and could be adverse. Each prospective investor should consult its own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of acquiring, owning and disposing of ADSs.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds ADSs, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisors as to the U.S. federal income tax consequences of acquiring, owning and disposing of ADSs.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH REGARD TO THE PARTICULAR TAX CONSEQUENCES APPLICABLE TO THEIR SITUATIONS AS WELL AS THE APPLICATION OF ANY U.S. FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER TAX LAWS, INCLUDING GIFT AND ESTATE TAX LAWS.

ADSs

A U.S. Holder of ADSs will generally be treated, for U.S. federal income tax purposes, as the owner of the underlying ordinary shares that such ADSs represent. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying shares represented by those ADSs.

The U.S. Treasury has expressed concern that parties to whom ADSs are released before shares are delivered to the depositary or intermediaries in the chain of ownership between holders and the issuer of the

security underlying the ADSs, may be taking actions that are inconsistent with the claiming of foreign tax credits by U.S. Holders of ADSs. These actions would also be inconsistent with the claiming of the reduced rate of tax, described below, applicable to dividends received by certain non-corporate U.S. Holders. Accordingly, the creditability of non-U.S. withholding taxes (if any), and the availability of the reduced tax rate for dividends received by certain non-corporate U.S. Holders, each described below, could be affected by actions taken by such parties or intermediaries.

Taxation of Dividends

We do not currently anticipate paying any distributions on our ADSs in the foreseeable future. However, subject to the discussion below in "—Passive Foreign Investment Company Considerations," to the extent there are any distributions made with respect to our ADSs, the gross amount of any distribution on the ADSs (including withheld taxes, if any) made out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be taxable to a U.S. Holder as ordinary dividend income on the date such distribution is actually or constructively received. Distributions in excess of our current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's adjusted tax basis in the ADSs and thereafter as capital gain. However, because we do not maintain calculations of our earnings and profits in accordance with U.S. federal income tax accounting principles, U.S. Holders should expect to treat distributions paid with respect to the ADSs as dividends. Dividends paid to corporate U.S. Holders generally will not qualify for the dividends received deduction that may otherwise be allowed under the Code. This discussion assumes that distributions on the ADSs, if any, will be paid in U.S. dollars.

Dividends paid to a non-corporate U.S. Holder by a "qualified foreign corporation" may be subject to reduced rates of U.S. federal income taxation if certain holding period and other requirements are met. A qualified foreign corporation generally includes a foreign corporation (other than a PFIC) if (1) its ordinary shares (or ADSs backed by ordinary shares) are readily tradable on an established securities market in the United States or (2) it is eligible for benefits under a comprehensive U.S. income tax treaty that includes an exchange of information program and which the U.S. Treasury Department has determined is satisfactory for these purposes.

Our ADSs are listed on the Nasdaq Global Market, which is an established securities market in the United States. IRS guidance indicates that the ADSs will be readily tradable for these purposes.

The United States does not have a comprehensive income tax treaty with the Cayman Islands. However, in the event that we were deemed to be a PRC resident enterprise under the EIT Law (see "—Material People's Republic of China Taxation" above), although no assurance can be given, we might be considered eligible for the benefits of the U.S.-PRC Tax Treaty, and if we were eligible for such benefits, dividends paid on the ADSs, regardless of whether the ADSs are readily tradable on an established securities market in the United States, would be eligible for the reduced rates of U.S. federal income taxation, subject to applicable limitations. U.S. Holders should consult their own tax advisors regarding the availability of the reduced tax rates on dividends in light of their particular circumstances.

Non-corporate U.S. Holders will not be eligible for reduced rates of U.S. federal income taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

In the event that we were deemed to be a PRC resident enterprise under the EIT Law (see "—Material People's Republic of China Taxation" above), ADS holders might be subject to PRC withholding taxes on dividends paid with respect to ADSs. In that case, subject to certain conditions and limitations, such PRC withholding tax may be treated as a foreign tax eligible for credit against a U.S. Holder's U.S. federal income tax liability under the U.S. foreign tax credit rules. For purposes of calculating the U.S. foreign tax credit, dividends paid on the ADSs will be treated as income from sources outside the United States and will generally constitute

passive category income. If a U.S. Holder is eligible for U.S.-PRC Tax Treaty benefits, any PRC taxes on dividends will not be creditable against such U.S. Holder's U.S. federal income tax liability to the extent such tax is withheld at a rate exceeding the applicable U.S.-PRC Tax Treaty rate. An eligible U.S. Holder who does not elect to claim a foreign tax credit for PRC tax withheld may instead be eligible to claim a deduction, for U.S. federal income tax purposes, in respect of such withholding but only for the year in which such U.S. Holder elects to do so for all creditable foreign income taxes. The U.S. foreign tax credit rules are complex. U.S. Holders should consult their own tax advisors regarding the foreign tax credit or deduction rules in light of their particular circumstances.

Taxation of Capital Gains

Subject to the discussion below in "—Passive Foreign Investment Company Considerations" below, upon the sale, exchange, or other taxable disposition of ADSs, a U.S. Holder generally will recognize gain or loss on the taxable sale or exchange in an amount equal to the difference between the amount realized on such sale or exchange and the U.S. Holder's adjusted tax basis in the ADSs. The initial tax basis of ADSs to a U.S. Holder will generally be the U.S. Holder's U.S. dollar purchase price for the ADS.

Subject to the discussion below in "—Passive Foreign Investment Company Considerations" below, such gain or loss will be capital gain or loss. Under current law, capital gains of non-corporate U.S. Holders derived with respect to capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. U.S. Holders are encouraged to consult their own tax advisors regarding the availability of the U.S. foreign tax credit in consideration of their particular circumstances.

If we were treated as a PRC resident enterprise for EIT Law purposes and PRC tax were imposed on any gain (see "—Material People's Republic of China Taxation" above), and if a U.S. Holder is eligible for the benefits of the U.S.-PRC Tax Treaty, the holder may be able to treat such gain as PRC source gain under the treaty for U.S. foreign tax credit purposes. A U.S. Holder will be eligible for U.S.-PRC Tax Treaty benefits if (for purposes of the treaty) such holder is a resident of the United States and satisfies the other requirements specified in the U.S.-PRC Tax Treaty. Because the determination of treaty benefit eligibility is fact-intensive and depends upon a holder's particular circumstances, U.S. Holders should consult their tax advisors regarding U.S.-PRC Tax Treaty benefit eligibility. U.S. Holders are also encouraged to consult their own tax advisors regarding the tax consequences in the event PRC tax were to be imposed on a disposition of ADSs, including the availability of the U.S. foreign tax credit and the ability and whether to treat any gain as PRC source gain for the purposes of the U.S. foreign tax credit in consideration of their particular circumstances.

Passive Foreign Investment Company Considerations

Status as a PFIC

The rules governing PFICs can have adverse tax effects on U.S. Holders. We generally will be classified as a PFIC for U.S. federal income tax purposes if, for any taxable year, either: (1) 75% or more of our gross income consists of certain types of passive income (the Income Test), or (2) the average value (determined on a quarterly basis), of our assets that produce, or are held for the production of, passive income (including cash) is 50% or more of the value of all of our assets (the Asset Test).

Passive income generally includes dividends, interest, rents and royalties (other than certain rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income. If a non-U.S. corporation owns at least 25% by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation and as receiving directly its proportionate share of the other corporation's income.

Whether we are a PFIC for any taxable year is a factual determination that can be made only after the end of each taxable year and which depends on the composition of our income and the composition and value of our

assets for the relevant taxable year. The fair market value of our assets for purposes of the PFIC rules (including goodwill) may be determined in large part by reference to the quarterly market price of our ADSs, which is likely to fluctuate significantly. In addition, the composition of our income and assets will be affected by how, and how quickly, we use the cash in our business, including any cash that is raised in a financing transaction.

We do not expect that the Company and its subsidiaries will be treated as PFICs for the current taxable year. However, because we hold a substantial amount of passive assets, including cash, and because the value of our assets (including goodwill) may be determined by reference to the market value of our ADSs, which may be especially volatile due to the early stage of our drug candidates, we cannot give any assurance that we will not be a PFIC for the current or any future taxable year.

If we are a PFIC in any taxable year with respect to which a U.S. Holder owns ADSs, we generally will continue to be treated as a PFIC with respect to such U.S. Holder in all succeeding taxable years, regardless of whether we continue to meet the tests described above, unless we cease to be a PFIC and (i) the U.S. Holder makes the "deemed sale election" described below, (ii) the U.S. Holder has a valid mark-to-market election in effect as described below, or (iii) the U.S. Holder makes a QEF election with respect to all taxable years in which we are a PFIC during such U.S. Holder's holding period or makes a purging election to cause a deemed sale of the PFIC shares at their fair market value in connection with a QEF election (as discussed below). If a U.S. Holder makes a deemed sale election, such U.S. Holder will be deemed to have sold the shares held by such U.S. Holder at their fair market value, and any gain from such deemed sale would be subject to the rules described below. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, a U.S. Holder's ADSs subject to such election will not be treated as shares in a PFIC, and the rules described below with respect to any "excess distributions" or any gain from an actual sale or other disposition of the ADSs will not apply. Prospective investors should consult their own tax advisors regarding our PFIC status for the current or any future taxable years.

U.S. Federal Income Tax Treatment of a Shareholder of a PFIC

If we are a PFIC for any taxable year during which a U.S. Holder owns ADSs, the U.S. Holder, absent the elections listed above, generally will be subject to adverse rules (regardless of whether we continue to be a PFIC) with respect to (1) any "excess distributions" (generally, any distributions received by the U.S. Holder on its ADSs in a taxable year that are greater than 125% of the average annual distributions received by the U.S. Holder in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for its ADSs) and (2) any gain realized on the sale or other disposition, including in certain circumstances a pledge, of its ADSs.

Under these adverse rules (a) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income and (c) the amount allocated to each other taxable year during the U.S. Holder's holding period in which we were a PFIC (i) will be subject to tax at the highest rate of tax in effect for the applicable category of taxpayer for that year and (ii) will be subject to an interest charge at a statutory rate with respect to the resulting tax attributable to each such other taxable year. Non-corporate U.S. Holders will not be eligible for reduced rates of U.S. federal income taxation on any dividends received from us if we were a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

If we are a PFIC, a U.S. Holder will generally be treated as owning a proportionate amount (by value) of stock or shares owned by us in any direct or indirect subsidiaries that are also PFICs, or Lower-tier PFICs, and will be subject to similar adverse rules with respect to any distributions we receive from, and dispositions we make of, the stock or shares of such subsidiaries. U.S. Holders are urged to consult their tax advisors about the application of the PFIC rules to any of our subsidiaries.

PFIC "Mark-to-Market" Election

In certain circumstances if we are a PFIC for any taxable year, a U.S. Holder can be subject to rules different from those described above by making a mark-to-market election with respect to its ADSs, provided

that the ADSs are "marketable." ADSs will be marketable if they are "regularly traded" on a "qualified exchange" or other market within the meaning of applicable U.S. Treasury Regulations. ADSs will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ADSs are traded on a qualified exchange on at least 15 days during each calendar quarter. A "qualified exchange" includes a national securities exchange that is registered with the SEC.

Under current law, the mark-to-market election may be available to U.S. Holders of ADSs if the ADSs are listed on the Nasdaq Global Market (which constitutes a qualified exchange) and such ADSs are "regularly traded" for purposes of the mark-to-market election (for which no assurance can be given).

A U.S. Holder that makes a mark-to-market election must include in gross income, as ordinary income, for each taxable year that we are a PFIC an amount equal to the excess, if any, of the fair market value of the U.S. Holder's ADSs at the close of the taxable year over the U.S. Holder's adjusted tax basis in its ADSs. Accordingly, such mark-to-market election may accelerate the recognition of income without a corresponding receipt of cash. An electing U.S. Holder may also claim an ordinary loss deduction for the excess, if any, of the U.S. Holder's adjusted tax basis in its ADSs over the fair market value of its ADSs at the close of the taxable year, but this deduction is allowable only to the extent of any net mark-to-market gains previously included in income. The adjusted tax basis of a U.S. Holder's ADSs will be adjusted to reflect amounts included in gross income or allowed as a deduction because of such mark-to-market election. If a U.S. Holder makes an effective mark-to-market election, gains from an actual sale or other disposition of ADSs in a year in which we are a PFIC will be treated as ordinary income, and any losses incurred on a sale or other disposition of ADSs will be treated as ordinary losses to the extent of any net mark-to-market gains previously included in income.

If we are a PFIC for any taxable year in which a U.S. Holder owns ADSs but before a mark-to-market election is made, the adverse PFIC rules described above will apply to any mark-to-market gain recognized in the year the election is made. Otherwise, a mark-to-market election will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election.

A mark-to-market election is not permitted for the shares of any of our subsidiaries that are also classified as PFICs (unless the shares of such subsidiaries are themselves marketable). Prospective investors should consult their own tax advisors regarding the availability of, and the procedure for making, a mark-to-market election, and whether making the election would be advisable, including in light of their particular circumstances.

PFIC "QEF" Election

Alternatively, if we provide the necessary information, a U.S. Holder can be subject to rules different from those described above by electing to treat us (and each Lower-tier PFIC, if any) as a "qualified electing fund" or QEF under Section 1295 of the Code in the first taxable year that we (and each Lower-tier PFIC) are treated as a PFIC with respect to the U.S. Holder. A U.S. Holder must make the QEF election for each PFIC by attaching a separate properly completed IRS Form 8621 for each PFIC to the U.S. Holder's timely filed U.S. federal income tax return.

In any year in which we determine that we are a PFIC, we will provide the information necessary for a U.S. Holder to make a QEF election with respect to us upon the request of a U.S. Holder and will endeavor to cause each Lower-tier PFIC that we control to provide such information with respect to such Lower-tier PFIC. However, there can be no assurance that we will be able to cause any Lower-tier PFIC we do not control to provide such information. We may elect to provide the information necessary to make such QEF elections on our website.

If you make a QEF election with respect to a PFIC, you will be taxed currently on your pro rata share of the PFIC's ordinary earnings and net capital gain (at ordinary income and capital gain rates, respectively) for each

taxable year that the entity is classified as a PFIC, even if no distributions were received. If a U.S. Holder makes a QEF election with respect to us, any distributions paid by us out of our earnings and profits that were previously included in the U.S. Holder's income under the QEF election would not be taxable to the U.S. Holder. A U.S. Holder will increase its tax basis in its ADSs by an amount equal to any income included under the QEF election and will decrease its tax basis by any amount distributed on the ADSs that is not included in the U.S. Holder's income. In addition, a U.S. Holder will recognize capital gain or loss on the disposition of ADSs in an amount equal to the difference between the amount realized and the U.S. Holder's adjusted tax basis in the ADSs, as determined in U.S. dollars. Once made, a QEF election remains in effect unless invalidated or terminated by the IRS or revoked by the U.S. Holder. A QEF election can be revoked only with the consent of the IRS. A U.S. Holder will not be currently taxed on the ordinary income and net capital gain of a PFIC with respect to which a QEF election was made for any taxable year of the non-U.S. corporation for which such corporation does not satisfy the PFIC Income Test or Asset Test.

U.S. Holders should note that if they make QEF elections with respect to us and any Lower-tier PFIC, they may be required to pay U.S. federal income tax with respect to their ADSs for any taxable year significantly in excess of any cash distributions received on the ADSs for such taxable year. U.S. Holders should consult their tax advisers regarding the advisability of, and procedure for, making QEF elections in their particular circumstances.

PFIC Information Reporting Requirements

If we are a PFIC in any year with respect to a U.S. Holder, such U.S. Holder will be required to file an annual information return on IRS Form 8621 regarding distributions received on, and any gain realized on the disposition of, our ADSs, and certain U.S. Holders will be required to file an annual information return (also on IRS Form 8621) relating to their ownership of our ADSs.

THE U.S. FEDERAL INCOME TAX RULES RELATING TO PFICS ARE COMPLEX. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE OPERATION OF THE PFIC RULES AND RELATED REPORTING REQUIREMENTS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, INCLUDING THE ADVISABILITY OF MAKING ANY ELECTION THAT MAY BE AVAILABLE.

U.S. Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to distributions on, and proceeds from the sale or disposition of, ADSs that are held by U.S. Holders. The payor may be required to withhold U.S. backup withholding tax on payments made with respect to the ADSs to a U.S. Holder, other than an exempt recipient, if the U.S. Holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a U.S. Holder's U.S. federal income tax liability (if any) or refunded provided the required information is furnished to the IRS in a timely manner.

Certain U.S. Holders of specified foreign financial assets with an aggregate value in excess of the applicable dollar threshold are required to report information relating to their holding of ADSs, subject to certain exceptions (including an exception for shares held in accounts maintained by certain financial institutions) with their tax return for each year in which they hold ADSs. U.S. Holders should consult their own tax advisors regarding the information reporting obligations that may arise from their acquisition, ownership or disposition of ADSs.

THE ABOVE DISCUSSION DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. PROSPECTIVE INVESTORS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE ADSs.

Item 6. Selected Consolidated Financial Data

	As of December 31,				
	2020	2019	2018	2017	2016
	(in thousands)				
Consolidated balance sheet data:					
Cash, cash equivalents and restricted cash	$ 442,859	$ 76,442	$ 62,952	$ 229,600	$ 83,949
Short-term investments[1]	$ 744,676	$ 200,000	$ 200,350	$ —	$ —
Total assets	$ 1,297,638	$ 355,153	$ 301,987	$ 249,634	$ 88,907
Total mezzanine equity and shareholders' equity	$ 1,169,345	$ 294,660	$ 251,081	$ 235,171	$ (82,956)
Total current liabilities	$ 98,043	$ 46,635	$ 48,842	$ 12,069	$ 5,173
Total non-current liabilities	$ 30,250	$ 13,858	$ 2,064	$ 2,394	$ 778

(1) The short-term investment primarily comprises of the time deposits with original maturities between three months and one year.

	Year Ended December 31,				
	2020	2019	2018	2017	2016
	(in thousands, except share and per share data)				
Consolidated statements of operations data:					
Revenue	$ 48,958	$ 12,985	$ 129	$ —	$ —
Expenses:					
Cost of sales	(16,736)	(3,749)	(43)	—	—
Research and development	(222,711)	(142,221)	(120,278)	(39,342)	(32,149)
Selling, general and administrative	(111,312)	(70,211)	(21,576)	(12,049)	(6,380)
Loss from operations	$ (301,801)	$ (203,196)	$ (141,768)	$ (51,391)	$ (38,529)
Interest income	5,120	8,232	3,261	527	403
Interest expenses	(181)	(293)	(40)	—	—
Changes in fair value of warrants	—	—	—	200	(1,920)
Other income, net	29,076	938	59	530	2,534
Loss before income tax and share of loss from equity method investment	$ (267,786)	$ (194,319)	$ (138,488)	$ (50,134)	$ (37,512)
Income tax expense	—	—	—	—	—
Share of loss from equity method investment	(1,119)	(752)	(587)	(250)	—
Net loss	$ (268,905)	$ (195,071)	$ (139,075)	$ (50,384)	$ (37,512)
Weighted-average shares used in calculating net loss per ordinary share, basic and diluted[1]	77,667,743	64,369,490	52,609,810	21,752,757	9,439,028
Loss per share, basic and diluted[1]	(3.46)	(3.03)	(2.64)	(2.32)	(3.97)

(1) See Note 2 to our audited consolidated financial statements appearing elsewhere in this Annual Report on Form 10-K for a description of the method used to calculate basic and diluted net loss per share.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with "Part II—Item 6—Selected Consolidated Financial Data" and our consolidated financial

statements and related notes appearing elsewhere in this Annual Report. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this Annual Report, including those set forth under "Part I—Item 1A—Risk Factors" and under "Forward-Looking Statements and Market Data" in this Annual Report.

A. Operating Results.

Overview

We are a commercial stage, biopharmaceutical company with a substantial presence in both Greater China and the United States. We are developing and commercializing innovative products that target medical conditions with unmet needs affecting patients in China and worldwide, particularly in the areas of oncology, autoimmune disorders, and infectious diseases. As described in "Part I—Item 1—Business," we currently have two commercialized products that have received marketing approval and eleven programs in late-stage product development. Refer to "Part I—Item 1—"Business" for a summary of our clinical programs.

Since our inception, we have incurred net losses and negative cash flows from our operations. Substantially all of our losses have resulted from funding our research and development programs and general and administrative costs associated with our operations. Developing high quality product candidates requires a significant investment related to our research and development activities over a prolonged period of time, and a core part of our strategy is to continue making sustained investments in this area. Our ability to generate profits and to generate positive cash flow from operations over the next several years depends upon our ability to successfully market our current two commercial products ZEJULA and Optune and our other product candidates that we are able to successfully commercialize. We expect to continue to incur substantial expenses related to our research and development activities. In particular, our licensing and collaboration agreements require us to make upfront payments upon our entry into such agreements and milestone payments upon the achievement of certain development, regulatory and commercial milestones as well as tiered royalties based on the net sales of the licensed products. These upfront payments and milestone payments upon the achievement of certain development and regulatory milestones are recorded in research and development expense in our consolidated financial statements and totaled $59.2 million, $58.7 million and $108.2 million for the years ended December 31, 2018, 2019 and 2020, respectively. Accordingly, we expect to incur substantial costs related to the commercialization of our product candidates.

Furthermore, as we pursue our strategy of growth and development, we anticipate that our financial results will fluctuate from quarter to quarter based upon the balance between the successful marketing of our commercial products and our significant research and development expenses. We cannot predict whether or when new products or new indications for marketed products will receive regulatory approval or, if any such approval is received, whether we will be able to successfully commercialize such product(s) and whether or when they may become profitable.

Recent Business Developments

In January 2021, we entered into an exclusive development and commercialization agreement with argenx, a global immunology company, for efgartigimod in Greater China. Pursuant to the terms of the agreement, we have agreed to fund and undertake all clinical development and regulatory submissions in the territories, and plan to launch and commercialize both products once approved. argenx received a $75.0 million upfront payment in the form of 568,182 newly issued Zai Lab shares calculated at a price of $132.00 per share, and will receive $75.0 million as a guaranteed non-creditable, non-refundable development cost-sharing payment, and an additional $25.0 million milestone payment upon approval of efgartigimod in the United States. argenx is also eligible to receive tiered royalties (mid-teen to low-twenties on a percentage basis) based on annual net sales of

efgartigimod in the licensed territories. In addition, in January 2021, we entered into an exclusive development and commercialization agreement with Turning Point for TPX-0022, its MET, SRC and CSF1R inhibitor, in Greater China. Turning Point received a $25.0 million upfront payment, and will receive with up to approximately $336.0 million in potential development, regulatory and sales-based milestone payments. Turning Point will also be eligible to receive mid-teen- to low-twenty-percent royalties based on annual net sales of TPX-0022 in the licensed territories.

Basis of Presentation

Our consolidated statement of operations data for the years ended December 31, 2018, 2019 and 2020 and our consolidated statement of financial position data as of December 31, 2019 and 2020 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report. Our consolidated financial statements appearing elsewhere in this Annual Report have been prepared in accordance with U.S. GAAP.

Factors Affecting our Results of Operations

Innovation Platform

Research and Development Expenses

We believe our ability to successfully develop product candidates will be the primary factor affecting our long-term competitiveness, as well as our future growth and development. Developing high quality product candidates requires a significant investment of resources over a prolonged period of time, and a core part of our strategy is to continue making sustained investments in this area. As a result of this commitment, our pipeline of product candidates has been steadily advancing and expanding, with eleven late-stage clinical product candidates being investigated. For more information on the nature of the efforts and steps necessary to develop our product candidates, see “Business” and “Government Regulation.”

To date, we have financed our activities primarily through private placements, our initial public offering in September 2017, multiple follow-on offerings and a secondary listing on the Stock Exchange of Hong Kong. Through December 31, 2020, we have raised approximately $164.6 million in private equity financing and approximately $1,644.6 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us in our initial public offering, our subsequent follow-on offerings, and our secondary listing. Our operations have consumed substantial amounts of cash since inception. The net cash used in our operating activities was $97.5 million, $191.0 million and $216.1 million, for the years ended December 31, 2018, 2019 and 2020, respectively. We expect our expenditures to increase significantly in connection with our ongoing activities, particularly as we advance the clinical development of our eleven late-stage clinical product candidates and continue research and development of our pre-clinical-stage product candidates and initiate additional clinical trials of, and seek regulatory approval for, these and other future product candidates. These expenditures include:

- expenses incurred for payments to CROs, investigators and clinical trial sites that conduct our clinical studies;
- employee compensation related expenses, including salaries, benefits and equity compensation expense;
- expenses for licensors;
- the cost of acquiring, developing and manufacturing clinical study materials;
- facilities, depreciation and other expenses, which include office leases and other overhead expenses;
- costs associated with pre-clinical activities and regulatory operations;

- expenses associated with the construction and maintenance of our manufacturing facilities; and
- costs associated with operating as a public company.

For more information on the research and development expenses incurred for the development of our product candidates, see “Key Components of Results of Operations—Research and Development Expenses.”

Selling, General and Administrative Expenses

Our selling, general and administrative expenses consist primarily of personnel compensation and related costs, including share-based compensation for commercial and administrative personnel. Other selling, general and administrative expenses include product distribution and promotion costs, professional service fees for legal, intellectual property, consulting, auditing and tax services as well as other direct and allocated expenses for rent and maintenance of facilities, insurance and other supplies used in selling, general and administrative activities. We anticipate that our selling, general and administrative expenses will increase in future periods to support increases in our commercial and research and development activities and as we continue to commercialize, develop, and manufacture our products and assets. These increases will likely include increased headcount, increased share compensation charges, increased product distribution and promotion costs, expanded infrastructure and increased costs for insurance. We also incur increased legal, compliance, accounting and investor and public relations expenses associated with being a public company.

Our Ability to Commercialize Our Product Candidates

All of our product candidates are still in development in China (including, with respect to ZEJULA, for indications not yet approved in China). As of December 31, 2020, ten of our product candidates are in clinical development and various others are in pre-clinical development in China. Our ability to generate revenue from our product candidates is dependent on their receipt of regulatory approval for and successful commercialization of such products, which may never occur. Certain of our product candidates may require additional pre-clinical and/or clinical development, regulatory approval in multiple jurisdictions, manufacturing supply, substantial investment and significant marketing efforts before we generate any revenue from product sales.

Our License Arrangements

Our results of operations have been, and we expect them to continue to be, affected by our licensing, collaboration and development agreements. We are required to make upfront payments upon our entry into such agreements and milestone payments upon the achievement of certain development, regulatory and commercial milestones for the relevant product under these agreements as well as tiered royalties based on the net sales of the licensed products. These upfront payments and milestone payments upon the achievement of certain development and regulatory milestones are recorded in research and development expense in our consolidated financial statements and totaled $59.2 million, $58.7 million and $108.2 million for the years ended December 31, 2018, 2019 and 2020, respectively.

Key Components of Results of Operations

Taxation

Cayman Islands

Zai Lab Limited is incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on profits, income, gains or appreciation earned by individuals or corporations. In addition, our payment of dividends, if any, is not subject to withholding tax in the Cayman Islands. For more information, see “Taxation—Material Cayman Islands Taxation.”

People's Republic of China

Our subsidiaries incorporated in China are governed by the EIT Law and regulations. Under the EIT Law, the standard EIT rate is 25% on taxable profits as reduced by available tax losses. Tax losses may be carried forward to offset any taxable profits for up to following five years. For more information, see "Taxation—Material People's Republic of China Taxation."

Hong Kong

Our subsidiaries incorporated in Hong Kong are subject to two-tiered tax rates for the years ended December 31, 2020, 2019 and 2018 on assessable profits earned in Hong Kong where the profits tax rate for the first HK$2 million of assessable profits is subject to profits tax rate of 8.25% and the assessable profits above HK$2 million is subject to profits tax rate of 16.5%. Our subsidiaries incorporated in Hong Kong did not have assessable profit for the years ended December 31, 2020, 2019 and 2018.

Results of Operations

The following table sets forth a summary of our consolidated results of operations for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this Annual Report. Our operating results in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended December 31,		
(in thousands, except share and per share data)	**2020**	**2019**	**2018**
Comprehensive Loss Data:			
Revenue	$ 48,958	$ 12,985	$ 129
Expenses:			
Cost of sales	(16,736)	(3,749)	(43)
Research and development	(222,711)	(142,221)	(120,278)
Selling, general and administrative	(111,312)	(70,211)	(21,576)
Loss from operations	$ (301,801)	$ (203,196)	$ (141,768)
Interest income	5,120	8,232	3,261
Interest expenses	(181)	(293)	(40)
Other income, net	29,076	938	59
Loss before income tax and share of loss from equity method investment	$ (267,786)	$ (194,319)	$ (138,488)
Income tax expense	—	—	—
Share of loss from equity method investment	(1,119)	(752)	(587)
Net loss attributable to ordinary shareholders	$ (268,905)	$ (195,071)	$ (139,075)
Weighted-average shares used in calculating net loss per ordinary share, basic and diluted	77,667,743	64,369,490	52,609,810
Net loss per share, basic and diluted	$ (3.46)	$ (3.03)	$ (2.64)

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

Our revenue is primarily derived from the sale of ZEJULA and Optune in China and Hong Kong. The following table disaggregates net revenue by product for the years ended December 31, 2020 and December 31, 2019:

	Year ended December 31,			
(in thousands)	2020	%	2019	%
ZEJULA	$32,138	65.7	$ 6,625	51.0
Optune	16,418	33.5	6,360	49.0
Others	402	0.8	—	0.0
Total product revenue—Net	$48,958	100.0	$12,985	100.0

Research and Development Expenses

The following table sets forth the components of our research and development expenses for the years indicated.

	Year ended December 31,			
(in thousands)	2020	%	2019	%
Research and development expenses:				
Personnel compensation and related costs	$ 40,257	18.1	$ 30,820	21.6
Licensing fees	108,169	48.6	58,682	41.3
Payment to CROs/CMOs/Investigators	53,275	23.9	36,814	25.9
Other costs	21,010	9.4	15,905	11.2
Total	$ 222,711	100.0	$ 142,221	100.0

Research and development expenses increased by $80.5 million to $222.7 million for year ended December 31, 2020 from $142.2 million for year ended December 31, 2019. The increase in research and development expenses included the following:

- $9.4 million for increased personnel compensation and related costs which was primarily attributable to increased employee compensation costs, due to hiring of more personnel during the year ended December 31, 2020 and the grants of new share options and vesting of restricted shares to certain employees;
- $49.5 million for increased licensing fees in connection with the upfront and milestone fee paid for licensing agreement;
- $16.5 million for increased payment to CROs/CMOs/Investigators in fiscal year 2020 as we advanced our drug candidate pipeline; and
- $5.1 million for increased lab consumables and professional service expenses.

The following table summarizes our research and development expenses by program for the years ended December 31, 2020 and 2019, respectively:

(in thousands)	Year ended December 31, 2020	%	2019	%
Research and development expenses:				
Clinical programs	$ 160,674	72.1	$ 96,442	67.8
Pre-clinical programs	10,598	4.8	8,268	5.8
Unallocated research and development expenses	51,439	23.1	37,511	26.4
Total	$ 222,711	100.0	$ 142,221	100.0

During the year ended December 31, 2020, 72.1% and 4.8% of our total research and development expenses were attributable to clinical programs and pre-clinical programs, respectively. During the year ended December 31, 2019, 67.8% and 5.8% of our total research and development expenses were attributable to clinical programs and pre-clinical programs, respectively. ZL-1307, ZL-2308, ZL-2310 and ZEJULA represented approximately 19%, 15%, 11%, 7% of our external research and development expense, which includes licensing fees and payment to CROs, CMOs and investigators, respectively, for the year ended December 31, 2020. No other programs represented a significant amount of research and development expense for the years ended December 31, 2020. ZEJULA, ZL-2401, ZL-1306 and ZL-2307 presented approximately 17%, 7%, 17% and 25% of our external research and development expense, which includes licensing fees and payment to CROs, CMOs and investigators, for the year ended December 31, 2019. Though we manage our external research and development expenses by program we do not allocate our internal research and development expenses by program because our employees and internal resources may be engaged in projects for multiple programs at any time.

Selling, General and Administrative Expenses

The following table sets forth the components of our selling, general and administrative expenses for the years indicated.

(in thousands)	Year ended December 31, 2020	%	2019	%
Selling, General and Administrative Expenses:				
Personnel compensation and related costs	$ 63,010	56.6	$ 43,572	62.1
Professional service fees	12,751	11.5	2,887	4.1
Other costs	35,551	31.9	23,752	33.8
Total	$ 111,312	100.0	$ 70,211	100.0

Selling, general and administrative expenses increased by $41.1 million to $111.3 million for year ended December 31, 2020 from $70.2 million for year ended December 31, 2019. The increase in general and administrative expenses included the following:

- $19.4 million for increased personnel compensation and related costs which was primarily attributable to increased commercial and administrative personnel costs, due to hiring of more personnel during year ended December 31, 2020 and the grants of new share options and vesting of restricted shares to certain employees;
- $9.9 million for increased professional service fee, mainly attributable to our increased legal, compliance, accounting and investor and public relations expenses associated with being a public company and in connection with sales of ZEJULA and Optune in China after our commercial launch of these two commercialized products; and

- $11.8 million for increased other costs, mainly including selling, rental, and administrative expenses primary attributable to the commercial operation in Hong Kong and PRC.

Interest Income

Interest income decreased by $3.1 million for year ended December 31, 2020 primary due to the decrease interest rate for short-term investments in 2020.

Interest Expenses

Interest expenses decreased by $0.1 million for year ended December 31, 2020 primary attributable to less short-term borrowings balance in 2020.

Share of loss from equity method investment

In June 2017, we entered into an agreement with three third-parties to launch JING Medicine Technology (Shanghai) Ltd., or JING, an entity that will provide services for drug discovery and development, consultation and transfer of pharmaceutical technology. We account for our investment using the equity method of accounting because we do not control the investee but have the ability to exercise significant influence over the operating and financial policies of the investee. An investment loss of $1.1 million and $0.8 million related to this investment was recorded for the year ended December 31, 2020 and 2019, respectively.

Other Income, net

Other income, net increased by $28.1 million for year ended December 31, 2020 primarily as a result of an increase in governmental subsidies and foreign exchange gain.

Net Loss Attributable to Ordinary Shareholders

As a result of the foregoing, we had net loss attributable to ordinary shareholders of $268.9 million for the year ended December 31, 2020 compared to net loss attributable to ordinary shareholders of $195.1 million for the year ended December 31, 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Research and Development Expenses

The following table sets forth the components of our research and development expenses for the years indicated.

	Year ended December 31,			
(in thousands)	2019	%	2018	%
Research and development expenses:				
Personnel compensation and related costs	$ 30,820	21.6	$ 16,755	13.9
Licensing fees	58,682	41.3	59,152	49.2
Payment to CROs/CMOs/Investigators	36,814	25.9	32,282	26.8
Other costs	15,905	11.2	12,089	10.1
Total	$ 142,221	100.0	$ 120,278	100.0

Research and development expenses increased by $21.9 million to $142.2 million for year ended December 31, 2019 from $120.3 million for year ended December 31, 2018. The increase in research and development expenses included the following:

- $14.1 million for increased personnel compensation and related costs which was primarily attributable to increased employee compensation costs, due to hiring of more personnel during the year ended

December 31, 2019 and the grants of new share options and vesting of restricted shares to certain employees;

- $4.5 million for increased payment to CROs/CMOs/Investigators in fiscal year 2019 as we advanced our drug candidate pipeline; and
- $3.8 million for increased lab consumables and professional service expenses.

The following table summarizes our research and development expenses by program for the years ended December 31, 2019 and 2018, respectively:

	Year ended December 31,			
(in thousands)	2019	%	2018	%
Research and development expenses:				
Clinical programs	$ 96,442	67.8	$ 89,556	74.5
Pre-clinical programs	8,268	5.8	8,102	6.7
Unallocated research and development expenses	37,511	26.4	22,620	18.8
Total	$ 142,221	100.0	$ 120,278	100.0

During the year ended December 31, 2019, 67.8% and 5.8% of our total research and development expenses were attributable to clinical programs and pre-clinical programs, respectively. During the year ended December 31, 2018, 74.5% and 6.7% of our total research and development expenses were attributable to clinical programs and pre-clinical programs, respectively. ZEJULA represented approximately 17% and 13% of our external research and development expense, which includes payments to CROs, CMOs and investigators, for the year ended December 31, 2019 and 2018, respectively. Omadacycline (ZL-2401) represented approximately 7% and 12% of our external research and development expense, which includes licensing fees and payment to CROs, CMOs and investigators, for the year ended December 31, 2019 and 2018; bemarituzumab (FPA144) represented approximately 5% and 12%, of our external research and development expense, which includes licensing fees and payment to CROs, CMOs and investigators, for the year ended December 31, 2019 and 2018; ZL-1306 and ZL-2307 represented approximately 17% and 25% of our external research and development expense, which includes licensing fees and payment to CROs, CMOs and investigators, for the year ended December 31, 2019, respectively. No other programs represented a significant amount of research and development expense for the years ended December 31, 2019 or 2018. Though we manage our external research and development expenses by program we do not allocate our internal research and development expenses by program because our employees and internal resources may be engaged in projects for multiple programs at any time.

Selling, General and Administrative Expenses

The following table sets forth the components of our selling, general and administrative expenses for the years indicated.

	Year ended December 31,			
(in thousands)	2019	%	2018	%
Selling, General and Administrative Expenses:				
Personnel compensation and related costs	$43,572	62.1	$13,410	62.2
Professional service fees	2,887	4.1	3,266	15.1
Other costs	23,752	33.8	4,900	22.7
Total	$70,211	100.0	$21,576	100.0

Selling, general and administrative expenses increased by $48.6 million to $70.2 million for year ended December 31, 2019 from $21.6 million for year ended December 31, 2018. The increase in general and administrative expenses included the following:

- $30.2 million for increased personnel compensation and related costs which was primarily attributable to increased commercial and administrative personnel costs, due to hiring of more personnel during year ended December 31, 2019 and the grants of new share options and vesting of restricted shares to certain employees; and
- $18.9 million for increased selling, rental, and travel expenses primary attributable to the commercial operation in Hong Kong and PRC for the year ended December 31, 2019.

Interest Income

Interest income increased by $5.0 million for year ended December 31, 2019 primary attributable to interest income on higher cash and short-term investments balance in 2019.

Interest Expenses

Interest expenses increased by $0.3 million for year ended December 31, 2019 primary attributable to more short-term borrowings balance in 2019.

Share of loss from equity method investment

In June 2017, we entered into an agreement with three third-parties to launch JING Medicine Technology (Shanghai) Ltd., or JING, an entity that will provide services for drug discovery and development, consultation and transfer of pharmaceutical technology. We account for our investment using the equity method of accounting because we do not control the investee but have the ability to exercise significant influence over the operating and financial policies of the investee. An investment loss of $0.8 million and $0.6 million related to this investment was recorded for the year ended December 31, 2019 and 2018, respectively.

Other Income, net

Other income, net increased by $0.9 million for year ended December 31, 2019 primarily as a result of an increase in governmental subsidies.

Net Loss Attributable to Ordinary Shareholders

As a result of the foregoing, we had net loss attributable to ordinary shareholders of $195.1 million for the year ended December 31, 2019 compared to net loss attributable to ordinary shareholders of $139.1 million for the year ended December 31, 2018.

Critical Accounting Policies and Significant Judgments and Estimates

We prepare our financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors that should be considered when reviewing our financial statements. We believe the following accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

Revenue recognition

In 2018, we adopted of ASC Topic 606 ("ASC 606"), Revenue from Contracts with Customers, in recognition of revenue. Under ASC 606, we recognize revenue when a customer obtains control of promised goods or services, in an amount that reflects the consideration expected to receive in exchange for those goods or services. To determine revenue recognition for arrangements that we determine are within the scope of ASC 606, we performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration, if any; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) we satisfies a performance obligation. We only apply the five-step model to contracts when it is probable that we will collect the consideration to which we are entitled in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, we review the contract to determine which performance obligations we must deliver and which of these performance obligations are distinct. We recognize as revenue the amount of the transaction price that is allocated to each performance obligation when that performance obligation is satisfied or as it is satisfied.

Our revenue is all from product sales. We recognize revenue from product sales when we have satisfied the performance obligation by transferring control of the product to the customers. Control of the product generally transfers to the customers when the delivery is made and when title and risk of loss transfers to the consumers. Cost of sales mainly consists of the acquisition cost of products and royalty fee.

We have applied the practical expedients under ASC 606 with regard to assessment of financing component and concluded that there is no significant financing component given that the period between delivery of goods and payment is generally one year or less. We started to generate product sales revenue since 2018. For the year ended December 31, 2019 and 2020, our product revenues were generated from the sale of ZEJULA (niraparib) and OPTUNE (Tumor Treating Fields) to customers.

In China, we sell the products to distributors, who ultimately sell the products to health care providers. Based on the nature of the arrangements, the performance obligations are satisfied upon the products delivery to distributors. Rebates are offered to distributors, consistent with pharmaceutical industry practices. The estimated amount of unpaid or unbilled rebates is recorded as a reduction of revenue if any. Estimated rebates are determined based on contracted rates, sales volumes and distributor inventories. We regularly review the information related to these estimates and adjust the amount accordingly.

In Hong Kong, we sell the products to customers, which are typically healthcare providers such as oncology centers. We utilize a third party for warehousing services. Based on the nature of the arrangement, we have determined that we are a principal in the transaction since we are primarily responsible for fulfilling the promise to provide the products to the customers, maintain inventory risk until delivery to the customers and have latitude in establishing the price. Revenue is recognized at the amount to which we expect to be entitled in exchange for the sale of the products, which is the sales price agreed with the customers. Consideration paid to the third party is recognized in operating expenses.

We did not recognize any contract assets and contract liabilities as of December 31, 2019 and 2020.

Share-Based Compensation

We grant share options and non-vested restricted shares to eligible employees, management and directors and accounts for these share based awards in accordance with ASC 718, Compensation-Stock Compensation.

Employees' share-based awards are measured at the grant date fair value of the awards and recognized as expenses (1) immediately at grant date if no vesting conditions are required; or (2) using graded vesting method over the requisite service period, which is the vesting period.

To the extent the required vesting conditions are not met resulting in the forfeiture of the share-based awards, previously recognized compensation expense relating to those awards are reversed.

We determined the fair value of the stock options granted to employees using the Black-Scholes option valuation model.

We grant share options to eligible Non-Employees and accounts for these share based awards in accordance with ASC 718, Compensation-Stock Compensation. Non-Employees' share-based awards are measured at the grant date fair value of the awards and recognized as expenses (1) immediately at grant date if no vesting conditions are required; or (2) using graded vesting method over the requisite service period, which is the vesting period. All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable. To the extent the required vesting conditions are not met resulting in the forfeiture of the share-based awards, previously recognized compensation expense relating to those awards are reversed. We determined the fair value of the stock options granted to Non-Employees using the Black-Scholes option valuation model.

Income Taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions. We follow the liability method of accounting for income taxes.

Under this method, deferred tax assets and liabilities are determined based on the temporary differences between the financial statements carrying amounts and tax bases of assets and liabilities by applying enacted statutory tax rates that will be in effect in the period in which the temporary differences are expected to reverse. We record a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in our consolidated financial statements in the period of change.

In accordance with the provisions of ASC 740, *Income Taxes*, we recognize in our financial statements the benefit of a tax position if the tax position is "more likely than not" to prevail based on the facts and technical merits of the position. Tax positions that meet the "more likely than not" recognition threshold are measured at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. We estimate our liability for unrecognized tax benefits which are periodically assessed and may be affected by changing interpretations of laws, rulings by tax authorities, changes and/or developments with respect to tax audits, and expiration of the statute of limitations. The ultimate outcome for a particular tax position may not be determined with certainty prior to the conclusion of a tax audit and, in some cases, appeal or litigation process.

We consider positive and negative evidence when determining whether some portion or all of our deferred tax assets will not be realized. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, the duration of statutory carry-forward periods, our historical results of operations, and our tax planning strategies. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Based upon the level of our historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, we believe it is more likely than not that we will not realize the deferred tax assets resulted from the tax loss carried forward in the future periods.

The actual benefits ultimately realized may differ from our estimates. As each audit is concluded, adjustments, if any, are recorded in our financial statements in the period in which the audit is concluded. Additionally, in future periods, changes in facts, circumstances and new information may require us to adjust the recognition and measurement estimates with regard to individual tax positions. Changes in recognition and measurement estimates are recognized in the period in which the changes occur. As of December 31, 2019 and 2020, we did not have any significant unrecognized uncertain tax positions.

B. Liquidity and Capital Resources.

To date, we have financed our activities primarily through private placements, our September 2017 initial public offering on the Nasdaq stock exchange, various follow-on offerings, and our September 2020 secondary listing on the Stock Exchange of Hong Kong. Through December 31, 2020, we have raised approximately $164.6 million in private equity financing and approximately $1,644.6 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us in our initial public offering, subsequent follow-on offerings, and our secondary listing. Our operations have consumed substantial amounts of cash since inception. The net cash used in our operating activities was $97.5 million, $191.0 million and $216.1 million, for the years ended December 31, 2018, 2019 and 2020, respectively.

As of December 31, 2020, we had cash and cash equivalents, restricted cash and short-term investments of $1,187.5 million. Our expenditures as a company principally focused on research and development, are largely discretionary and as such our current losses and cash used in operations do not present immediate going concern issues. Based on our current operating plan, we expect that our existing cash, cash equivalents and short-term investments as of March 1, 2021, will enable us to fund our operating expenses and capital expenditures requirements for at least the next 12 months after the date that the financial statements included in this Annual Report are issued. However, in order to bring to fruition our research and development objectives, we will ultimately need additional funding sources and there can be no assurances that they will be made available.

The following table provides information regarding our cash flows for the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,		
(in thousands)	2020	2019	2018
Net cash used in operating activities	$ (216,055)	$ (191,011)	$ (97,538)
Net cash used in investing activities	(554,830)	(14,892)	(212,554)
Net cash provided by financing activities	1,132,440	219,302	144,147
Effect of foreign exchange rate changes	4,862	91	(763)
Net increases(decrease) in cash, cash equivalents and restricted cash	$ 366,417	$ 13,490	$ (166,708)

Net cash used in operating activities

During the year ended December 31, 2020, our operating activities used $216.1 million of cash, which resulted principally from our net loss of $268.9 million, adjusted for non-cash charges of $34.6 million, and by cash provided in our operating assets and liabilities of $18.2 million. Our net non-cash charges during the year ended December 31, 2020 primarily consisted of $4.6 million depreciation expense, $24.8 million share-based compensation expense and $4.3 million noncash lease expense.

During the year ended December 31, 2019, our operating activities used $191.0 million of cash, which resulted principally from our net loss of $195.1 million, adjusted for non-cash charges of $27.3 million, and by cash used in our operating assets and liabilities of $23.2 million. Our net non-cash charges during the year ended December 31, 2019 primarily consisted of $3.8 million depreciation expense, $20.3 million share-based compensation expense and $2.8 million noncash lease expense.

During the year ended December 31, 2018, our operating activities used $97.5 million of cash, which resulted principally from our net loss of $139.1 million, adjusted for non-cash charges of $14.2 million, and by cash provided by our operating assets and liabilities of $27.4 million. Our net non-cash charges during the year ended December 31, 2018 primarily consisted of $1.6 million depreciation expense, $12.2 million share-based compensation expense and a $0.6 million share of loss from equity method investment and offset by a $0.3 million amortization of deferred income.

Net cash used in investing activities

Net cash used in investing activities was $554.8 million for the year ended December 31, 2020 compared to $14.9 million for the year ended December 31, 2019. The increase in cash used in investing activities was primary due to the purchases of short-term investments, net of the proceeds from maturity of short-term investments.

Net cash used in investing activities was $14.9 million for the year ended December 31, 2019 compared to $212.6 million for the year ended December 31, 2018. The decrease in cash used in investing activities was primary due to the purchases of short-term investments, net of proceeds from maturity of short-term investments.

Net cash used in investing activities was $212.6 million for the year ended December 31, 2018 compared to $10.4 million for the year ended December 31, 2017. The increase in cash used in investing activities was due to purchases of short-term investments, construction of our large molecule facility and other investments in 2018.

Net cash provided by financing activities

Net cash provided by financing activities was $1,132.4 million for the year ended December 31, 2020 compared to $219.3 million for the year ended December 31, 2019. The cash provided by financing activities was mainly attributable to the issuance of ADSs in our subsequent follow-on offering in 2020 as well as and a secondary listing on the Stock Exchange of Hong Kong in September 2020.

Net cash provided by financing activities was $219.3 million for the year ended December 31, 2019 compared to $144.1 million for the year ended December 31, 2018. The cash provided by financing activities was mainly attributable to the issuance of ADSs in our subsequent follow-on offering in 2019.

Net cash provided by financing activities was $144.1 million for the year ended December 31, 2018 compared to $187.9 million for the year ended December 31, 2017. The cash provided by financing activities was mainly attributable to the issuance of ADSs in our subsequent follow-on offering in 2018.

C. Research and Development, Patents and Licenses, etc.

Full details of our research and development activities and expenditures are given in the “Business” and “Operating and Financial Review and Prospects” sections of this Annual Report above.

D. Trend Information.

Other than as described elsewhere in this Annual Report on Form 10-K, we are not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material adverse effect on our revenue, income from continuing operations, profitability, liquidity or capital resources, or that would cause our reported financial information not necessarily to be indicative of future operation results or financial condition.

E. Off-balance Sheet Arrangements.

We currently do not engage in trading activities involving non-exchange traded contracts or interest rate swap transactions or foreign currency forward contracts. In the ordinary course of our business, we do not enter

into transactions involving, or otherwise form relationships with, unconsolidated entities or financial partnerships that are established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

F. Tabular Disclosure of Contractual Obligations.

The following table sets forth our contractual obligations as of December 31, 2020. Amounts we pay in future periods may vary from those reflected in the table.

(in thousands)	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Purchase Obligations	$ 4,505	$4,143	$ 362	$ —	$ —
Operating Lease Obligations	19,237	5,434	6,763	4,430	2,610

We also have obligations to make future payments to third party licensors that become due and payable on the achievement of certain development, regulatory and commercial milestones as well as tiered royalties on net sales. We have not included these commitments on our balance sheet or in the table above because the commitments are cancellable if the milestones are not complete and achievement and timing of these obligations are not fixed or determinable.

Recently Issued Accounting Standards

For more information regarding recently issued accounting standards, please see “Part II—Item 8—Financial Statements and Supplementary Data—Recent accounting pronouncements” in this Annual Report.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk including foreign exchange risk, credit risk, cash flow interest rate risk and liquidity risk.

Foreign Exchange Risk

Renminbi, or RMB, is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People’s Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The cash and cash equivalents of our company included aggregated amounts of RMB155.9 million and RMB47.2 million, which were denominated in RMB, as of December 31, 2020 and 2019, respectively, representing 5% and 9% of the cash and cash equivalents as of December 31, 2020 and 2019, respectively.

Our business mainly operates in China with a significant portion of our transactions settled in RMB, and our financial statements are presented in U.S. dollars. We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk. Although, in general, our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the RMB because the value of our business is effectively denominated in RMB, while the ADSs will be traded in U.S. dollars.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in China’s political and economic conditions. The conversion of RMB into foreign currencies, including U.S. dollars, has been based on rates set by the PBOC. On July 21, 2005, China changed its decade-old policy of pegging the value of the RMB to the U.S. dollar. Under the revised policy, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. This

change in policy resulted in a more than 20% appreciation of the RMB against the U.S. dollar in the following three years. Between July 2008 and June 2010, this appreciation halted, and the exchange rate between the RMB and U.S. dollar remained within a narrow band. In June 2010, the PBOC announced that China government would increase the flexibility of the exchange rate, and thereafter allowed the RMB to appreciate slowly against the U.S. dollar within the narrow band fixed by the PBOC. However, in August 2015, the PBOC significantly devalued the RMB.

To the extent that we need to convert U.S. dollars into RMB for our operations or if any of our arrangements with other parties are denominated in U.S. dollars and need to be converted into RMB, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we receive from the conversion. Conversely, if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amounts available to us.

Credit Risk

Our credit risk is primarily attributable to the carrying amounts of cash and cash equivalents and short-term investment. The carrying amounts of cash and cash equivalents and short-term investment represent the maximum amount of loss due to credit risk. As of December 31, 2020 and 2019, all of our cash and cash equivalents and short-term investments were held by major financial institutions located in China and international financial institutions outside of China which we believe are of high credit quality, and we will continually monitor the credit worthiness of these financial institutions.

Inflation

In recent years, China has not experienced significant inflation, and thus inflation has not had a material impact on our results of operations. Although we have not been materially affected by inflation in the past, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

Item 8. Financial Statements and Supplementary Data

The financial statements required to be filed pursuant to this item are appended to this Annual Report. An index of those financial statements is in Part IV—Item 15—Exhibits, Financial Statement Schedules.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

(a) Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report, as required by Rule 13a-15(b) under the Exchange Act. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective.

Based upon that evaluation, our management has concluded that, as of December 31, 2020, our disclosure controls and procedures were effective in ensuring that the information required to be disclosed by us in the reports that we file and furnish under the Exchange Act was recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP in and includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that receipts and expenditures of our company are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of the unauthorized acquisition, use or disposition of our company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As required by Section 404 of the Sarbanes-Oxley Act of 2002 and related rules as promulgated by the Securities and Exchange Commission, our management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of internal control over financial reporting as of December 31, 2020 using the criteria set forth in the report "Internal Control—Integrated Framework (2013)" published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2020.

(c) Report of Registered Public Accounting Firm

The effectiveness of internal control over financial reporting as of December 31, 2020 has been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent registered public accounting firm, who has also audited our consolidated financial statements for the year ended December 31, 2020, as stated in their report which is included in "Part II—Item 8—Financial Statements and Supplementary Data" in this Annual Report.

(d) Changes in Internal Control over Financial Reporting

There have not been any changes in our internal controls over financial reporting (as such item is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our fiscal quarter ended December 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required under this item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 11. Executive Compensation

The information required under this item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required under this item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required under this item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

Item 14. Principal Accounting Fees and Services

The information required under this item is incorporated herein by reference to our definitive proxy statement pursuant to Regulation 14A, which proxy statement will be filed with the U.S. Securities and Exchange Commission not later than 120 days after the close of our fiscal year ended December 31, 2020.

PART IV

Item 15. Exhibits, Financial Statement Schedules

The financial statements listed in the Index to Consolidated Financial Statements beginning on page F-1 are filed as part of this Annual Report.

No financial statement schedules have been filed as part of this Annual Report because they are not applicable, not required or the information required is shown in the financial statements or the notes thereto.

The exhibits filed as part of this Annual Report are set forth on the Exhibit Index immediately following our consolidated financial statements. The Exhibit Index is incorporated herein by reference.

Item 16. Form 10-K Summary

Not applicable.

Exhibit Index

Exhibit Number	Exhibit Title
3.1*	Fifth Amended and Restated Memorandum Association of Zai Lab Limited
3.2	Fourth Amended and Restated Articles of Association of Zai Lab Limited (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
4.1	Form of Deposit Agreement (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
4.2	Form of American Depositary Receipt (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
4.3	Registrant's Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.3 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
4.4	Third Amended and Restated Shareholders Agreement between Zai Lab Limited and other parties named therein dated June 26, 2017 (incorporated by reference to Exhibit 4.4 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on August 15, 2017)
4.5*	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act
10.1#	Zai Lab Limited 2015 Omnibus Equity Incentive Plan as amended on February 3, 2016 and April 10, 2016 (incorporated by reference to Exhibit 10.1 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
10.2#	Zai Lab Limited 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.22 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
10.3#	Form Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.23 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
10.4#	Form Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.24 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
10.5#	Form of Non-Statutory Stock Option Award Agreement (incorporated by reference to Exhibit 10.25 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
10.6*	Non-Employee Director Compensation Policy
10.7#	Zai Lab Limited 2017 Cash Bonus Plan (incorporated by reference to Exhibit 10.11 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
10.8+	Collaboration, Development and License Agreement by and between Tesaro, Inc. and Zai Lab (Shanghai) Co., Ltd. dated September 28, 2016 (incorporated by reference to Exhibit 10.2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on August 15, 2017)

Exhibit Number	Exhibit Title
10.9	Amendment to Collaboration, Development and License Agreement by and between Tesaro, Inc. and Zai Lab (Shanghai) Co., Ltd., dated February 26, 2018 (incorporated by reference to Exhibit 4.3 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on April 30, 2018)
10.10+	License Agreement by and between Bristol-Myers Squibb Company and Zai Lab (Hong Kong) Limited dated March 9, 2015 (incorporated by reference to Exhibit 10.3 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on August 15, 2017)
10.11+	License and Collaboration Agreement by and between Paratek Bermuda Ltd. and Zai Lab (Shanghai) Co., Ltd. dated April 21, 2017 (incorporated by reference to Exhibit 10.4 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on August 15, 2017)
10.12+	License Agreement by and between Sanofi and Zai Lab (Hong Kong) Limited dated July 22, 2015 (incorporated by reference to Exhibit 10.8 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on August 15, 2017)
10.13+	License Agreement by and between Five Prime Therapeutics, Inc. and Zai Lab (Shanghai) Co., Ltd. dated December 19, 2017 (incorporated by reference to Exhibit 4.11 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on April 30, 2018)
10.14+	License and Collaboration Agreement by and between Entasis Therapeutics Holdings Inc. and Zai Lab (Shanghai) Co., Ltd. dated as of April 25, 2018 (incorporated by reference to Exhibit 10.12 to our Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-227159) filed with the SEC on September 5, 2018)
10.15+	License and Collaboration Agreement by and between Novocure Limited and Zai Lab (Shanghai) Co., Ltd. dated September 10, 2018 (incorporated by reference to Exhibit 10.15 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on March 29, 2019)
10.16+	Collaboration Agreement by and between MacroGenics, Inc. and Zai Lab (Shanghai) Co., Ltd. dated November 29, 2018 (incorporated by reference to Exhibit 10.16 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on March 29, 2019)
10.17^	License Agreement between Deciphera Pharmaceuticals, LLC and Zai Lab (Shanghai) Co., Ltd. dated June 10, 2019 (incorporated by reference to Exhibit 10.17 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on April 29, 2020)
10.18^	Amendment to License Agreement between Deciphera Pharmaceuticals, LLC and Zai Lab (Shanghai) Co., Ltd. dated January 17, 2020 (incorporated by reference to Exhibit 10.18 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on April 29, 2020)
10.19^	Collaboration and License Agreement between Incyte Corporation and Zai Lab (Shanghai) Co., Ltd. dated July 1, 2019 (incorporated by reference to Exhibit 10.19 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on April 29, 2020)
10.20*^	Collaboration Agreement between Regeneron Ireland Designated Activity Company and Zai Lab (Shanghai) Co., Ltd. dated April 6, 2020
10.21*^	License Agreement between Turning Point Therapeutics, Inc. and Zai Lab (Shanghai) Co., Ltd. dated July 6, 2020
10.22*^	License Agreement between Cullinan Pearl Corp. and Zai Lab (Shanghai) Co., Ltd. dated December 24, 2020

Exhibit Number	Exhibit Title
10.23	Form of Indemnification Agreement for Directors and Officers (incorporated by reference to Exhibit 10.12 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on August 15, 2017)
10.24#	Employment Agreement between Samantha (Ying) Du and Zai Lab (Shanghai) Co., Ltd. dated July 1, 2017 (English translation) (incorporated by reference to Exhibit 10.18 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
10.25#	Letter Agreement between Samantha (Ying) Du and Zai Lab (US) LLC dated December 11, 2017 (incorporated by reference to Exhibit 4.16 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on April 30, 2018)
10.26#	Fourth Amended and Restated Founder Employment Agreement between Samantha (Ying) Du and Zai Lab Limited dated December 1, 2018 (incorporated by reference to Exhibit 10.18 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on March 29, 2019)
10.27#	Amended and Restated Employment Agreement between Tao Fu and Zai Lab (US) LLC dated December 3, 2018 (incorporated by reference to Exhibit 10.26 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on March 29, 2019)
10.28#	Amended and Restated Employment Agreement between William Ki Chul Cho and Zai Lab (Hong Kong) Limited dated March 22, 2019 (incorporated by reference to Exhibit 10.19 to our Annual Report on Form 20-F (File No. 001-38205) filed with the SEC on March 29, 2019)
10.29*#	Employment Agreement between F. Ty Edmondson and Zai Lab (US) LLC dated August 15, 2020
10.30*#	Employment Agreement between Alan Bart Sandler and Zai Lab (US) LLC dated December 1, 2020
10.31	Jinchuang Building House Leasing Contract by and between Zai Lab (Shanghai) Co., Ltd. and Shanghai Jinchuang Property Co., Ltd. dated September 1, 2016 (English translation) (incorporated by reference to Exhibit 10.26 to Amendment No. 2 to our Registration Statement on Form F-1 (File No. 333-219980) filed with the SEC on September 1, 2017)
10.32*	Lease by and between Menlo Prepi I, LLC, TPI Investors 9, LLC and Zai Lab (US) LLC dated August 14, 2019
10.33*	Indenture of Lease by and between MIT 314 Main Street Leasehold LLC and Zai Lab (US) LLC dated December 22, 2020
21.1*	Subsidiaries of the Registrant
23.1*	Consent of Deloitte Touche Tohmatsu Certified Public Accountants LLP, an independent accounting firm, regarding the consolidated financial statements of Zai Lab Limited
31.1*	Certification of Chief Executive Officer Required by Rule 13a-14(a)
31.2*	Certification of Chief Financial Officer Required by Rule 13a-14(a)
32.1**	Certification of Chief Executive Officer Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
32.2**	Certification of Chief Financial Officer Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code
101.INS*	Inline XBRL Instance Document—the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document

Exhibit Number	Exhibit Title
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definitions Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith
** Furnished herewith
Management contract or compensatory plan
+ Confidential treatment has been granted as to certain portions, which portions have been omitted and submitted separately to the Securities and Exchange Commission.
^ Certain confidential information contained in this exhibit has been omitted because it (i) is not material and (ii) would be competitively harmful if publicly disclosed.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

ZAI LAB LIMITED

Date: March 1, 2021

By: /s/ Samantha (Ying) Du
Name: Samantha (Ying) Du
Title: Chief Executive Officer

POWER OF ATTORNEY

Each person whose individual signature appears below hereby authorizes and appoints Samantha (Ying) Du, Billy Cho and F. Ty Edmondson, and each of them, with full power of substitution and resubstitution and full power to act without the other, as his or her true and lawful attorney-in-fact and agent to act in his or her name, place and stead and to execute in the name and on behalf of each person, individually and in each capacity stated below, and to file any and all amendments to this Annual Report on Form 10-K and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing, ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons in the capacities indicated below and on the dates indicated:

Signature	Title	Date
/s/ Samantha (Ying) Du Samantha (Ying) Du	Chief Executive Officer and Chairwoman *(Principal Executive Officer)*	March 1, 2021
/s/ Billy Cho Billy Cho	Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 1, 2021
/s/ John Diekman John Diekman	Director	March 1, 2021
/s/ Kai-Xian Chen Kai-Xian Chen	Director	March 1, 2021
/s/ Nisa Leung Nisa Leung	Director	March 1, 2021
/s/ William Lis William Lis	Director	March 1, 2021
/s/ Leon O. Moulder, Jr. Leon O. Moulder, Jr.	Director	March 1, 2021
/s/ Peter Wirth Peter Wirth	Director	March 1, 2021

ZAI LAB LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of independent registered public accounting firm

To the Shareholders and Board of Directors of Zai Lab Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Zai Lab Limited and its subsidiaries (collectively referred to as the "Company") as of December 31, 2020 and 2019, the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity (deficit), and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Research and development expenses- Cut-off — Refer to Note 2(t) to the financial statements

Critical Audit Matter Description

As disclosed in the consolidated statements of operations, for the year ended December 31, 2020, the Company incurred significant research and development ("R&D") expenses of approximately USD 223 million. A large portion of the Company's R&D expenses are comprised of service fees paid to contract research organizations ("CROs") and contract manufacturing organizations ("CMOs") (collectively referred as "Outsourced Service Providers").

The R&D activities contracted with these Outsourced Service Providers are documented in detailed agreements and are generally performed over an extended period. There are also typically several milestones pertaining to the services in one agreement, therefore allocation of the service expenses to the appropriate financial reporting period based on the progress of the R&D projects involved judgement and estimation.

We identified cut-off of R&D activities as a critical audit matter due to the potential significance of misstatements to the financial statements that could arise from not accruing R&D expenses incurred for services provided by the Outsourced Service Providers in the appropriate reporting period.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the cut-off of research and development expenses included the following, among others:

- We tested the effectiveness of key controls over the accrual of the R&D expenses payable to the Outsourced Service Providers.
- We obtained and read the key terms set out in the research agreements with Outsourced Service Providers and evaluated the completion status with reference to the progress reported by the representatives of the Outsourced Service Providers, on a sample basis, to determine whether the service fees were recorded based on respective contract sums, progress and/or milestones achieved.
- We sent audit confirmations to Outsourced Service Providers, on a sample basis, to confirm the amount of the R&D service fees incurred for the year ended December 31, 2020 and the amounts payable under the contracts as of December 31, 2020.
- We selected projects from the open contract list as of December 31, 2020 on a sample basis, made inquiries of responsible personnel regarding the project status and inspected invoices and other communications from the Outsourced Service Providers to identify potential additional Outsourced Service Providers and related unrecorded R&D expenditures.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China

March 1, 2021

We have served as the Company's auditor since 2017.

Report of independent registered public accounting firm

To the Shareholders and Board of Directors of Zai Lab Limited

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Zai Lab Limited and its subsidiaries (collectively referred to as the "Company") as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2020, of the Company and our report dated March 1, 2021, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China

March 1, 2021

Zai Lab Limited

Consolidated balance sheets

(In thousands of U.S. dollars ("$") except for number of shares and per share data)

	Notes	As of December 31, 2019 $	As of December 31, 2020 $
Assets			
Current assets:			
Cash and cash equivalents	3	75,932	442,116
Short-term investments	5	200,000	744,676
Accounts receivable (net of allowance of nil and $1 as of December 31, 2019 and 2020, respectively)	6	3,791	5,165
Inventories	7	6,005	13,144
Prepayments and other current assets		6,736	10,935
Total current assets		292,464	1,216,036
Restricted cash, non-current	4	510	743
Investments in equity investees	8	2,398	1,279
Prepayments for equipment		440	274
Property and equipment, net	9	21,353	29,162
Operating lease right-of-use assets	10	15,071	17,701
Land use rights, net		7,655	7,908
Intangible assets, net		1,148	1,532
Long term deposits		377	862
Value added tax recoverable		13,737	22,141
Total assets		**355,153**	**1,297,638**
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings	13	6,450	—
Accounts payable		22,660	62,641
Current operating lease liabilities	10	4,351	5,206
Other current liabilities	14	13,174	30,196
Total current liabilities		46,635	98,043
Deferred income		2,881	16,858
Non-current operating lease liabilities	10	10,977	13,392
Total liabilities		**60,493**	**128,293**
Commitments and contingencies (Note 22)			
Shareholders' equity			
Ordinary shares (par value of $0.00006 per share; 500,000,000 shares authorized, 68,237,247 and 87,811,026 shares issued and outstanding as of December 31, 2019 and 2020, respectively)		4	5
Additional paid-in capital		734,734	1,897,467
Accumulated deficit		(444,698)	(713,603)
Accumulated other comprehensive income (loss)	18	4,620	(14,524)
Total shareholders' equity		**294,660**	**1,169,345**
Total liabilities and shareholders' equity		**355,153**	**1,297,638**

The accompanying notes are an integral part of these consolidated financial statements.

Zai Lab Limited

Consolidated statements of operations

(In thousands of U.S. dollars ("$") except for number of shares and per share data)

	Notes	Year ended December 31, 2018 $	2019 $	2020 $
Revenue	11	129	12,985	48,958
Expenses:				
Cost of sales		(43)	(3,749)	(16,736)
Research and development		(120,278)	(142,221)	(222,711)
Selling, general and administrative		(21,576)	(70,211)	(111,312)
Loss from operations		(141,768)	(203,196)	(301,801)
Interest income		3,261	8,232	5,120
Interest expenses		(40)	(293)	(181)
Other income, net		59	938	29,076
Loss before income tax and share of loss from equity method investment		(138,488)	(194,319)	(267,786)
Income tax expense	12	—	—	—
Share of loss from equity method investment		(587)	(752)	(1,119)
Net loss		(139,075)	(195,071)	(268,905)
Net loss attributable to ordinary shareholders		(139,075)	(195,071)	(268,905)
Loss per share — basic and diluted	15	(2.64)	(3.03)	(3.46)
Weighted-average shares used in calculating net loss per ordinary share — basic and diluted		52,609,810	64,369,490	77,667,743

The accompanying notes are an integral part of these consolidated financial statements.

Zai Lab Limited

Consolidated statements of comprehensive loss

(In thousands of U.S. dollars ("$") except for number of shares and per share data)

	Year ended December 31,		
	2018	2019	2020
	$	$	$
Net loss	(139,075)	(195,071)	(268,905)
Other comprehensive income (loss), net of tax of nil:			
Foreign currency translation adjustments	2,212	1,958	(19,144)
Comprehensive loss	**(136,863)**	**(193,113)**	**(288,049)**

The accompanying notes are an integral part of these consolidated financial statements.

Zai Lab Limited

Consolidated statements of shareholders' (deficit) equity

(In thousands of U.S. dollars ("$") except for number of shares and per share data)

	Ordinary shares		Additional paid in capital	Subscription receivable	Accumulated deficit	Accumulated other comprehensive (loss) income	Total
	Number of Shares	Amount					
		$	$	$	$	$	$
Balance at January 1, 2018	49,912,570	3	345,270	0	(110,552)	450	235,171
Issuance of ordinary shares upon vesting of restricted shares	338,332	0	0	0	—	—	—
Exercise of shares option	256,065	0	196	—	—	—	196
Issuance of ordinary shares upon follow-on public offering, net of issuance cost of $652	7,500,000	0	140,348	—	—	—	140,348
Share-based compensation	—	—	12,229	—	—	—	12,229
Net loss	—	—	—	—	(139,075)	—	(139,075)
Foreign currency translation	—	—	—	—	—	2,212	2,212
Balance at December 31, 2018	58,006,967	3	498,043	—	(249,627)	2,662	251,081
Issuance of ordinary shares upon vesting of restricted shares	539,733	0	0	—	—	—	—
Exercise of shares option	670,939	0	1,055	—	—	—	1,055
Issuance of ordinary shares upon follow-on public offering, net of issuance cost of $854	9,019,608	1	215,345	—	—	—	215,346
Share-based compensation	—	—	20,291	—	—	—	20,291
Net loss	—	—	—	—	(195,071)	—	(195,071)
Foreign currency translation	—	—	—	—	—	1,958	1,958
Balance at December 31, 2019	68,237,247	4	734,734	—	(444,698)	4,620	294,660
Issuance of ordinary shares upon vesting of restricted shares	225,768	0	0	—	—	—	—
Exercise of shares option	899,361	0	6,664	—	—	—	6,664
Issuance of ordinary shares upon follow-on public offering, net of issuance cost of $746	6,300,000	0	280,549	—	—	—	280,549
Issuance of ordinary shares upon secondary listing, net of issuance cost of $ 5,698	12,148,650	1	850,690	—	—	—	850,691
Share-based compensation	—	—	24,830	—	—	—	24,830
Net loss	—	—	—	—	(268,905)	—	(268,905)
Foreign currency translation	—	—	—	—	—	(19,144)	(19,144)
Balance at December 31, 2020	87,811,026	5	1,897,467	—	(713,603)	(14,524)	1,169,345

The accompanying notes are an integral part of these consolidated financial statements.
"0" in above table means less than 1,000 dollars.

Zai Lab Limited

Consolidated statements of cash flows

(In thousands of U.S. dollars ("$") except for number of shares and per share data)

	Year ended December 31,		
	2018	2019	2020
	$	$	$
Operating activities			
Net loss	(139,075)	(195,071)	(268,905)
Adjustments to reconcile net loss to net cash used in operating activities:			
Allowance for doubtful accounts	—	—	1
Inventory write-down	—	—	29
Depreciation and amortization expenses	1,650	3,766	4,640
Amortization of deferred income	(312)	(312)	(312)
Share-based compensation	12,229	20,291	24,830
Share of loss from equity method investment	587	752	1,119
Loss (gain) on disposal of property and equipment	1	15	(21)
Noncash lease expenses	—	2,831	4,318
Changes in operating assets and liabilities:			
Accounts receivable	(90)	(3,701)	(1,375)
Inventories	(4)	(6,001)	(7,168)
Prepayments and other current assets	(4,794)	(1,125)	(4,199)
Long term deposits	(250)	180	(485)
Value added tax recoverable	(2,982)	(5,693)	(8,404)
Accounts payable	28,464	(14,772)	39,981
Other current liabilities	7,056	9,136	(10,977)
Operating lease liabilities	—	(2,436)	(3,416)
Deferred income	(18)	1,129	14,289
Net cash used in operating activities	(97,538)	(191,011)	(216,055)
Cash flows from investing activities:			
Purchases of short-term investments	(200,350)	(277,640)	(949,161)
Proceeds from maturity of short-term investments	—	277,990	405,000
Purchase of equity method investment	(2,086)	—	—
Purchase of property and equipment	(10,015)	(6,035)	(10,130)
Purchase of land use rights	—	(7,836)	—
Purchase of intangible assets	(103)	(1,371)	(539)
Net cash used in investing activities	(212,554)	(14,892)	(554,830)
Cash flows from financing activities:			
Proceeds from short-term borrowings	3,643	7,252	—
Repayment of short-term borrowings	—	(4,351)	(6,527)
Proceeds from exercises of stock options	196	1,055	6,664
Proceeds from issuance of ordinary shares upon public offerings	141,000	216,200	1,137,683
Payment of public offering costs	(692)	(854)	(5,380)
Net cash provided by financing activities	144,147	219,302	1,132,440
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(763)	91	4,862
Net (decrease) increase in cash, cash equivalents and restricted cash	(166,708)	13,490	366,417
Cash, cash equivalents and restricted cash — beginning of the year	229,660	62,952	76,442
Cash, cash equivalents and restricted cash — end of the year	62,952	76,442	442,859

Zai Lab Limited

Consolidated statements of cash flows

(In thousands of U.S. dollars ("$") except for number of shares and per share data)

	Year ended December 31,		
	2018	2019	2020
	$	$	$
Supplemental disclosure on non-cash investing and financing activities:			
Payables for purchase of property and equipment	1,709	416	788
Payables for intangible assets	225	—	70
Payables for public offering costs	—	—	1,063
Supplemental disclosure of cash flow information:			
Cash and cash equivalents	62,952	75,932	442,116
Restricted cash, non-current	—	510	743
Total cash and cash equivalents and restricted cash	62,952	76,442	442,859
Interest paid	36	288	189

The accompanying notes are an integral part of these consolidated financial statements.

Zai Lab Limited

Notes to the consolidated financial statements

For the years ended December 31, 2018, 2019 and 2020

(In thousands of U.S. dollars ("$") and Renminbi ("RMB") except for number of shares and per share data)

1. Organization and principal activities

Zai Lab Limited (the "Company") was incorporated on March 28, 2013 in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company and its subsidiaries (collectively referred to as the "Group") are focused on developing and commercializing therapies that address medical conditions with unmet medical needs including, in particular, oncology, autoimmune disorders and infectious diseases.

The Group's principal operations and geographic markets are in the People's Republic of China ("PRC"). The Group has a substantial presence in China (refers to mainland China hereinafter), Hong Kong, Macau and Taiwan (collectively referred to as the "Greater China") and the United States. The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries.

As of December 31, 2020, the Group's significant operating subsidiaries are as follows:

Name of company	Place of incorporation	Date of incorporation	Percentage of ownership	Principal activities
Zai Lab (Hong Kong) Limited	Hong Kong	April 29, 2013	100%	Operating company for business development and R&D activities and commercialization of innovative medi
Zai Lab (Shanghai) Co., Ltd.	PRC	January 6, 2014	100%	Development and commercialization of innovative medicines and devices
Zai Lab (AUST) Pty., Ltd.	Australia	December 10, 2014	100%	Clinical trial activities
Zai Lab (Suzhou) Co., Ltd.	PRC	November 30, 2015	100%	Development and commercialization of innovative medicines
Zai Biopharmaceutical (Suzhou) Co., Ltd.	PRC	June 15, 2017	100%	Development and commercialization of innovative medicines
Zai Lab (US) LLC	U.S.	April 21, 2017	100%	Operating company for business development and R&D activities
Zai Lab International Trading (Shanghai) Co., Ltd.	PRC	November 6, 2019	100%	Commercialization of innovative medicines and devices
Zai Auto Immune (Hong Kong) Limited	Hong Kong	November 4, 2020	100%	Operating company for business development and R&D activities

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2. Summary of significant accounting policies

(a) Basis of presentation

The consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries. All intercompany transactions and balances among the Group and its subsidiaries are eliminated upon consolidation.

(c) Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Areas where management uses subjective judgment include, but are not limited to, estimating the useful lives of long-lived assets, estimating the current expected credit losses for financial assets, assessing the impairment of long-lived assets, discount rate of operating lease liabilities, revenue recognition, allocation of the research and development service expenses to the appropriate financial reporting period based on the progress of the research and development projects, share-based compensation expenses, recoverability of deferred tax assets and the fair value of the financial instruments. Management bases the estimates on historical experience and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from these estimates.

(d) Foreign currency translation

The functional currency of Zai Lab Limited, Zai Lab (Hong Kong) Limited, Zai Lab (US) LLC and Zai Auto Immune (Hong Kong) Limited are the United States dollar ("$"). The Group's PRC subsidiaries determined their functional currency to be Chinese Renminbi ("RMB"). The Group's Australia subsidiary determined its functional currency to be Australian dollar ("A$"). The determination of the respective functional currency is based on the criteria of Accounting Standard Codification ("ASC") 830, *Foreign Currency Matters*. The Group uses the United States dollar as its reporting currency.

Assets and liabilities are translated from each entity's functional currency to the reporting currency at the exchange rate on the balance sheet date. Equity amounts are translated at historical exchange rates, and expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as cumulative translation adjustments and are shown as a separate component of other comprehensive loss in the consolidated statements of changes in shareholders' equity and comprehensive loss.

Monetary assets and liabilities denominated in currencies other than the applicable functional currencies are translated into the functional currencies at the prevailing rates of exchange at the balance sheet date. Non-monetary assets and liabilities are translated into the applicable functional currencies at historical exchange

rates. Transactions in currencies other than the applicable functional currencies during the year are converted into the functional currencies at the applicable rates of exchange prevailing at the transaction dates. Transaction gains and losses are recognized in the consolidated statements of operations.

(e) Cash, cash equivalents and restricted cash

Cash and cash equivalents

The Group considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of cash on hand, demand deposits and highly liquid investments with maturity of less than three months and are stated at cost plus interests earned, which approximates fair value.

Restricted cash

Restricted cash mainly consists of the bank deposits held as collateral for issuance of letters of credit.

(f) Short-term investments

Short-term investments are time deposits with original maturities more than three months. Short-term investments are stated at cost, which approximates fair value. Interest earned is included in interest income.

(g) Accounts receivable

From January 1, 2020, the Group adopted the ASU 2016-13, *Credit Losses, Measurement of Credit Losses on Financial Instruments*. Accounts receivable are recorded at the amounts due from customers and net of allowances for credit losses. The allowance for credit losses reflects the Group's current estimate of credit losses expected to be incurred over the life of the receivables. The Group considers various factors in establishing, monitoring, and adjusting its allowance for credit losses including the aging of receivables and aging trends, customer creditworthiness and specific exposures related to particular customers. The Group also monitors other risk factors and forward-looking information, such as country specific risks and economic factors that may affect a customer's ability to pay in establishing and adjusting its allowance for credit losses. Accounts receivable are written off when deemed uncollectible.

(h) Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined on a weighted average basis. The Group periodically reviews the composition of inventory and shelf life of inventory in order to identify obsolete, slow-moving or otherwise non-saleable items. The Group will record a write-down to its net realizable value in cost of sales in the period that the decline in value is first identified. Nil and $29 inventory write-downs were recorded as of December 31, 2019 and 2020, respectively.

(i) Investments in equity investees

The Group uses the equity method to account for an equity investment over which it has significant influence but does not own a majority equity interest or otherwise control. The Group records equity method adjustments in

share of earnings and losses. Equity method adjustments include the Group's proportionate share of investee income or loss, adjustments to recognize certain differences between the Group's carrying value and its equity in net assets of the investee at the date of investment, impairments, and other adjustments required by the equity method. Dividends received are recorded as a reduction of carrying amount of the investment. Cumulative distributions that do not exceed the Group's cumulative equity in earnings of the investee are considered as a return on investment and classified as cash inflows from operating activities. Cumulative distributions in excess of the Group's cumulative equity in the investee's earnings are considered as a return of investment and classified as cash inflows from investing activities.

The Group is required to perform an impairment assessment of its investments whenever events or changes in business circumstances indicate that the carrying value of the investment may not be fully recoverable. An impairment loss is recorded when there has been a loss in value of the investment that is other than temporary. No impairment was recorded for the years ended December 31, 2018, 2019 and 2020.

(j) Prepayments for equipment

The prepayments for equipment purchase are recorded in long term prepayments considering the prepayments are all related to property and equipment.

(k) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

	Useful life
Office equipment	3 years
Electronic equipment	1.25-3 years
Vehicles	4 years
Laboratory equipment	5 years
Manufacturing equipment	10 years
Leasehold improvements	lesser of useful life or lease term

Construction in progress represents property and equipment under construction and pending installation and is stated at cost less impairment losses if any.

(l) Lease

From January 1, 2019, the Group adopted the ASC Topic 842, *Leases* ("ASC 842"). The Group adopted the new guidance using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application and not restating comparative periods. The Group determines if an arrangement is a lease at inception. The Group classifies the lease as a finance lease if it meets certain criteria or as an operating lease when it does not. The Group has lease agreements with lease and non-lease components, which the Group has elected to account for the components as a single lease component. The Group leases facilities for office, research and development center, and manufacturing facilities in China, Hong Kong, and the United States, which are all classified as operating leases with fixed lease payments, or minimum payments, as contractually stated in the lease agreements. The Group's leases do not contain any material residual value guarantees or material restrictive covenants.

At the commencement date of a lease, the Group recognizes a lease liability for future fixed lease payments and a right-of-use ("ROU") asset representing the right to use the underlying asset during the lease term. The lease liability is initially measured as the present value of the future fixed lease payments that will be made over the lease term. The lease term includes periods for which it's reasonably certain that the renewal options will be exercised and periods for which it's reasonably certain that the termination options will not be exercised. The future fixed lease payments are discounted using the rate implicit in the lease, if available, or the incremental borrowing rate ("IBR"). Upon adoption of ASU 2016-02, the Group elected to use the remaining lease term as of January 1, 2019 in the Group's estimation of the applicable discount rate for leases that were in place at adoption. For the initial measurement of the lease liability for leases commencing after January 1, 2019, the Group uses the discount rate as of the commencement date of the lease, incorporating the entire lease term. Additionally, the Group elected not to recognize leases with lease terms of 12 months or less at the commencement date in the consolidated balance sheets.

The ROU asset is measured at the amount of the lease liability with adjustments, if applicable, for lease prepayments made prior to or at lease commencement, initial direct costs incurred by the Group and lease incentives. Under ASC 842, land use rights agreements are also considered to be operating lease contracts. The Group will evaluate the carrying value of ROU assets if there are indicators of impairment and review the recoverability of the related asset group. If the carrying value of the asset group is determined to not be recoverable and is in excess of the estimated fair value, the Group will record an impairment loss in other expenses in the consolidated statements of operations. ROU assets for operating leases are included in operating lease right-of-use assets in the consolidated balance sheets.

Operating leases are included in operating lease right-of-use assets and operating lease liabilities in the consolidated balance sheets. Operating lease liabilities that become due within one year of the balance sheet date are classified as current operating lease liabilities.

Lease expense is recognized on a straight-line basis over the lease term.

(m) Land use rights

All land in the PRC is owned by the PRC government. The PRC government may sell land use rights for a specified period of time. The purchase price of land use rights represents the operating lease prepayments for the rights to use the land in the PRC under ASC 842 and is recorded as land use rights on the balance sheet, which is amortized over the remaining lease term.

In 2019, the Group acquired land use rights from the local Bureau of Land and Resources in Suzhou for the purpose of constructing and operating the research center and biologics manufacturing facility in Suzhou. The land use rights are being amortized over the respective lease terms, which are 30 years.

(n) Long term deposits

Long term deposits represent amounts paid in connection with the Group's long-term lease agreements.

(o) Value added tax recoverable

Value added tax recoverable represent amounts paid by the Group for purchases. The amounts were recorded as long-term assets considering they are expected to be deducted from future value added tax payables arising on the Group's future revenues.

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(p) Intangible assets

Intangible assets mainly consist of externally purchased software which are amortized over one to five years on a straight-line basis. Amortization expenses for the years ended December 31, 2018, 2019 and 2020 were $15, $305 and $307, respectively. Amortization expenses of the Group's intangible assets are expected to be approximately $402, $399, $386, $270 and $55 for the years ended December 31, 2021, 2022, 2023, 2024, and 2025 and thereafter, respectively.

(q) Impairment of long-lived assets

Long-lived assets are reviewed for impairment in accordance with authoritative guidance for impairment or disposal of long-lived assets. Long-lived assets are reviewed for events or changes in circumstances, which indicate that their carrying value may not be recoverable. Long-lived assets are reported at the lower of carrying amount or fair value less cost to sell. For the years ended December 31, 2018, 2019 and 2020, there was no impairment of the value of the Group's long-lived assets.

(r) Fair value measurements

The Group applies ASC topic 820 ("ASC 820"), *Fair Value Measurements and Disclosures*, in measuring fair value. ASC 820 defines fair value, establishes a framework for measuring fair value and requires disclosures to be provided on fair value measurement.

ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 — Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 — Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (i) market approach; (ii) income approach; and (iii) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

Financial instruments of the Group primarily include cash, cash equivalents and restricted cash, short-term investments, accounts receivable, prepayments and other current assets, short-term borrowings, accounts payable and other current liabilities. As of December 31, 2019 and 2020, the carrying values of cash and cash equivalents, short-term investments, accounts receivable, prepayments and other current assets, short-term borrowings, accounts payable and other current liabilities approximated their fair values due to the short-term maturity of these instruments, and the carrying value of restricted cash approximates its fair value based on the nature and the assessment of the ability to recover these amounts.

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(s) Revenue recognition

In 2018, the Group adopted of ASC Topic 606 ("ASC 606"), *Revenue from Contracts with Customers*, in recognition of revenue. Under ASC 606, the Group recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration expected to receive in exchange for those goods or services. To determine revenue recognition for arrangements that the Group determines are within the scope of ASC 606, the Group performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price, including variable consideration, if any; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Group satisfies a performance obligation. The Group only applies the five-step model to contracts when it is probable that the Group will collect the consideration to which it is entitled in exchange for the goods or services it transfers to the customer. Once a contract is determined to be within the scope of ASC 606 at contract inception, the Group reviews the contract to determine which performance obligations it must deliver and which of these performance obligations are distinct. The Group recognizes as revenue the amount of the transaction price that is allocated to each performance obligation when that performance obligation is satisfied or as it is satisfied.

The Group's revenue is all from product sales. The Group recognizes revenue from product sales when the Group has satisfied the performance obligation by transferring control of the product to the customers. Control of the product generally transfers to the customers when the delivery is made and when title and risk of loss transfers to the consumers. Cost of sales mainly consists of the acquisition cost of products and royalty fee.

The Group has applied the practical expedients under ASC 606 with regard to assessment of financing component and concluded that there is no significant financing component given that the period between delivery of goods and payment is generally one year or less. The Group started to generate product sales revenue since 2018. For the year ended December 31, 2019 and 2020, the Group's product revenues were mainly generated from the sale of ZEJULA (niraparib) and Optune (Tumor Treating Fields) to customers.

In China, the Group sells the products to distributors, who ultimately sell the products to health care providers. Based on the nature of the arrangements, the performance obligations are satisfied upon the products delivery to distributors. Rebates are offered to distributors, consistent with pharmaceutical industry practices. The estimated amount of unpaid or unbilled rebates are recorded as a reduction of revenue if any. Estimated rebates are determined based on contracted rates, sales volumes and distributor inventories. The Group regularly reviews the information related to these estimates and adjusts the amount accordingly.

In Hong Kong, the Group sells the products to customers, which are typically healthcare providers such as oncology centers. The Group utilizes a third party for warehousing services. Based on the nature of the arrangement, the Group has determined that it is a principal in the transaction since the Group is primarily responsible for fulfilling the promise to provide the products to the customers, maintains inventory risk until delivery to the customers and has latitude in establishing the price. Revenue was recognized at the amount to which the Group expected to be entitled in exchange for the sale of the products, which is the sales price agreed with the customers. Consideration paid to the third party is recognized in operating expenses.

The Group didn't recognize any contract assets and contract liabilities as of December 31, 2019 and 2020.

(t) Research and development expenses

Elements of research and development expenses primarily include (i) payroll and other related costs of personnel engaged in research and development activities; (ii) in-licensed patent rights fees of exclusive development rights of products granted to the Group; (iii) costs related to pre-clinical testing of the Group's technologies under development and clinical trials such as payments to contract research organizations ("CROs") and contract manufacturing organizations ("CMOs"), investigators and clinical trial sites that conduct our clinical studies; (iv) costs to develop the product candidates, including raw materials and supplies, product testing, depreciation, and facility related expenses; and (v) other research and development expenses. Research and development expenses are charged to expense as incurred when these expenditures relate to the Group's research and development services and have no alternative future uses.

The Group has acquired rights to develop and commercialize product candidates. Upfront payments that relate to the acquisition of a new product compound, as well as pre-commercial milestone payments, are immediately expensed as acquired in-process research and development in the period in which they are incurred, provided that the new product compound did not also include processes or activities that would constitute a "business" as defined under U.S. GAAP, and the product candidate has not achieved regulatory approval for marketing and, absent obtaining such approval, has no established alternative future use. Milestone payments made to third parties subsequent to regulatory approval which meet the capitalization criteria would be capitalized as intangible assets and amortized over the estimated remaining useful life of the related product. If the conditions enabling capitalization of development costs as an asset have not yet been met, all development expenditures are recognized in profit or loss when incurred.

(u) Deferred income

Deferred income mainly consists of deferred income from government grants, American Depositary Receipts (the "ADR") Program Agreement with ADR depositary bank (the "DB") in July 2017 and the upfront payments received from Huizheng (Shanghai) Pharmaceutical Technology Co., Ltd. ("Hanhui").

Government grants consist of cash subsidies received by the Group's subsidiaries in the PRC from local governments. Grants received as incentives for conducting business in certain local districts with no performance obligation or other restriction as to the use are recognized when cash is received. Cash grants of $1,332, $2,151 and $7,289 were included in other income for the years ended December 31, 2018, 2019 and 2020, respectively. Grants received with government specified performance obligations are recognized when all the obligations have been fulfilled. If such obligations are not satisfied, the Group may be required to refund the subsidy. Cash grants of $2,023 and $2,519 were recorded in deferred income as of December 31, 2019 and 2020 respectively, which will be recognized when the government specified performance obligation is satisfied.

According to the ADR program agreement, the Group has the right to receive reimbursements for using DB's services, subject to the compliance by the Group with the terms of the agreement. The Group performed a detail assessment of the requirements and recognizes the reimbursements it expects to be entitled to over the five-year contract term as other income. For the years ended December 31, 2018, 2019 and 2020, $312, $312 and $312 were recorded in other income, respectively. $858 and $546 were recorded in deferred income as of December 31, 2019 and 2020, respectively.

In March 2020, the Group entered into an exclusive promotion agreement with Hanhui. Under the terms of the agreement, the Group will leverage Hanhui's existing infrastructure to optimize an anticipated future commercial

launch of omadacycline in China given that omadacycline is a broad-spectrum antibiotic in both the hospital and community care facilities. In exchange for the exclusive promotion rights in China, Hanhui has agreed to pay the Group a non-creditable, upfront payment in the amount of RMB230,000, of which RMB90,000 was received in April 2020. The Group assessed and determined that the income recognition criteria was not met and recorded the upfront payment as deferred income. As of December 31, 2020, a total amount of RMB90,000($13,793) was recorded in deferred income.

(v) Comprehensive loss

Comprehensive loss is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. Among other disclosures, ASC 220, *Comprehensive Income*, requires that all items that are required to be recognized under current accounting standards as components of comprehensive loss be reported in a financial statement that is displayed with the same prominence as other financial statements. For each of the periods presented, the Group's comprehensive loss includes net loss and foreign currency translation adjustments, which are presented in the consolidated statements of comprehensive loss.

(w) Share-based compensation

The Group grants share options and non-vested restricted shares to eligible employees, management and directors and accounts for these share-based awards in accordance with ASC 718, *Compensation-Stock Compensation.*

Employees' share-based awards are measured at the grant date fair value of the awards and recognized as expenses (i) immediately at grant date if no vesting conditions are required; or (ii) using graded vesting method over the requisite service period, which is the vesting period.

All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument issued, whichever is more reliably measurable.

To the extent the required vesting conditions are not met resulting in the forfeiture of the share-based awards, previously recognized compensation expense relating to those awards are reversed.

The Group determined the fair value of the stock options granted to employees using the Black-Scholes option valuation model.

Awards Granted to Non-Employees

The Group grants share options to eligible Non-Employees and accounts for these share-based awards in accordance with ASC 718, *Compensation-Stock Compensation.* Non-Employees' share-based awards are measured at the grant date fair value of the awards and recognized as expenses (i) immediately at grant date if no vesting conditions are required; or (ii) using graded vesting method over the requisite service period, which is the vesting period. All transactions in which goods or services are received in exchange for equity instruments are accounted for based on the fair value of the consideration received or the fair value of the equity instrument

issued, whichever is more reliably measurable. To the extent the required vesting conditions are not met resulting in the forfeiture of the share-based awards, previously recognized compensation expense relating to those awards are reversed. The Group determined the fair value of the stock options granted to Non-Employees using the Black-Scholes option valuation model.

(x) Income taxes

Income tax expense includes (i) deferred tax expense, which generally represents the net change in the deferred tax asset or liability balance during the year plus any change in valuation allowances; (ii) current tax expense, which represents the amount of tax currently payable to or receivable from a taxing authority; and (iii) non-current tax expense, which represents the increases and decreases in amounts related to uncertain tax positions from prior periods and not settled with cash or other tax attributes.

The Group recognizes deferred tax assets and liabilities for temporary differences between the financial statement and income tax bases of assets and liabilities, which are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Group evaluates its uncertain tax positions using the provisions of ASC 740, *Income Taxes*, which requires that realization of an uncertain income tax position be recognized in the financial statements. The benefit to be recorded in the financial statements is the amount most likely to be realized assuming a review by tax authorities having all relevant information and applying current conventions. It is the Group's policy to recognize interest and penalties related to unrecognized tax benefits, if any, as a component of income tax expense. No unrecognized tax benefits and related interest and penalties were recorded in any of the periods presented.

(y) Earnings (loss) per share

Basic earnings (loss) per ordinary share is computed by dividing net income (loss) attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the period.

Diluted earnings (loss) per ordinary share reflects the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Group had stock options and non-vested restricted shares, which could potentially dilute basic earnings (loss) per share in the future. To calculate the number of shares for diluted earnings (loss) per share, the effect of the stock options and non-vested restricted shares is computed using the treasury stock method. The computation of diluted earnings (loss) per share does not assume exercise or conversion of securities that would have an anti-dilutive effect.

(z) Segment information

In accordance with ASC 280, *Segment Reportin*g, the Group's chief operating decision maker, the Chief Executive Officer, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reporting. As the Group's long-lived assets are substantially located in and derived from China, no geographical segments are presented.

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(aa) Concentration of risks

Concentration of customers

The following customers accounted for 10% or more of revenue for the years ended December 31, 2018, 2019 and 2020:

	Year ended December 31,		
	2018	2019	2020
	$	$	$
A	51	5,397	*
B	34	*	*
C	14	*	*
D	*	4,682	*
E	*	*	15,774

* Represents less than 10% of revenue for the years ended December 31, 2018, 2019 and 2020.

Concentration of suppliers

The following suppliers accounted for 10% or more of research and development expenses and the inventory purchases for the years ended December 31, 2018, 2019 and 2020:

	Year ended December 31,		
	2018	2019	2020
	$	$	$
A	25,515	*	*
B	14,664	*	*
C	*	27,966	*
D	*	18,362	*
E	*	*	33,564
F	*	*	26,710

* Represents less than 10% of research and development expenses and the inventory purchases for the years ended December 31, 2018, 2019 and 2020.

Concentration of credit risk

Financial instruments that are potentially subject to significant concentration of credit risk consist of cash and cash equivalents, and short-term investments. The carrying amounts of cash and cash equivalents and short-term investments represent the maximum amount of loss due to credit risk. As of December 31, 2019 and 2020, all of the Group’s cash and cash equivalents and short-term investments were held by major financial institutions located in the PRC and international financial institutions outside of the PRC which management believes are of high credit quality and continually monitors the credit worthiness of these financial institutions.

Foreign currency risk

RMB is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People’s Bank of China, controls the conversion of RMB into foreign currencies. The value of RMB is

subject to changes in central government policies and to international economic and political developments affecting supply and demand in the China Foreign Exchange Trading System market. The cash and cash equivalents of the Group included aggregated amounts of RMB47,168 and RMB155,934, which were denominated in RMB, as of December 31, 2019 and 2020, respectively, representing 9% and 5% of the cash and cash equivalents as of December 31, 2019 and 2020, respectively.

(ab) Recent accounting pronouncements

Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Credit Losses, Measurement of Credit Losses on Financial Instruments*, which has subsequently been amended by ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11 and ASU 2020-03. This ASU significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard has replaced incurred loss approach with an expected loss model for instruments measured at amortized cost. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The standards are to be applied using a modified retrospective approach and are effective for interim periods and fiscal years beginning after December 15, 2019, with early adoption permitted.

The Group adopted the standard on January 1, 2020. Based on the composition of the Group's trade receivables and investment portfolio, the adoption of this standard did not have a material impact on the Group's financial position or results of operations upon adoption. The Group has updated its accounting policy for accounts receivable and is providing additional disclosure about its allowance for credit losses, as required by the standard, upon adoption. The impact of other financial instrument is not material.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*. This guidance removes certain disclosure requirements related to the fair value hierarchy, modifies existing disclosure requirements related to measurement uncertainty and adds new disclosure requirements. The new disclosure requirements include disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. Certain disclosures required by this guidance must be applied on a retrospective basis and others on a prospective basis. The guidance is effective for interim periods and fiscal years beginning after December 15, 2019, with early adoption permitted. The Group adopted this standard on January 1, 2020. There was no impact to the Group's financial position or results of operations upon adoption as the Group did not have any financial instruments that are measured as level 3.

In November 2018, the FASB issued ASU 2018-18, *Collaborative Arrangements (Topic 808)*: Clarifying the Interaction between Topic 808 and Topic 606. This update clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC 606 when the counterparty is a customer and precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. The update is effective in fiscal years beginning after December 15, 2019, and interim periods therein, and early adoption is permitted for entities that have adopted ASC 606. The Group adopted this standard on January 1, 2020. There was no material impact to the Group's financial position or results of operations upon adoption.

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Future Adoption of Accounting Standards

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): *Simplifying the Accounting for Income Taxes*. This update simplifies the accounting for income taxes as part of the FASB's overall initiative to reduce complexity in accounting standards. The amendments include removal of certain exceptions to the general principles of ASC 740, *Income taxes*, and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. The update is effective in fiscal years beginning after December 15, 2020, and interim periods therein, and early adoption is permitted. Certain amendments in this update should be applied retrospectively or modified retrospectively, all other amendments should be applied prospectively. The Group is currently evaluating the impact on its financial statements of adopting this guidance.

3. Cash and cash equivalents

	As of December 31,	
	2019	2020
	$	$
Cash at bank and in hand	75,111	441,283
Cash equivalents	821	833
	75,932	442,116
Denominated in:		
US$	62,478	297,813
RMB (note (i))	6,761	23,898
Hong Kong dollar ("HK$")	5,948	119,695
Australian dollar ("A$")	745	710
	75,932	442,116

Note:

(i) Certain cash and bank balances denominated in RMB were deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

4. Restricted cash, non-current

The Group's restricted cash balance of $510 and $743 as of December 31, 2019 and 2020 was long-term bank deposits held as collateral for issuance of letters of credit. These deposits will be released when the related letters of credit are settled by the Group.

5. Short-term investments

Short-term investments are primarily comprised of time deposits with original maturities between three months and one year. For the years ended December 31, 2018, 2019 and 2020, the Group recorded the interest income of $2,359, $7,778 and $4,860, respectively, from the short-term investments in the consolidated statements of operations.

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As of December 31, 2020, the Group's short-term investments consisted entirely of short-term held to maturity debt instruments with high credit ratings, which were determined to have no risk of expected credit loss. Accordingly, no allowance for credit loss was recorded as of December 31, 2019 and 2020.

6. Accounts receivable

The roll-forward of the allowance for credit losses related to accounts receivable for the year ended December 31, 2020 consists of the following activity:

	Allowance for Credit Losses
	$
Balance as of December 31, 2019	—
Current period provision for expected credit losses	1
Amounts written-off	—
Recoveries of amounts previously written-off	—
Balance as of December 31, 2020	1

The Group did not have any allowance for credit losses for the years ended December 31, 2018 and 2019.

7. Inventories

The Group's inventory balance of $6,005 and $13,144 as of December 31, 2019 and 2020, respectively, mainly consisted of finished goods purchased from Tesaro Inc., now GlaxoSmithKline (GSK) and NovoCure Limited ("NovoCure") for distribution in Hong Kong, as well as finish goods and certain raw materials for ZEJULA commercialization in China.

	As of December 31,	
	2019	2020
	$	$
Finished goods	593	3,041
Raw materials	5,412	10,103
Inventories	6,005	13,144

The Group write-down inventory for any excess or obsolete inventories or when the Group believe that the net realizable value of inventories is less than the carrying value. During the years ended December 31, 2018, 2019 and 2020, the Group recorded write-downs of $Nil, $Nil and $29, respectively, in cost of revenues.

8. Investments in equity investees

In June 2017, the Group entered into an agreement with three third-parties to launch JING Medicine Technology (Shanghai) Ltd. ("JING"), an entity which provides services for product discovery and development, consultation and transfer of pharmaceutical technology. The capital contribution by the Group was RMB26,250 in cash,

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representing 20% of the equity interest of JING, which was paid by the Group in 2017 and 2018. The Group accounts for this investment using the equity method of accounting due to the fact that the Group can exercise significant influence on the investee and recorded its share of loss in this investee of $587, $752 and $1,119 for the years ended December 31, 2018, 2019 and 2020, respectively.

9. Property and equipment, net

Property and equipment consist of the following:

	As of December 31,	
	2019	2020
	$	$
Office equipment	397	430
Electronic equipment	1,482	2,646
Vehicle	76	143
Laboratory equipment	5,854	11,933
Manufacturing equipment	11,049	12,198
Leasehold improvements	7,528	9,641
Construction in progress	428	2,423
	26,814	39,414
Less: accumulated depreciation	(5,461)	(10,252)
Property and equipment, net	21,353	29,162

Depreciation expenses for the years ended December 31, 2018, 2019 and 2020 were $1,634, $3,372 and $4,324, respectively.

10. Lease

The Group leases facilities for office, research and development and manufacturing facilities in China, Hong Kong, and the United States. Lease terms vary based on the nature of operations and the market dynamics, however, all leased facilities are classified as operating leases with remaining lease terms between one and seven years.

Total lease expense related to short-term leases was insignificant for the year ended December 31, 2019 and 2020.

Supplemental information related to leases was as follows:

	Year ended December 31,	
	2019	2020
	$	$
Operating fixed lease cost	3,245	4,539

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Supplemental cash flow information related to leases was as follows:

	Year ended December 31,	
	2019	2020
	$	$
Cash paid for amounts included in measurement of lease liabilities	2,778	4,056
Non-cash operating lease liabilities arising from obtaining operating right-of-use assets	10,876	6,393

The maturities of lease liabilities in accordance with *Leases (Topic 842)* in each of the next five years and thereafter as of December 31, 2020 were as follows:

	Year ended December 31
	$
2021	5,434
2022	4,362
2023	2,401
2024	2,238
2025	2,192
Thereafter	2,610
Total lease payments	19,237
Less: imputed interest	(639)
Present value of minimum operating lease payments	18,598

Weighted-average remaining lease terms and discount rates are as follows:

	Year ended December 31,	
	2019	2020
Weighted-average remaining lease term	4.4 years	5.0 years
Weighted-average discount rate	3.1%	2.3%

11. Revenue

The Group's revenue is primarily derived from the sale of ZEJULA and Optune in China and Hong Kong. The table below presents the Group's net product sales for the years ended December 31, 2018, 2019 and 2020.

	Year ended December 31,		
	2018	2019	2020
	$	$	$
Product revenue — gross	129	12,985	57,355
Less: Rebate and sales return	—	—	(8,397)
Product revenue — net	129	12,985	48,958

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Sales rebates are offered to distributors in China and the amounts are recorded as a reduction of revenue. Estimated rebates are determined based on contracted rates, sales volumes and distributor inventories.

The following table disaggregates net revenue by product for the years ended December 31, 2018, 2019 and 2020:

	Year ended December 31,		
	2018	2019	2020
	$	$	$
ZEJULA	129	6,625	32,138
Optune	—	6,360	16,418
Others	—	—	402
Total product revenue — net	129	12,985	48,958

12. Income Tax

Cayman Islands ("Cayman")

Zai Lab Limited, ZLIP Holding Limited, Zai Auto Immune Limited, and Zai Anti Infectives Limited are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, Zai Lab Limited, ZLIP Holding Limited, Zai Auto Immune Limited, and Zai Anti Infectives Limited are not subject to tax on income or capital gain. Additionally, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

British Virgin Islands Taxation ("BVI")

ZL Capital Limited is incorporated in the British Virgin Islands. Under the current laws of the British Virgin Islands, ZL Capital Limited is not subject to income tax.

Australia ("AUST")

Zai Lab (AUST) Pty., Ltd. is incorporated in Australia and is subject to corporate income tax at a rate of 30%. Zai Lab (AUST) Pty., Ltd. has no taxable income for all periods presented, therefore, no provision for income taxes is required.

United States. ("U.S.")

Zai Lab (US) LLC is incorporated in U.S. and is subject to U.S. federal corporate income tax at a rate of 21%. Zai Lab (US) LLC is also subject to state income tax in Delaware. Zai Lab (US) LLC has no taxable income for all periods presented, therefore, no provision for income taxes is required.

Hong Kong ("HK")

Zai Lab (Hong Kong) Limited, ZL China Holding Two Limited, Zai Auto Immune (Hong Kong) Limited, and Zai Anti Infectives (Hong Kong) Limited are incorporated in Hong Kong. Companies registered in Hong Kong

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are subject to Hong Kong profits tax on the taxable income as reported in their respective statutory financial statements adjusted in accordance with relevant Hong Kong tax laws. Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. For the years ended December 31, 2018, 2019 and 2020, Zai Lab (Hong Kong) Limited, ZL China Holding Two Limited, Zai Auto Immune (Hong Kong) Limited, and Zai Anti Infectives (Hong Kong) Limited did not make any provisions for Hong Kong profit tax as there were no assessable profits derived from or earned in Hong Kong for any of the periods presented. Under the Hong Kong tax law, Zai Lab (Hong Kong) Limited, ZL China Holding Two Limited, Zai Auto Immune (Hong Kong) Limited, and Zai Anti Infectives (Hong Kong) Limited are exempted from income tax on its foreign-derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

PRC

Under PRC's Enterprise Income Tax Law ("EIT Law"), the statutory income tax rate is 25%, and the EIT rate will be reduced to 15% for state-encouraged High and New Technology Enterprises ("HNTE"). Zai Lab (Shanghai) Co., Ltd., first obtained a HNTE certificate in 2018 and began to enjoy the preferential tax rate of 15% from 2018 to 2020. Zai Lab International Trading (Shanghai) Co., Ltd., Zai Lab (Suzhou) Co., Ltd., Zai Biopharmaceutical (Suzhou) Co., Ltd., and Zai Lab Trading (Suzhou) Co., Ltd. are subject to the statutory rate of 25%.

No provision for income taxes has been required to be accrued because the Company and all of its subsidiaries are in cumulative loss positions for all the periods presented.

Loss (income) before income taxes consists of:

	Year ended December 31,		
	2018	2019	2020
	$	$	$
Cayman	1,218	(3,241)	2,612
BVI	2	2	3
PRC	127,711	185,239	220,813
HK	7,778	3,271	20,022
US	2,351	9,786	24,616
AUST	15	14	839
	139,075	195,071	268,905

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Reconciliations of the differences between the PRC statutory income tax rate and the Group's effective income tax rate for the years ended December 31, 2018, 2019 and 2020 are as follows:

	Year ended December 31,		
	2018	2019	2020
Statutory income tax rate	25%	25%	25%
Share-based compensations	(1.93%)	(1.51%)	(1.36%)
Non-deductible expenses	(0.38%)	(0.39%)	(1.17%)
Prior year tax filing adjustment	1.55%	1.93%	1.78%
Effect of different tax rate of subsidiary operation in other jurisdictions	(0.76%)	0.07%	(1.04%)
Preferential tax rate	—	(9.14%)	(7.48%)
Effect of change in tax rate	—	(9.15%)	—
Changes in valuation allowance	(23.48%)	(6.81%)	(15.73%)
Effective income tax rate	—	—	—

The principal components of the deferred tax assets and liabilities are as follows:

	Year ended December 31,		
	2018	2019	2020
	$	$	$
Deferred tax assets:			
Depreciation of property and equipment, net	15	57	84
Government grants	187	325	400
Deferred revenue	—	—	2,069
Public welfare donations	—	—	7,627
Net operating loss carry forwards	49,726	62,833	94,954
Less: valuation allowance	(49,928)	(63,215)	(105,134)
Deferred tax assets, net	—	—	—

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will be more likely than not realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses and forecasts of future profitability. These assumptions require significant judgment and the forecasts of future taxable income are consistent with the plans and estimates the Group is using to manage the underlying businesses. Valuation allowances are established for deferred tax assets based on a more likely than not threshold. The Group's ability to realize deferred tax assets depends on its ability to generate sufficient taxable income within the carry forward periods provided for in the tax law. In 2019 and 2020, the Group has determined that the deferred tax assets on temporary differences and net operating loss carry forwards are related to certain subsidiaries, for which the Group is not able to conclude that the future realization of those net operating loss carry forwards and other deferred tax assets are more likely than not. As such, it has fully provided valuation allowance for the deferred tax assets as of December 31, 2019 and 2020. Amounts of operating loss carry forwards were $204,693, $403,460 and $605,226 for the years ended December 31, 2018, 2019 and 2020, respectively, which are expected to expire from 2021 to 2030.

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Movement of the valuation allowance is as follows:

	2019 $	2020 $
Balance as of January 1,	(49,928)	(63,215)
Additions	(13,287)	(41,919)
Balance as of December 31,	(63,215)	(105,134)

Uncertainties exist with respect to how the current income tax law in the PRC applies to the Group's overall operations, and more specifically, with regard to tax residency status. The EIT Law includes a provision specifying that legal entities organized outside of the PRC will be considered residents for Chinese income tax purposes if the place of effective management or control is within the PRC. The implementation rules to the EIT Law provide that non-resident legal entities will be considered PRC residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting and properties, occurs within the PRC. Despite the present uncertainties resulting from the limited PRC tax guidance on the issue, the Group does not believe that the legal entities organized outside of the PRC within the Group should be treated as residents for EIT Law purposes. If the PRC tax authorities subsequently determine that the Company and its subsidiaries registered outside the PRC should be deemed resident enterprises, the Company and its subsidiaries registered outside the PRC will be subject to the PRC income taxes, at a rate of 25%. The Group is not subject to any other uncertain tax position.

13. Short-term borrowings

On June 25, 2018, Zai Lab (Suzhou) Co. Ltd. entered into a three-year facility agreement for RMB25,000 with a local commercial bank, and the outstanding borrowing under this agreement was nil as of December 31, 2020. The borrowing is guaranteed by Zai Lab (Shanghai) Co. Ltd., with an average interest rate of 4.785%. For the year ended December 31, 2020, Zai Lab (Suzhou) Co. Ltd. repaid the outstanding principal of RMB25, 000. For the year ended December 31, 2019, Zai Lab (Suzhou) Co. Ltd. drawn down an aggregate of RMB30, 000 of this loan and repaid the outstanding principal of RMB 25,000. For the year ended December 31, 2018, Zai Lab (Suzhou) Co. Ltd. drawn down an aggregate of RMB20, 000 of this loan.

On December 12, 2018, Zai Biopharmaceutical (Suzhou) Co. Ltd. entered into a three-year facility agreement for RMB40,000 with a local commercial bank, the outstanding borrowing under this agreement was nil as of December 31, 2020. The borrowing is guaranteed by Zai Lab (Shanghai) Co., Ltd., with average interest rate of 4.785%. For the year ended December 31, 2020, Zai Biopharmaceutical (Suzhou) Co. Ltd. repaid the outstanding principal RMB20, 000. For the year ended December 31, 2019, Zai Biopharmaceutical (Suzhou) Co. Ltd. drew down an aggregate of RMB20, 000 of this loan and repaid the outstanding principal of RMB5,000. For the year ended December 31, 2018, Zai Biopharmaceutical (Suzhou) Co. Ltd. drew down an aggregate of RMB5, 000 of this loan.

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14. Other current liabilities

Other current liabilities consist of followings:

	As of December 31,	
	2019	2020
	$	$
Payroll	9,590	13,694
Professional service fee	774	3,128
Payables for purchase of property and equipment	416	788
Payables for purchase of intangible assets	—	70
Accrued rebate to distributors	—	7,067
Others (note (i))	2,394	5,449
Total	13,174	30,196

Note:

(i) Others are mainly payments from employees for exercising the share-based compensations, tax payables, and payables related to travel and business entertainment expenses and conference fee.

15. Loss per share

Basic and diluted net loss per share for each of the years presented are calculated as follow:

	For the years ended December 31,		
	2018	2019	2020
Numerator:			
Net loss attributable to ordinary shareholders	(139,075)	(195,071)	(268,905)
Denominator:			
Weighted average number of ordinary shares- basic and diluted	52,609,810	64,369,490	77,667,743
Net loss per share-basic and diluted	(2.64)	(3.03)	(3.46)

As a result of the Group's net loss for the three years ended December 31, 2018, 2019 and 2020, share options and non-vested restricted shares outstanding in the respective periods were excluded from the calculation of diluted loss per share as their inclusion would have been anti-dilutive.

	As of December 31,		
	2018	2019	2020
Share options	8,761,735	9,122,980	8,755,920
Non-vested restricted shares	1,112,001	743,268	541,750

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16. Related party transactions

The table below sets forth the major related party and the relationship with the Group as of December 31, 2020:

Company Name	Relationship with the Group
MEDx (Suzhou) Translational Medicine Co., Ltd. (Formerly known as Qiagen (Suzhou) translational medicine Co., Ltd)	Significant influence held by Samantha (Ying) Du's (Director, Chairwoman and Chief Executive Officer of the Company) immediate family

For the years ended December 31, 2018, 2019 and 2020, the Group incurred $126, $234 and $678 research and development expense with MEDx (Suzhou) Translational Medicine Co., Ltd. for product research and development services, respectively. All of the transactions are carried out with normal business terms and are on arms' length basis.

17. Share-based compensation

Share options

On March 5, 2015, the Board of Directors of the Company approved an Equity Incentive Plan (the "2015 Plan") which is administered by the Board of Directors. Under the 2015 Plan, the Board of Directors may grant options to purchase ordinary shares to management including officers, directors, employees and individual advisors who render services to the Group to purchase an aggregate of no more than 4,140,945 ordinary shares of the Group ("Option Pool"). Subsequently, the Board of Directors approved the increase in the Option Pool to 7,369,767 ordinary shares.

In connection with the completion of the initial public offering (the "IPO"), the Board of Directors has approved the 2017 Equity Incentive Plan (the "2017 Plan") and all equity-based awards subsequent to the IPO would be granted under the 2017 Plan.

In 2018, the Group granted 2,759,750 share options to certain management and employees of the Group at the exercise price ranging from $17.60 to $24.58 per share under the 2017 Plan. These options granted have a contractual term of 10 years and generally vest over a five-year period, with 20% of the awards vesting beginning on the anniversary date one year after the grant date.

In 2019, the Group granted 1,067,385 share options to certain management, employees and individual advisors of the Group at the exercise price ranging from $27.23 to $41.59 per share under the 2017 Plan. These options granted have a contractual term of ten years and generally vest over a five or three-year period, with 20% or 33.3% of the awards vesting beginning on the anniversary date one year after the grant date.

In 2020, the Group granted 1,220,177 share options to certain management, employees and individual advisors of the Group at the exercise price ranging from $44.94 to $128.72 per share under the 2017 Plan. These options granted have a contractual term of ten years and generally vest over a five or three-year period, with 20% or 33.3% of the awards vesting beginning on the anniversary date one year after the grant date.

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The following table presents the assumptions used to estimate the fair values of the share options granted in the years presented:

	2018	2019	2020
Risk-free rate of return	2.7%-3.2%	1.6%-2.5%	0.4%-0.8%
Contractual life of option	10 years	10 years	10 years
Expected term	6.5 years	6 or 6.5 years	6 or 6.5 years
Estimated volatility rate	70%	70%	70%
Expected dividend yield	0%	0%	0%
Fair value of underlying ordinary shares	$17.60-$24.58	$27.23-$41.59	$44.94-$128.72

A summary of option activity under the 2015 Plan and 2017 Plan during the years ended December 31, 2018, 2019 and 2020 is presented below:

	Number of options	Weighted average exercise price $	Weighted average remaining contractual term Years	Aggregate intrinsic value $
Outstanding at January 1, 2018	6,548,377	1.28	8.06	130,669
Granted	2,759,750	21.15	—	—
Exercised	(256,065)	0.76	—	—
Forfeited	(290,327)	3.73	—	—
Outstanding at December 31, 2018	8,761,735	7.47	7.80	138,010
Granted	1,067,385	32.22	—	—
Exercised	(670,939)	1.57	—	—
Forfeited	(35,201)	25.99	—	—
Outstanding at December 31, 2019	9,122,980	10.73	7.16	281,562
Granted	1,220,177	63.98	—	—
Exercised	(899,361)	7.41	—	—
Forfeited	(687,876)	26.37	—	—
Outstanding at December 31, 2020	8,755,920	17.26	6.53	1,033,899
Vested and exercisable as of December 31, 2020	5,073,001	4.90	5.47	661,708
Vested or expected to vest as of December 31, 2020	8,755,920	17.26	6.53	1,033,899

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The weighted-average grant-date fair value of the options granted in 2018, 2019 and 2020 were $14.03, $20.98 and $40.60 per share, respectively. The Group recorded compensation expense related to the options of $9,403, $14,925 and $18,695 for the years ended December 31, 2018, 2019 and 2020, respectively, which were classified in the accompanying consolidated statements of operations as follows:

	Year ended December 31,		
	2018	2019	2020
	$	$	$
Selling, general and administrative	4,428	6,931	11,492
Research and development	4,975	7,994	7,203
Total	9,403	14,925	18,695

As of December 31, 2020, there was $71,909 of total unrecognized compensation expense related to unvested share options granted. That cost is expected to be recognized over a weighted-average period of 1.58 years.

Non-vested restricted shares

In 2018, 62,500 ordinary shares were authorized for grant to the independent directors, respectively. The restricted shares shall vest and be released from the restrictions in full on the first anniversary from the date of the agreement. Upon termination of an independent director's service with the Group for any reason, any shares that are outstanding and not yet vested will be immediately forfeited.

In 2018, 694,500 ordinary shares were authorized for grant to certain management. One fifth of the restricted shares shall vest and be released from the restrictions on each yearly anniversary from the date of the agreement. Upon termination of the certain management's service with the Group for any reason, any shares that are outstanding and not yet vested will be immediately forfeited.

In 2019, 50,000 ordinary shares were authorized for grant to the independent directors, respectively. The restricted shares shall vest and be released from the restrictions in full on the first anniversary from the date of the agreement. Upon termination of an independent director's service with the Group for any reason, any shares that are outstanding and not yet vested will be immediately forfeited.

In 2019, 121,000 ordinary shares were authorized for grant to certain management. One fifth of the restricted shares will vest and be released from the restrictions on each yearly anniversary from the date of the agreement. Upon termination of the certain management's service with the Group for any reason, any shares that are outstanding and not yet vested will be immediately forfeited.

In 2020, 50,000 ordinary shares were authorized for grant to the independent directors. The restricted shares will vest and be released from the restrictions in full on the first anniversary from the date of the agreement. Upon termination of the independent directors' service with the Group for any reason, any shares that are outstanding and not yet vested will be immediately forfeited.

In 2020, 109,250 ordinary shares were authorized for grant to certain management. One fifth of the restricted shares will vest and be released from the restrictions on each yearly anniversary from the date of the agreement. Upon termination of the certain management's service with the Group for any reason, any shares that are outstanding and not yet vested will be immediately forfeited.

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The Group measured the fair value of the non-vested restricted shares as of respective grant dates and recognized the amount as compensation expense over the deemed service period using a graded vesting attribution model on a straight-line basis.

The following table summarized the Group's non-vested restricted share activity in 2020:

	Numbers of non-vested restricted shares	Weighted average grant date fair value
		$
Non-vested as of January 1, 2019	1,112,001	15.13
Granted	171,000	27.55
Vested	(539,733)	8.97
Non-vested as of December 31, 2019	743,268	22.45
Granted	159,250	74.55
Vested	(225,768)	22.98
Forfeited	(135,000)	23.20
Non-vested as of December 31, 2020	541,750	37.36

As of December 31, 2020, there was $16,335 of total unrecognized compensation expense related to non-vested restricted shares. The Group recorded compensation expense related to the restricted shares of $2,826, $5,366 and $6,135 for the years ended December 31, 2018, 2019 and 2020, respectively, which were classified in the accompanying consolidated statements of operations as follows:

	Year ended December 31,		
	2018	2019	2020
	$	$	$
Selling, general and administrative	2,206	3,643	4,226
Research and development	620	1,723	1,909
Total	2,826	5,366	6,135

18. Accumulated other comprehensive income (loss)

The movement of accumulated other comprehensive income (loss) is as follows:

	Foreign currency translation adjustments
	$
Balance as of January 1, 2018	450
Other comprehensive income	2,212
Balance as of December 31, 2018	2,662
Other comprehensive income	1,958
Balance as of December 31, 2019	4,620
Other comprehensive loss	(19,144)
Balance as of December 31, 2020	(14,524)

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19. Licenses and collaborative arrangement

The following is a description of the Group's significant ongoing collaboration agreements for the years ended December 31, 2020.

License and collaboration agreement with GSK

In September 2016, the Group entered into a collaboration, development and license agreement with Tesaro, Inc, a company later acquired by GSK, pursuant to which it obtained an exclusive sublicense under certain patents and know-how of GSK (including such patents and know-how licensed from Merck, Sharp & Dohme Corp., a subsidiary of Merck & Co., Inc., and AstraZeneca UK Limited) to develop, manufacture and commercialize GSK's proprietary PARP inhibitor, niraparib, in China, Hong Kong and Macau for the diagnosis and prevention of any human diseases or conditions (other than prostate cancer). We also obtained the right of first negotiation to obtain a license to develop and commercialize certain follow-on compounds of niraparib being developed by GSK in the licensed territory. Under the agreement, the Group agreed not to research, develop or commercialize certain competing products, and we also granted GSK the right of first refusal to license certain immuno-oncology assets developed by us. In February 2018, the Group entered into an amendment with GSK that eliminated GSK's option to co-market niraparib in the licensed territory.

Under the terms of the agreement, the Group made an upfront payment of $15,000 and accrued two development milestone payments totaling $4,500 to GSK. On top of those, if the Group achieves other specified regulatory, development and commercialization milestones, the Group may be additionally required to pay further milestone payments up to $36,000 to GSK. In addition, if the Group successfully develops and commercializes the licensed products, the Group will pay GSK tiered royalties on the net sales of the licensed products, until the later of the expiration of the last-to-expire licensed patent covering the licensed product, the expiration of regulatory exclusivity for the licensed product, or the tenth anniversary of the first commercial sale of the licensed product, in each case on a product-by-product and region-by-region basis.

The Group has the right to terminate this agreement at any time by providing written notice of termination.

License and collaboration agreement with Paratek Bermuda Ltd. ("Paratek")

In April 2017, the Group entered into a license and collaboration agreement with Paratek Bermuda Ltd., a subsidiary of Paratek Pharmaceuticals, Inc., pursuant to which it obtained both an exclusive license under certain patents and know-how of Paratek and an exclusive sub-license under certain intellectual property that Paratek licensed from Tufts University to develop, manufacture and commercialize products containing omadacycline (ZL-2401) as an active ingredient in Greater China in the field of all human therapeutic and preventative uses other than biodefense. Under certain circumstances, the exclusive sub-license to certain intellectual property Paratek licensed from Tufts University may be converted to a non-exclusive license if Paratek's exclusive license from Tufts University is converted to a non-exclusive license under the Tufts Agreement. The Group also obtained the right of first negotiation to be Paratek's partner to develop certain derivatives or modifications of omadacycline in our licensed territory. Paratek retains the right to manufacture the licensed product in our licensed territory to support development and commercialization of the same outside our licensed territory. The Group also granted to Paratek a non-exclusive license to certain of our intellectual property. Under the agreement, the Group agreed not to commercialize certain competing products in our licensed territory.

Under the terms of the agreement, the Group made an upfront payment of $7,500 to Paratek and two milestone payments totaling $8,000 to Paratek and the Group may be required to pay further milestone payments of up to an aggregate of $46,500 to Paratek for the achievement of certain development and sales milestone events. In addition, the Group will pay to Paratek tiered royalties on the net sales of licensed products, until the later of the abandonment, expiration or invalidation of the last-to-expire licensed patent covering the licensed product, or the eleventh anniversary of the first commercial sale of the licensed product, in each case on a product-by-product and region-by-region basis.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Paratek.

License and collaboration agreement with Five Prime Therapeutics, Inc. ("Five Prime")

In December 2017, the Group entered into a license and collaboration agreement with Five Prime, pursuant to which it obtained an exclusive license under certain patents and know-how of Five Prime to develop and commercialize products containing Five Prime's proprietary afucosylated FGFR2b antibody known as bemarituzumab (FPA144) as an active ingredient in the treatment or prevention of any disease or condition in humans in Greater China.

Under the terms of the agreement, the Group made an upfront payment of $5,000 and a milestone payment of $2,000 to Five Prime. Additionally, the Group may be required to pay further development and regulatory milestone payments of up to an aggregate of $37,000 to Five Prime. The Group is also be obligated to pay Five Prime a royalty, on a licensed product-by-licensed product and region-by-region basis, depending on the number of patients the Group enrolls in the bemarituzumab study, subject to reduction in certain circumstances, on net sales of each licensed product in the licensed territory until the latest of (i) the 11th anniversary of the first commercial sale of such licensed product in such region, (ii) the expiration of certain patents covering such licensed product in such region, and (iii) the date on which any applicable regulatory, pediatric, orphan product or data exclusivity with respect to such licensed product expires in such region.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Five Prime.

License and collaboration agreement with Entasis Therapeutics Holdings Inc.("Entasis")

In April 2018, the Group entered into a license and collaboration agreement with Entasis, pursuant to which it obtained an exclusive license under certain patents and know-how of Entasis to develop and commercialize products containing Entasis' proprietary compounds known as durlobactam (ETX2514) and Sulbactam (ETX2514SUL) as an active ingredient with the possibility of developing and commercializing a combination of such compounds with Imipenem in all human diagnostic, prophylactic and therapeutic uses in Greater China, Korea, Vietnam, Thailand, Cambodia, Laos, Malaysia, Indonesia, the Philippines, Singapore, Australia, New Zealand and Japan. The Group's rights to develop and commercialize the licensed products are limited to the lead product (Sulbactam) until such lead product receives initial FDA approval in the United States.

Under the terms of the agreement, the Group made an upfront payment of $5,000 and two development milestone payments totaling $7,000 to Entasis. Additionally, the Group may be required to pay Entasis development,

regulatory and research milestone payments (other than existing ones) and commercial milestone payments of up to an aggregate of $91,600. The Group is also responsible for a portion of the costs of the global pivotal Phase III clinical trial of SUL-DUR outside of the territory. The Group is also obligated to pay Entasis a royalty based on a percentage of net sales of licensed products, depending on the amount of net sales of licensed products in the territory, subject to reduction in certain circumstances, until, with respect to a licensed product in a region in the territory, the latest of (i) the 10th anniversary of the first commercial sale of such licensed product in such region, (ii) the expiration of certain patents covering such licensed product in such region, and (iii) the date on which any applicable regulatory, pediatric, orphan product or data exclusivity with respect to such licensed product expires in such region.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Entasis.

License and collaboration agreement with Crescendo Biologics Ltd. ("Crescendo")

In May 2018, the Group and Crescendo entered into an exclusive, worldwide licensing agreement, under which the Group will develop, commercialize, and manufacture a topical, innovative antibody VH domain therapeutic for potential application in inflammatory indications.

Under the terms of the agreement, Crescendo granted to the Group a worldwide exclusive license to develop and commercialize its product candidate for all indications. The Group will be responsible for conducting all regulatory filings, clinical studies, and commercialization activities, with both companies participating in a Joint Development Committee.

In October 2020, the Group and Crescendo entered into a supplemental license agreement, under which Crescendo granted to the Group a non-exclusive, worldwide license to use the Crescendo VH HLEs in connection with the development, commercialization, manufacture and other exploitation of VH HLE licensed products.

Under the terms of these two agreements, the Group paid two upfront fees of $4,500 and two milestone payments of $2,000, to Crescendo, and the Group will provide development, regulatory, and commercial milestones for multiple indications up to an aggregate of $302,075. Crescendo will also be eligible to receive tiered royalties on global sales.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Crescendo.

License and collaboration agreement with NovoCure Limited ("NovoCure")

In September 2018, the Group entered into a license and collaboration agreement with NovoCure, pursuant to which it obtained an exclusive license under certain patents and know-how of NovoCure to develop and commercialize Tumor Treating Fields products in all human therapeutic and preventative uses in the field of oncology in Greater China.

Under the terms of the agreement, the Group paid an upfront license fee in the amount of $15,000 and two milestone payments of $10,000 to Novocure. The Group also agreed to pay certain development, regulatory and

commercial milestone payments up to an aggregate of $68,000, and tiered royalties at percentage rates on the net sales of the Licensed Products in the Territory. The Group will purchase licensed products exclusively from Novocure at Novocure's fully burdened manufacturing cost.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Novocure.

License and collaboration agreement with MacroGenics Inc. ("MacroGenics")

In November 2018, The Group entered into a collaboration agreement with MacroGenics, pursuant to which it obtained an exclusive license under certain patents and know-how of MacroGenics to develop and commercialize margetuximab, tebotelimab (MGD-013) and an undisclosed multi-specific TRIDENT molecule in pre-clinical development, each as an active ingredient in all human fields of use, except to the extent limited by any applicable third party agreement of MacroGenics in Greater China.

Under the terms of the agreement, the Group paid an upfront license fee of $25,000 and two milestone payments in total of $4,000 to MacroGenics. The Group also agreed to pay certain development and regulatory-based milestone payments up to an aggregate of $136,000, and tiered royalties at percentage rates for net sales of Margetuximab, tebotelimab and TRIDENT molecule in the territory.

The Group has the right to terminate this agreement at any time by providing written notice of termination to MacroGenics.

License and collaboration agreement with Deciphera Pharmaceuticals, LLC ("Deciphera")

In June 2019, the Group entered into a license agreement with Deciphera, pursuant to which it obtained an exclusive license under certain patents and know-how of Deciphera to develop and commercialize products containing ripretinib in the field of the prevention, prophylaxis, treatment, cure or amelioration of any disease or medical condition in humans in Greater China.

Under the terms of the agreement, the Group paid Deciphera an upfront license fee of $20,000 and two milestone payments of $7,000. The Group also agreed to pay certain additional development, regulatory and commercial milestone payments up to an aggregate of $178,000, and tiered royalties on the net sales of the licensed products in the territory.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Deciphera.

License and collaboration agreement with Incyte Corporation ("Incyte")

In July 2019, the Group entered into a collaboration and license Agreement with Incyte, pursuant to which it obtained an exclusive license under certain patents and know-how of Incyte to develop, and commercialize products containing retifanlimab (INCMGA012) as an active ingredient in the treatment, palliation, diagnosis or prevention of diseases in the fields of hematology or oncology in humans in Greater China.

Under the terms of agreement, the Group paid Incyte an upfront license fee of $17,500. The Group also agreed to pay certain development, regulatory and commercial milestone payments of up to an aggregate of $60,000, and tiered royalties at percentage rates on the net sales of retifanlimab in Greater China.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Incyte.

Collaboration agreement with Regeneron Pharmaceuticals, Inc ("Regeneron")

In April 2020, the Group entered into a collaboration agreement with Regeneron Ireland Designated Activity Company, an affiliate of Regeneron pursuant to which it obtained for Greater China the oncology development and exclusive commercialization rights for products containing odronextamab as the sole active ingredient.

The Group will make payments to Regeneron based on net sales, such that Regeneron shares in a significant portion of any potential profits. Regeneron will be responsible for the manufacture and supply of odronextamab for the Group's development and commercialization in the region.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Regeneron.

License agreement with Turning Point Therapeutics Inc ("Turning Point")

In July 2020, the Group entered into an exclusive license agreement with Turning Point pursuant to which Turning Point exclusively licensed to the Group the rights to develop and commercialize products containing repotrectinib as an active ingredient in all human therapeutic indications, in Greater China.

Under the terms of the agreements, the Group paid an upfront payment of $25,000 to Turning Point. Turning Point is also eligible to receive up to $151,000 in development, regulatory and sales milestones. Turning Point will also be eligible to receive mid-to-high teen royalties based on annual net sales of repotrectinib in mainland China, Hong Kong, Macau and Taiwan.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Turning Point.

License agreement with Cullinan Pearl Corp. ("Cullinan")

In December 2020, the Group entered into a license agreement with Cullinan Pearl, a subsidiary of Cullinan Management, Inc., formerly Cullinan Oncology, LLC, or Cullinan, pursuant to which it obtained an exclusive license under certain patents and know-how of Cullinan to develop, manufacture and commercialize products containing CLN-081 as an active ingredient in all uses in humans and animals in Greater China.

Under the terms of the agreement, the Group accrued an upfront payment of $20,000 to Cullinan. Cullinan is also eligible to receive up to $211,000 in development, regulatory and sales-based milestone payments. Cullinan is also eligible to receive high-single-digit to low-teen tiered royalties based on annual net sales of CLN-081 in Greater China.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Cullinan.

License agreement with Takeda Pharmaceutical Company Limited ("Takeda")

In December 2020, the Group entered into an exclusive license agreement with Takeda. Under the terms of the license agreement, Takeda exclusively licensed to the Group the right to exploit products in the licensed field during the term.

Under the terms of the agreement, the Group accrued an upfront payment of $6,000 to Takeda. Takeda is also eligible to receive up to $481,500 in development, regulatory and sales-based milestone payments. Takeda is also eligible to receive high-single-digit to low-teen tiered royalties based on net sales of each product sold by selling party during each year of the applicable royalty term.

The Group has the right to terminate this agreement at any time by providing written notice of termination to Takeda.

As noted above, the Group has entered into various license and collaboration agreements with third party licensors to develop and commercialize product candidates. Based on the terms of these agreements the Group is contingently obligated to make additional material payments upon the achievement of certain contractually defined milestones. Based on management's evaluation of the progress of each project noted above, the licensors will be eligible to receive from the Group up to an aggregate of approximately $2,514,147 in future milestone payments upon the achievement of contractually specified development milestones, such as regulatory approval for the product candidates, which may be before the Group has commercialized the product or received any revenue from sales of such product candidate, which may never occur.

20. Restricted net assets

The Group's ability to pay dividends may depend on the Group receiving distributions of funds from its PRC subsidiary. Relevant PRC statutory laws and regulations permit payments of dividends by the Group's PRC subsidiary only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The results of operations reflected in the consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Group's PRC subsidiary.

In accordance with the Company law of the PRC, a domestic enterprise is required to provide statutory reserves of at least 10% of its annual after-tax profit until such reserve has reached 50% of its respective registered capital based on the enterprise's PRC statutory accounts. A domestic enterprise is also required to provide discretionary surplus reserve, at the discretion of the Board of Directors, from the profits determined in accordance with the enterprise's PRC statutory accounts. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The Group's PRC subsidiary was established as domestic invested enterprise and therefore is subject to the above-mentioned restrictions on distributable profits.

During the years ended December 31, 2018, 2019 and 2020, no appropriation to statutory reserves was made because the PRC subsidiary had substantial losses during such periods.

As a result of these PRC laws and regulations subject to the limit discussed above that require annual appropriations of 10% of after-tax income to be set aside, prior to payment of dividends, as general reserve fund, the Group's PRC subsidiary is restricted in their ability to transfer a portion of their net assets to the Group.

Foreign exchange and other regulation in the PRC may further restrict the Group's PRC subsidiary from transferring funds to the Group in the form of dividends, loans and advances. As of December 31, 2019, and 2020, amounts restricted are the paid-in capital of the Group's PRC subsidiaries, which amounted to $155,858 and $255,858 respectively.

21. Employee defined contribution plan

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to employees. Chinese labor regulations require that the Group's PRC subsidiary make contributions to the government for these benefits based on certain percentages of the employees' salaries. The Group has no legal obligation for the benefits beyond the contributions made. The total amounts for such employee benefits, which were expensed as incurred, were $1,425, $5,406 and $4,373 for the years ended December 31, 2018, 2019 and 2020, respectively.

22. Commitments and Contingencies

(a) Purchase commitments

As of December 31, 2020, the Group's commitments related to purchase of property and equipment contracted but not yet reflected in the consolidated financial statement were $4,143 and $362 which are expected to be incurred in the years ended December 31, 2021 and 2022, respectively.

(b) Contingencies

The Group is a party to or assignee of license and collaboration agreements that may require it to make future payments relating to milestone fees and royalties on future sales of licensed products (Note 19).

23. Subsequent events

In January 2021, the Group entered into a collaboration and license agreement with argenx BV ("argenx"), pursuant to which the Group obtained an exclusive license under certain patents and know-how of argenx to develop and commercialize products containing efgartigimod as an active ingredient in all human and animal uses for any preventative or therapeutic indications in Greater China. Under the terms of the agreement, the Group will be responsible for recruiting patients in China to argenx's global registrational trials for the development of efgartigimod. A $75,000 upfront payment had been made to argenx through the issuance by the Group of 568,182 ordinary shares calculated at a price of $132.00 per share, with par value $0.00006 per share. In addition, the Group will make a guaranteed non-creditable, non-refundable development cost-sharing payment of $75,000 to argenx, and a cash payment of $25,000 upon the first regulatory approval of a licensed product by the U.S. Food and Drug Administration for Myasthenia Gravis. Additionally, the Group will have the right to commercialize such licensed product in the territory, during which argenx is eligible to receive tiered royalties based on annual net sales of all licensed product in the territory.

In January 2021, the Group entered into a license agreement with Turning Point pursuant to which the Group received an exclusive license under certain patents and know-how to develop and commercialize products containing Turning Point’s product candidate, TPX-0022, as an active ingredient in all human therapeutic indications in Greater China. The Group may, at its election and expense, subject to specified exceptions, participate in future global clinical studies of the licensed products through clinical trial sites in the licensed territory. In addition, the Group granted Turning Point a first right to negotiate a license outside the original licensed territory to a potential product candidate from one of the Group’s pipeline programs if the Group file an investigational new product application for the product candidate. The Group paid an upfront license fee in the amount of $25,000 to Turning Point. The Group also agreed to pay certain development, regulatory and commercial milestone payments up to an aggregate of $336,000. Turning Point will also be eligible to receive mid-teen to low-twenty-percent basis and subject to certain reduction royalties based on annual net sales of TPX-0022 in Greater China.

THE COMPANIES LAW (2020 REVISION)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES

FIFTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION OF ZAI LAB LIMITED

(Adopted by a Special Resolution passed on 4 September 2020)

1. The name of the Company is **ZAI LAB LIMITED**.

2. The registered office of the Company shall be at the offices of International Corporation Services Ltd., Harbour Place 2nd Floor, 103 South Church Street, P.O. Box 472, George Town, Grand Cayman KYI-1106, Cayman Islands, British West Indies or at such other place as the Directors may from time to time decide.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (2020 Revision) or as the same may be revised from time to time, or any other law of the Cayman Islands.

4. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.

5. The authorized share capital of the Company is US$30,000.00 divided into 500,000,000 shares of a nominal or par value of US$0.00006 each. The Company has the power to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (2020 Revision) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.

6. The Company has the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

7. Capitalized terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

Exhibit 4.5

DESCRIPTION OF SECURITIES

REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2020, the registrant had the following series of securities registered pursuant to Section 12 of the U.S. Securities Exchange Act of 1934, as amended:

Title of each class:		Name of each exchange on which registered:
American Depositary Shares, each representing 1 Ordinary Share, par value $0.00006 per share	**ZLAB**	**The Nasdaq Global Market**
Ordinary Shares, par value $0.00006 per share*	**9688**	**The Stock Exchange of Hong Kong Limited**

* Included in connection with the registration of the American Depositary Shares with the Securities and Exchange Commission. The ordinary shares are not registered or listed for trading in the United States but are listed for trading on The Stock Exchange of Hong Kong Limited.

Citibank, N.A. acts as the depositary bank for the American Depositary Shares pursuant to the Deposit Agreement, dated as of September 20, 2017. Citibank's depositary offices are located at 388 Greenwich Street, 23rd Floor, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary bank. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary bank has appointed a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A.—Hong Kong, located at 9/F., Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

As of February 15, 2021, our authorized share capital consists of $30,000.00 divided into 500,000,000 ordinary shares, with a par value of $0.00006 each.

Each American depositary share ("ADS") represents the right to receive, and to exercise the beneficial ownership interests in, one ordinary share that is on deposit with the depositary bank and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary bank or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary bank may agree to change the ADS-to-share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary bank and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary bank, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary bank, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary bank, and the depositary bank (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

An ADS holder will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents such ADSs. The deposit agreement and the ADR specify our rights and obligations as well as ADS holders' rights and obligations as owner of ADSs and those of the depositary bank. ADS holders appoint the depositary bank to act on their behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require ADS holders to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. ADS holders are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary bank, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on ADS holders' behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

We will not treat ADS holders as our shareholders and ADS holders will not have direct shareholder rights. The depositary bank will hold on ADS holders' behalf the shareholder rights attached to the ordinary shares underlying the ADSs. ADS holders will be able to exercise the shareholders rights for the ordinary shares represented by the ADSs through the depositary bank only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement, an ADS holder will, as an ADS owner, need to arrange for the cancellation of such ADSs and become a direct shareholder.

The manner in which ADS holders owns the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect the holders' rights and obligations, and the manner in which, and extent to which, the depositary bank's services are made available to the holders. An ADS holder may hold the ADSs either by means of an ADR registered in such holder's name, through a brokerage or safekeeping account, or through an account established by the depositary bank in such holder's name reflecting the registration of uncertificated ADSs directly on the books of the depositary bank (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary bank. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary bank to the holders of the ADSs. The direct registration system includes automated transfers between the depositary bank and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If an ADS holder decides to hold the ADSs through such holder's brokerage or safekeeping account, the holder must rely on the procedures of his/her broker or bank to assert his/her rights as an ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit an ADS holder's ability to exercise such holder's rights as an owner of ADSs. ADS holders should consult with their broker or bank if they have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes ADS holders have opted to own the ADSs directly by means of ADSs registered in such holders' name and, as such, we will refer to ADS holders as the "holders."

The registration of the ordinary shares in the name of the depositary bank or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary bank or the custodian the record ownership in the applicable ordinary shares with the beneficial ownership rights and interests in such ordinary shares being at all times vested with the beneficial owners of the ADSs representing the ordinary shares. The depositary bank or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and distributions

Holders of ADSs generally have the right to receive the distributions we make on the securities deposited with the custodian. ADS holders' receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary bank will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to Cayman Islands laws and regulations.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary bank will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary bank will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary bank holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of shares

Whenever we make a free distribution of ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary bank will either distribute to holders new ADSs representing the ordinary shares deposited or modify the ADS-to-ordinary share ratio, in which case each ADS holders hold will represent rights and interests in the additional ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-ordinary share ratio upon a distribution of ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary bank may sell all or a portion of the new ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (e.g., the U.S. securities laws) or if it is not operationally practicable. If the depositary bank does not distribute new ADSs as described above, it may sell the ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of rights

Whenever we intend to distribute rights to subscribe for additional ordinary shares, we will give prior notice to the depositary bank and we will assist the depositary bank in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary bank will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). Holders may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of such rights. The depositary bank is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new ordinary shares other than in the form of ADSs.

The depositary bank will not distribute the rights to holders if:

- We do not timely request that the rights be distributed to holders or we request that the rights not be distributed to holders; or
- We fail to deliver satisfactory documents to the depositary bank; or
- It is not reasonably practicable to distribute the rights.

The depositary bank will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary bank is unable to sell the rights, it will allow the rights to lapse.

Elective distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary bank and will indicate whether we wish the elective distribution to be made available to holders. In such case, we will assist the depositary bank in determining whether such distribution is lawful and reasonably practicable.

The depositary bank will make the election available to holders only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary bank will establish procedures to enable holders to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to holders, holders will receive either cash or additional ADSs, depending on what a shareholder in the Cayman Islands would receive upon failing to make an election, as more fully described in the deposit agreement.

Other distributions

Whenever we intend to distribute property other than cash, ordinary shares or rights to subscribe for additional ordinary shares, we will notify the depositary bank in advance and will indicate whether we wish such distribution to be made to holders. If so, we will assist the depositary bank in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to holders and if we provide to the depositary bank all of the documentation contemplated in the deposit agreement, the depositary bank will distribute the property to holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary bank may sell all or a portion of the property received.

The depositary bank will not distribute the property to holders and will sell the property if:

- We do not request that the property be distributed to holders or if we request that the property not be distributed to holders; or
- We do not deliver satisfactory documents to the depositary bank; or
- The depositary bank determines that all or a portion of the distribution to holders is not reasonably practicable; or
- The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary bank in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary bank will provide notice of the redemption to holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary bank will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary bank. Holders may have to pay fees, expenses, taxes and other governmental charges upon the redemption of the ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary bank may determine.

Changes affecting ordinary shares

The ordinary shares held on deposit for the ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, the ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the ordinary shares held on deposit. The depositary bank may in such circumstances deliver new ADSs to holders, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of holders' existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the ordinary shares. If the depositary bank may not lawfully distribute such property to holders, the depositary bank may sell such property and distribute the net proceeds to holders as in the case of a cash distribution.

Issuance of ADSs upon deposit of ordinary shares

Our ordinary shares have been and will be deposited with the custodian. The depositary bank may create ADSs on a holder's behalf if such holder or such holder's broker deposits ordinary shares with the custodian. The depositary bank will deliver these ADSs to the person such holder indicates only after such holder pays any applicable issuance fees and any charges and taxes payable for the transfer of the ordinary shares to the custodian. Holders' ability to deposit ordinary shares and receive ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary bank or the custodian receives confirmation that all required approvals have been given and that the ordinary shares have been duly transferred to the custodian. The depositary bank will only issue ADSs in whole numbers.

When a holder makes a deposit of ordinary shares, such holder will be responsible for transferring good and valid title to the depositary bank. As such, the holder will be deemed to represent and warrant that:

- The ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such ordinary shares have been validly waived or exercised.
- The holder is duly authorized to deposit the ordinary shares.
- The ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, "restricted securities" (as defined in the deposit agreement).
- The ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary bank may, at holders' cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, combination and split up of ADRs

Holders will be entitled to transfer, combine or split up their ADRs and the ADSs evidenced thereby. For transfers of ADRs, a holder will have to surrender the ADRs to be transferred to the depositary bank and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary bank deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have the ADRs either combined or split up, a holder must surrender his/her ADRs in question to the depositary bank with such holder's request to have them combined or split up, and such holder must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of ordinary shares upon cancellation of ADSs

Holders will be entitled to present their ADSs to the depositary bank for cancellation and then receive the corresponding number of underlying ordinary shares at the custodian's offices. Holders' ability to withdraw the ordinary shares held in respect of the ADSs may be limited by U.S. and Cayman Islands considerations applicable at the time of withdrawal. In order to withdraw the ordinary shares represented by the ADSs, holders will be required to pay to the depositary bank the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the ordinary shares. Holders assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If a holder holds ADSs registered in his/her name, the depositary bank may ask such holder to provide proof of identity and genuineness of any signature and such other documents as the depositary bank may deem appropriate before it will cancel the ADSs. The withdrawal of the ordinary shares represented by the ADSs may be delayed until the depositary bank receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary bank will only accept ADSs for cancellation that represent a whole number of securities on deposit.

Holders will have the right to withdraw the securities represented by the ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the ordinary shares or ADSs are closed, or (ii) ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.
- The deposit agreement may not be modified to impair holders' right to withdraw the securities represented by the ADSs except to comply with mandatory provisions of law.

Voting rights

Holders generally have the right under the deposit agreement to instruct the depositary bank to exercise the voting rights for the ordinary shares represented by ADSs.

At our request, the depositary bank will distribute to holders any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary bank to exercise the voting rights of the securities represented by ADSs.

If the depositary bank timely receives voting instructions from a holder, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs in accordance with such voting instructions as follows:

- *In the event of voting by show of hands*, the depositary bank will vote (or cause the custodian to vote) all ordinary shares held on deposit at that time in accordance with the voting instructions received from a majority of holders who provide timely voting instructions.
- *In the event of voting by poll, the depositary bank will vote (or cause the Custodian to vote) the ordinary shares held on deposit in accordance with the voting instructions received from the holders.*

In the event of voting by poll, holders in respect of which no timely voting instructions have been received shall be deemed to have instructed the depositary bank to give a discretionary proxy to a person designated by us to vote the ordinary shares represented by such holders' ADSs; provided, that no such instructions shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which we inform the depositary bank that we do not wish such proxy to be given; provided, further, that no such discretionary proxy shall be given (x) with respect to any matter as to which we inform the depositary that (i) there exists substantial opposition, or (ii) the rights of holders or the shareholders of our company will be materially adversely affected, and (y) in the event that the vote is on a show of hands.

Please note that the ability of the depositary bank to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure that holders will receive voting materials in time to enable them to return voting instructions to the depositary bank in a timely manner.

Fees and charges

Holders will be required to pay the following fees under the terms of the deposit agreement:

Service	Fees
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of ordinary shares, upon a change in the ADS(s)-to-share ratio, or for any other reason), excluding ADS issuances as a result of distributions of ordinary shares	Up to U.S. 5¢ per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-share ratio, or for any other reason)	Up to U.S. 5¢ per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to U.S. 5¢ per ADS held
• ADS Services	Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary bank

Holders will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of ordinary shares on the share register and applicable to transfers of ordinary shares to or from the name of the custodian, the depositary bank or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the expenses and charges incurred by the depositary bank in the conversion of foreign currency;
- the fees and expenses incurred by the depositary bank in connection with compliance with exchange control regulations and other regulatory requirements applicable to ordinary shares, ADSs and ADRs; and
- the fees and expenses incurred by the depositary bank, the custodian, or any nominee in connection with the servicing or delivery of deposited property.

ADS fees and charges payable upon (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person to whom the ADSs are issued (in the case of ADS issuances) and to the person whose ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary bank into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs.

In the event of refusal to pay the depositary bank fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary bank fees from any distribution to be made to holders. Certain of the depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of an ADS offering. Note that the fees and charges holders may be required to pay may vary over time and may be changed by us and by the depositary bank. Holders will receive prior notice of such changes. The depositary bank may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Amendments and termination

We may agree with the depositary bank to modify the deposit agreement at any time without holders' consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to holders' substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges holders are required to pay. In addition, we may not be able to provide holders with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

Holders will be bound by the modifications to the deposit agreement if they continue to hold their ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent holders from withdrawing the ordinary shares represented by the ADSs (except as permitted by law).

We have the right to direct the depositary bank to terminate the deposit agreement. Similarly, the depositary bank may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary bank must give notice to holders at least 30 days before termination. Until termination, holders' rights under the deposit agreement will be unaffected.

After termination, the depositary bank will continue to collect distributions received (but will not distribute any such property until holders request the cancellation of their ADSs) and may sell the securities held on deposit.

After the sale, the depositary bank will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary bank will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

Books of depositary

The depositary bank will maintain ADS holder records at its depositary office. Holders may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary bank will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on obligations and liabilities

The deposit agreement limits our obligations and the depositary bank's obligations to holders. Please note the following:

- we and the depositary bank are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- the depositary bank disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- the depositary bank disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to holders on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in ordinary shares, for the validity or worth of the ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- we and the depositary bank will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- we and the depositary bank disclaim any liability if we or the depositary bank, or our respective controlling persons or agents are prevented or forbidden from, or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- we and the depositary bank disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our articles of association or in any provisions of or governing the securities on deposit.
- we and the depositary bank further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting ordinary shares for deposit, any holder or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- we and the depositary bank also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of ordinary shares but is not, under the terms of the deposit agreement, made available to holders.
- we and the depositary bank may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- we and the depositary bank also disclaim liability for any consequential, indirect or punitive damages for any breach of the terms of the deposit agreement, or otherwise.
- no disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
- nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary bank and holders.

- nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

Pre-release transactions

Subject to the terms and conditions of the deposit agreement, the depositary bank may issue to broker/dealers ADSs before receiving a deposit of ordinary shares or release ordinary shares to broker/dealers before receiving ADSs for cancellation. These transactions are commonly referred to as "pre-release transactions," and are entered into between the depositary bank and the applicable broker/dealer. The deposit agreement limits the aggregate size of pre-release transactions (not to exceed 30% of the ordinary shares on deposit in the aggregate) and imposes a number of conditions on such transactions (e.g., the need to receive collateral, the type of collateral required, the representations required from brokers, etc.). The depositary bank may retain the compensation received from the pre-release transactions.

Taxes

Holders will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary bank and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. Holders will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary bank may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary bank and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on holders' behalf. However, holders may be required to provide to the depositary bank and to the custodian proof of taxpayer status and residence and such other information as the depositary bank and the custodian may require to fulfill legal obligations. Holders are required to indemnify us, the depositary bank and the custodian for any claims with respect to taxes arising out of any refund of taxes, reduced rate of withholding or of the tax benefit obtained for or by the holders.

Foreign currency conversion

The depositary bank will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. Holder may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary bank may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing law/waiver of jury trial

The deposit agreement and the ADRs will be interpreted in accordance with the laws of the State of New York. The rights of holders of ordinary shares (including ordinary shares represented by ADSs) is governed by the laws of the Cayman Islands.

By holding an ADS or an interest therein, ADS holders irrevocably agree that any legal suit, action or proceeding against or involving us or the Depositary, arising out of or based upon the deposit agreement, ADSs or ADRs, may only be instituted in a state or federal court in New York, New York, and ADS holders irrevocably waive any objection to the laying of venue and irrevocably submit to the exclusive jurisdiction of such courts with respect to any such suit, action or proceeding.

AS A PARTY TO THE DEPOSIT AGREEMENT, ADS HOLDERS IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT, THE ADRs AND ANY TRANSACTIONS CONTEMPLATED THEREIN (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR OTHERWISE) AGAINST US AND/OR THE DEPOSITARY BANK.

Exhibit 10.6

ZAI LAB LIMITED
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

As of January 15, 2021, each individual who provides services to Zai Lab Limited (the "Company") as a director, other than a director who is employed by the Company or an affiliate, (a "Non-Employee Director") shall be entitled to receive the following amounts of compensation:

Type of Compensation	Amount and Form of Payment
Annual cash retainer	$50,000 (payable in cash on a quarterly basis)
Equity retainer	Commencing in calendar year 2020, Non-Employee Directors are eligible to receive an annual grant of up to 10,000 restricted shares under our 2017 Equity Incentive Plan, to vest in full on the first anniversary of the date of each such grant, subject to continued service as a member of our board of directors through such date. Pursuant to the terms of our 2017 Equity Incentive Plan, each Non-Employee Director's equity compensation in a year is subject to the maximum grant date fair value of US$500,000 per year (subject to certain carve-outs), which in 2021 translated into 3,852 restricted shares per Non-Employee Director in 2021, each to vest on January 1, 2022, subject to continued service as a member of our board of directors through such date.
Additional annual cash retainer for Audit Committee chair	$20,000 (payable in cash on a quarterly basis)
Additional annual cash retainer for Audit Committee member	$10,000 (payable in cash on a quarterly basis)
Additional annual cash retainer for Compensation Committee chair	$15,000 (payable in cash on a quarterly basis)
Additional annual cash retainer for Compensation Committee member	$7,500 (payable in cash on a quarterly basis)
Additional annual cash retainer for Nominating Committee chair	$10,000 (payable in cash on a quarterly basis)
Additional annual cash retainer for Nominating Committee member	$5,000 (payable in cash on a quarterly basis)

In addition, Non-Employee Directors will be reimbursed by the Company for reasonable and customary expenses incurred in connection with attendance at board of director and committee meetings, in accordance with the Company's policies as in effect from time to time.

For the avoidance of doubt, directors who are (i) employees of the Company, (ii) employees of one of its affiliates or (iii) (a) are affiliated with a shareholder holding more than one percent (1%) of the ordinary shares or ordinary share equivalents of the Company or (b) individually (or through any trust or estate planning entity) hold more than one percent (1%) of the ordinary shares or ordinary share equivalents) of the Company will not receive compensation for their service as a director, other than reimbursement for reasonable and customary expenses incurred in connection with attendance at board of director and committee meetings, in accordance with the Company's policies as in effect from time to time.

Exhibit 10.20

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED WITH [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

Execution Version

COLLABORATION AGREEMENT

By and Between

ZAI LAB (SHANGHAI) CO., LTD.

and

REGENERON IRELAND DESIGNATED ACTIVITY COMPANY

Dated as of April 6, 2020

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SCHEDULES

EXHIBITS

COLLABORATION AGREEMENT

THIS COLLABORATION AGREEMENT (this "**Agreement**"), dated as of April 6, 2020 (the "**Effective Date**"), is made by and between Zai Lab (Shanghai) Co., Ltd., a Chinese company with its registered address at 4560 Jinke Road, Jinchuang Plaza, Building 1, 4/F, Zhangjiang Hi-tech Park, Pudong, Shanghai 201210, P.R. China ("**ZLAB**"), and Regeneron Ireland Designated Activity Company, an Irish unlimited company having a principal place of business at Europa House, Block 9 Harcourt Street, Harcourt Street, Dublin 2, Ireland ("**Regeneron**") (with each of ZLAB and Regeneron being sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**").

WHEREAS, ZLAB, Regeneron and their respective Affiliates possess knowledge and expertise in, and resources for, developing and commercializing biopharmaceutical products in the Field in the Territory (each as defined below);

WHEREAS, Regeneron is developing an anti-CD20/anti-CD3 bi-specific antibody known as of the Effective Date as REGN1979, as further described herein;

WHEREAS, Regeneron wishes to grant to ZLAB, and ZLAB wishes to accept, certain rights to develop and commercialize such biopharmaceutical product in the Field in the Territory, as more fully described in this Agreement; and

WHEREAS, Regeneron wishes to exclusively supply, and ZLAB wishes to have supplied exclusively by Regeneron, such biopharmaceutical product for ZLAB's distribution in the Field in the Territory, as more fully described in this Agreement.

NOW, THEREFORE, in consideration of the following mutual covenants contained herein, and for other good and valuable consideration the adequacy and sufficiency of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Capitalized terms used in this Agreement, whether used in the singular or plural, except as expressly set forth herein, shall have the meanings set forth below:

1.1 "**Accounting Standards**" shall mean, with respect to either Party, GAAP or IFRS, in each case, as generally and consistently applied throughout such Party's organization. Each Party shall promptly notify the other Party in the event that it changes the Accounting Standards pursuant to which its records are maintained.

1.2 "**Acquired Competing Program**" has the meaning set forth in Section 2.3.2(a).

1.3 "**Acquired Party**" has the meaning set forth in Section 2.3.2(a).

1.4 "**Acquirer**" has the meaning set forth in Section 1.22.

1.5 "**Acquisition Product**" has the meaning set forth in Section 2.3.2(a).

1.6 "**Actual Supplemental Purchase Price A Payment**" has the meaning set forth in Section 9.5.3(b)(ii).

1.7 "**Actual Supplemental Purchase Price A Percentage**" has the meaning set forth in Section 9.5.3(b)(i).

1.8 "**Actual Unit Price**" has the meaning set forth in Section 9.5.3(a).

1.9 "**Adverse Proceeding**" has the meaning set forth in Section 12.2.1.

1.10 "**Affiliate**" shall mean, with respect to any Person, another Person that controls, is controlled by or is under common control with such first Person at any point in time and for so long as such other Person controls, is controlled by or is under common control with such first Person. For purposes of this definition, a Person shall be deemed to "control" another Person if such first Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise. Without limiting the generality of the foregoing, a Person shall be deemed to "control" another Person if either of the following conditions is met: (a) in the case of corporate entities, direct or indirect ownership of more than fifty percent (50%) of the stock or shares having the right to vote for the election of directors, and (b) in the case of non-corporate entities, direct or indirect ownership of more than fifty percent (50%) of the equity interest with the power to direct the management and policies of such non-corporate entities. The Parties acknowledge that in the case of certain entities organized under the applicable Law of certain countries outside of the United States, the maximum percentage ownership permitted by applicable Law for a foreign investor may be equal to or less than fifty percent (50%), and that in such case such lower percentage shall be substituted in the preceding sentence; *provided* that such foreign investor has the power to direct the management and policies of such entity.

1.11 "**Agreement**" has the meaning set forth in the Preamble.

1.12 "**Alliance Manager**" has the meaning set forth in Section 3.11.

1.13 "**Ancillary Agreements**" shall mean the Development Supply Agreement, the Commercial Supply Agreement, the Quality Agreements and the Safety Data Exchange Agreement.

1.14 "**Anti-Corruption Laws**" has the meaning set forth in Section 15.7.1.

1.15 "**Approved Indication**" shall mean the Indication(s) (and subpopulations within an Indication) or Combination Regimens within the Field (a) that are set forth on **Schedule 1.15** as of the Effective Date (b) that are the subject of one or more clinical trials included in a Development Plan, (c) for which the Approved Product has received Regulatory Approval in the Territory, or (d) that are otherwise approved by the JSC.

1.16 "**Approved Product**" shall mean the Product in (a) the dose, form, formulation and presentation, and using the delivery system, that is Developed in the ROW as of the Effective Date or (b) any other dose, form, formulation, presentation or delivery system approved by the JSC (including any Territory Product Change approved by the JSC) or changed in accordance with Section 8.6.

1.17 "**Biosimilar Product**" shall mean any pharmaceutical product that is biosimilar (as such term is defined in 42 USC §262(i)(2) or equivalent laws or regulations outside the U.S.) to the Product.

1.18 "**Business Day**" shall mean any day other than a Saturday, a Sunday or a day on which commercial banks in New York, New York, the United States or Shanghai, PRC are authorized or required by applicable Law to remain closed.

1.19 "**Calendar Year**" shall mean each twelve (12)-month period beginning on January 1st; *provided*, *however,* that (a) the first Calendar Year of this Agreement shall commence on the Effective Date and end on December 31 of the same year in which the Effective Date occurs and (b) the last Calendar Year of this Agreement shall commence on January 1 of the Calendar Year in which this Agreement expires or terminates and end on the expiration or termination of the Term.

1.20 "**CD3**" shall mean the CD3 T-cell co-receptor, including the CD3delta, CD3gamma, CD3epsilon, and CD3zeta chains.

1.21 "**CD20**" shall mean B Lymphocyte antigen CD20.

1.22 "**Change of Control**" shall mean, with respect to a Party (or any of its controlling Affiliates), (a) a merger, acquisition, consolidation or reorganization of such Party (or any of its controlling Affiliates) with a Third Party that results in the voting securities of such Party (or any of its controlling Affiliates) outstanding immediately prior thereto, or any securities into which such voting securities have been converted or exchanged, ceasing to represent fifty percent (50%) or more of the combined voting power of the surviving entity or the parent of the surviving entity immediately after such merger or consolidation, (b) a transaction or series of related transactions in which a Third Party, together with its Affiliates, becomes the "beneficial owner" (as such term is used in Section 13(d) of the Securities Exchange Act of 1934, as amended, and Rule 13d-3 thereunder (or, in each case, any successor thereto), except that a Person shall be deemed to have "beneficial ownership" of all shares that any such Person has the right to acquire, whether such right may be exercised immediately or only after the passage of time), directly or indirectly, of fifty percent (50%) or more of the combined voting power of the outstanding securities of such Party (or any of its controlling Affiliates), or (c) the sale or other transfer to a Third Party of all or substantially all of such Party's (or any of its controlling Affiliates') business to which the subject matter of this Agreement relates. The acquiring or combining Third Party in any of clause (a), (b) or (c), is referred to herein as the "**Acquirer**".

1.23 "**China CPI**" means the "China Consumer Price Index" (or its successor equivalent index), which is published monthly and available via The Bloomberg Professional, as published by Bloomberg L.P.

1.24 "**CIT**" means the PRC corporate income tax.

1.25 "**Clinical Data**" has the meaning set forth in Section 5.4.

1.26 "**Combination Regimen**" shall mean a single therapeutic regimen of the concomitant or sequential administration of (but not, for clarity, a single pharmaceutical formulation containing) (a) the Product, on the one hand, and (b) one or more other products, on the other hand.

1.27 "**Commercial Supply Agreement**" has the meaning set forth in Section 8.3.2.

1.28 "**Commercial Supply Quality Agreement**" has the meaning set forth in Section 8.4.

1.29 "**Commercialize**," "**Commercialization**" or "**Commercializing**" shall mean any and all activities directed to marketing, promoting, detailing, distributing, importing, offering for sale, having sold or selling the Product in the Territory; *provided, however,* that no Manufacturing activities are included in Commercialization. For clarity, the terms "Commercialize," "Commercialization" and "Commercializing" are used herein with respect to the Product while the terms "commercialize," "commercialization" and "commercializing" are used herein with corresponding meanings with respect to other products.

1.30 "**Commercialization Inventory Report**" has the meaning set forth in Section 9.6.5.

1.31 "**Commercially Reasonable Efforts**" shall mean with respect to the efforts to be expended by or on behalf of a Party with respect to any objective or decision, the carrying out of such activities in a sustained and diligent manner and using efforts and resources comparable to the efforts and resources commonly used in or for the Territory by the global innovative biopharmaceutical industry for compounds or products of similar commercial potential at a similar stage of development or product life.

1.32 "**Committee**" shall mean any of the JSC, JDC, JCC, JFC, JPSC and any other committee established by the Parties or by the Committees referenced above under this Agreement, each as described in Article III (together with Working Groups and other committees contemplated herein or established in accordance with this Agreement).

1.33 "**Comparable Products**" has the meaning set forth in Section 6.3.2.

1.34 "**Competing Product**" shall mean any product, other than the Product, that […***…]. For clarity, any product (other than the Product) that […***…], is a Competing Product. For further clarity, Competing Products shall not include […***…].

1.35 "**Confidential Information**" has the meaning set forth in Section 16.1.1.

1.36 "**Control**" or "**Controlled**" shall mean, with respect to any product, material, Regulatory Documentation, Product Trademark, Information (including Confidential Information), Patents or other intellectual property right, possession of the right, whether directly or indirectly and whether by ownership, license or otherwise, to assign, or grant a license, sublicense, right of reference or other right to or under such product, material, Regulatory Documentation, Product Trademark, Information, Patents or other intellectual property right as provided for herein without violating the terms of any agreement with any Third Party.

1.37 "**Cover**", "**Covering**" or "**Covered**" shall mean, with respect to a Patent and the Product, that, in the absence of (a) ownership of such Patent, (b) authorization from the owner of such Patent, or (c) the benefit of an exemption from infringement under applicable Law, the Exploitation of such Product would infringe such Patent (or, in the case of a Patent that has not yet issued, would infringe such Patent if it were to issue without modification).

1.38 "**CPI**" means the China CPI or the U.S. CPI, as applicable.

1.39 "**CTA**" shall mean (a) a clinical trial application filed with the NMPA for authorization to commence clinical studies in PRC and its equivalent in other Regions in the Territory and (b) all supplements and amendments that may be filed with respect to the foregoing.

1.40 "**Damages**" has the meaning set forth in Section 17.1.1.

1.41 "**Default Interest Rate**" has the meaning set forth in Section 9.10.

1.42 "**Designated Persons**" has the meaning set forth in Section 7.4.2.

1.43 "**Develop**," "**Developed**," "**Development**" or "**Developing**" shall mean: activities relating to clinical drug development of the Product, including statistical analysis, clinical pharmacokinetic studies, data collection and management, clinical trials, support and management of investigator initiated studies, drug safety surveillance and pharmacovigilance activities related to clinical studies for the Product in the Territory; *provided*, *however*, that no Manufacturing activities are included in Development.

1.44 "**Development Inventory Report**" has the meaning set forth in Section 9.6.4.

1.45 "**Development Plans**" shall mean the Territory Development Plan and the GT Operational Plan.

1.46 "**Development Supply Agreement**" has the meaning set forth in Section 8.3.1.

1.47 "**Development Supply Quality Agreement**" has the meaning set forth in Section 8.4.

1.48 "**Dispute Proposal**" has the meaning set forth in Section 10.4.4.

1.49 "**Divestment Period**" has the meaning set forth in Section 2.3.2(b).

1.50 "**DLBCL**" shall mean diffuse large B-cell lymphoma.

1.51 "**Dollars**" or "**$**" shall mean United States Dollars.

1.52 "**Drug Approval Application**" shall mean a new drug application or registration application for marketing approval or any supplement, amendment or variation of an existing Regulatory Approval (including with respect to any label expansion or as may be necessary or useful to maintain a Regulatory Approval) filed with the NMPA with respect to a pharmaceutical product, or an equivalent application filed with a Regulatory Authority in a Region other than the PRC, in accordance with applicable Law.

1.53 "**Effective Date**" has the meaning set forth in the Preamble.

1.54 "**Enforcing Party**" has the meaning set forth in Section 13.1.1.

1.55 "**Estimated Unit Price**" has the meaning set forth in Section 9.5.5(a).

1.56 "**Exclusive Negotiation Period**" has the meaning set forth in Section 2.4.

1.57 "**Executive Officers**" shall mean, with respect to Regeneron, the Chief Executive Officer of Regeneron Pharmaceuticals, Inc. (or its designees with equivalent decision-making authority with respect to matters under this Agreement), and with respect to ZLAB, the Chief Executive Officer of ZLAB (or its designees with equivalent decision-making authority with respect to matters under this Agreement).

1.58 "**Existing Confidentiality Agreement**" shall mean that certain Confidentiality Agreement by and between Regeneron Pharmaceuticals, Inc. and Zai Lab (Hong Kong) Limited, dated as of […***…], as amended.

1.59 […***…].

1.60 […***…].

1.61 "**Exploit**" shall mean to make, have made, import, use, sell or offer for sale, including to Develop or develop (as applicable), Commercialize or commercialize (as applicable), register, modify, enhance, improve, Manufacture or manufacture (as applicable), have Manufactured or manufactured (as applicable), hold or keep (whether for disposal or otherwise), formulate, optimize, have used, export, transport, distribute, promote, advertise, market or have sold or otherwise dispose of a compound, product or process. "**Exploitation**" shall mean the act of Exploiting a compound, product or process.

1.62 "**FDA**" shall mean the United States Food and Drug Administration or any successor agency thereto.

1.63 "**Field**" shall mean the treatment, prevention or palliation of cancer.

1.64 "**Financial Dispute**" has the meaning set forth in Section 9.12.

1.65 "**Finished Product**" shall mean the Product in its finished, labeled, assembled, and packaged form, ready for use in the commercial market or in clinical trials, as the case may be.

1.66 "**Force Majeure**" has the meaning set forth in Article XVIII.

1.67 "**FTE**" shall mean a full time equivalent employee or contractor (i.e., one fully-committed or multiple partially-committed employees/contractors aggregating to one full-time employee/contractor) employed or contracted by a Party or its Affiliates and assigned to perform specified work, with such commitment of time and effort to constitute one employee/contractor performing such work on a full-time basis, which for purposes hereof shall be […***…] hours per year; *provided* that notwithstanding the foregoing, (a) ZLAB's and its Affiliates' contractors shall not be considered FTEs, and the cost and expenses of ZLAB's and its Affiliates' contractors shall be excluded from FTE Costs and shall instead be included in Out-of-Pocket Costs; (b) Regeneron's and its Affiliates' contractorsshall be considered FTEs only if such contractor is an individual and the work of such contractor is, for purposes of this Agreement, tracked and recorded by Regeneron or its Affiliates by time like its employees(otherwise, such contractor shall not be considered a FTE, and the cost and expenses of such contractorshall be excluded from FTE Costs and shall instead be included in Out-of-Pocket Costs). For clarity, unless otherwise expressly provided in this Agreement or a Development Plan or the Territory Commercialization Plan, FTEs shall not include any personnel performing the functions of information technology, human resources, finance, legal or general administrative or any other personnel performing activities captured in Included FTE Costs and Expenses.

1.68 "**FTE Costs**" shall mean, for all activities performed in accordance with this Agreement (including, where applicable, a Development Plan), including regulatory activities, the product of (a) the number of FTEs performing such activities and (b) the applicable FTE Rate.

1.69 "**FTE Rate**" shall mean (a) with respect to […***…] FTEs, […***…], (b) with respect to […***…] FTE's (other than […***…]) performing activities […***…] and […***…] FTEs (other than […***…]) performing activities […***…] and (c) with respect to […***…] FTEs that are […***…] performing activities […***…] and […***…] FTEs that are […***…] performing activities […***…]; *provided* that, in each case ((a), (b) and (c)), such amount shall be adjusted as of […***…] and annually thereafter by the average of the percentage increases or decreases, if any, in the applicable CPI for the twelve (12) months ending June 30 of the Calendar Year prior to the Calendar Year for which the adjustment is being made; *provided, further,* that, in each case ((a), (b) and (c)), if the applicable FTE is […***…], the applicable rate set forth above shall be […***…]. For clarity, the FTE Rate is fully burdened and inclusive of Included FTE Costs and Expenses, including an allocation for information technology, human resources, finance, legal, general administrative and other personnel performing activities included in Included FTE Costs and Expenses.

1.70 "**Fully Burdened Manufacturing Cost**" has the meaning set forth in **Schedule 1.106**.

1.71 "**GAAP**" shall mean generally accepted accounting principles as applicable in the United States.

1.72 "**Global Marketing Guidelines**" has the meaning set forth in Section 3.4.2(d).

1.73 "**Global Trial**" shall mean a human clinical trial for the Product that is or will be conducted by or on behalf of Regeneron or its Affiliates or its or their Sublicensees/Distributors in the Field in one or more countries.

1.74 "**Global Trial Costs**" shall mean, with respect to a Global Trial in a given period, all FTE Costs and Out-of-Pocket Costs incurred after the Effective Date, directly or indirectly, by Regeneron or its Affiliates or its or their Sublicensees/Distributors in connection with such Global Trial in such period […***…]; *provided* that Global Trial Costs shall not include […***…] or […***…] (or related costs and expenses such as the costs of […***…]) allocated to […***…]. For clarity, […***…], including related costs and expenses such as the costs of […***…], shall be allocated by Regeneron to such Global Trial in such period in accordance with its Accounting Standards, which for some costs may be done Quarterly and for others may be done annually.

1.75 "**Global Trial Requirements**" has the meaning set forth in Section 3.3.2(g).

1.76 "**Good Practices**" shall mean the applicable standards contained in then-current "Good Laboratory Practices," "Good Manufacturing Practices," "Good Supply Practices" or "Good Clinical Practices," as promulgated by the FDA and all analogous guidelines promulgated by the ICH or other country regulatory agencies, as applicable.

1.77 "**Governance Disputes**" has the meaning set forth in Section 10.2.

1.78 "**Governmental Authority**" shall mean any court, agency, authority, department, regulatory body or other instrumentality of any government or country or of any national, federal, state, provincial, regional, county, city or other political subdivision of any such government or any supranational organization of which any such country is a member.

1.79 "**GTC Budget**" has the meaning set forth in Section 5.3.2(b).

1.80 "**GT Operational Budget**" shall mean the binding budget for the first Calendar Year of the GT Operational Plan submitted to and approved by the JSC pursuant to Section 5.3.4; *provided* that, with respect to the initial GT Operational Plan, the period commencing as of the Effective Date and ending December 31, 2020 shall be deemed the first Calendar Year for purposes of this Section 1.80.

1.81 "**GT Operational Plan**" shall mean the written plan approved by the JSC for the conduct by ZLAB or its Affiliates or its or their Subcontractors in the Territory of Global Trial(s) for the Product (including Packing/Labeling therefor pursuant to Section 8.2, if applicable), including […***…] and […***…], as the same may be amended from time to time in accordance with the terms of this Agreement. For the avoidance of doubt, the "GT Operational Plan" will […***…].

1.82 "**ICH**" shall mean the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use.

1.83 "**IFRS**" shall mean International Financial Reporting Standards of the International Accounting Standards Board.

1.84 "**Included FTE Costs and Expenses**" shall mean the sum of (a) all costs and expenses for the FTE providing the applicable services, including salaries, wages, bonuses, commissions, benefits, profit sharing, stock option grants, FICA costs and other similar ex-U.S. costs, travel, meals and entertainment, training, recruiting, relocation, operating supplies, and equipment and other disposable goods to the extent required for the performance of the applicable services, (b) a pro rata allocation of equipment maintenance costs, utilities, general, administrative and facilities expenses, including allocated building operating costs and depreciation and repairs and maintenance and (c) other overhead, including costs and expense for information technology, human resources, finance, legal and general administrative, in any case ((a), (b) or (c)), whether internal costs and expenses or amounts paid to Third Parties.

1.85 "**Indemnification Claim Notice**" has the meaning set forth in Section 17.2.1.

1.86 "**Indemnified Party**" has the meaning set forth in Section 17.2.1.

1.87 "**Indemnifying Party**" has the meaning set forth in Section 17.2.1.

1.88 "**Indication**" shall mean any discrete disease, state or condition, but not any subpopulations within a population of patients having a disease, state or condition (e.g., molecularly or clinically defined subsets, front-line treatment, relapsed refractory treatment and maintenance treatment of the same disease shall all be deemed the same Indication). For example, DLBCL, […***…] shall each constitute a distinct Indication.

1.89 "**Information**" shall mean all technical, scientific and other know-how and information, trade secrets, knowledge, technology, means, methods, processes, practices, formulae, instructions, skills, techniques, procedures, experiences, ideas, technical assistance, designs, drawings, assembly procedures, computer programs, apparatuses, specifications, data, results and other material, including: biological, chemical, pharmacological, toxicological, pharmaceutical, physical and analytical, pre-clinical, clinical, safety, manufacturing and quality control data and information, including study designs and protocols, assays and biological methodology, in each case (whether or not confidential, proprietary, patented or patentable) in written, electronic or any other form now known or hereafter developed.

1.90 "**Infringement**" has the meaning set forth in Section 13.1.1.

1.91 "**Initial Period**" shall mean, during the Term, (a) if the first commercial sale of the Product in the Territory occurs prior to July 1st of a given Calendar Year, the period from the date of such first commercial sale until the end of the first (1st) Calendar Year following the Calendar Year in which such first commercial sale occurs and (b) if the first commercial sale of the Product in the Territory occurs on or after July 1st of a given Calendar Year, the period from the date of such first commercial sale until the end of the second (2nd) Calendar Year following the Calendar Year in which such first commercial sale occurs.

1.92 "**Initial Purchase Price**" has the meaning set forth in Section 9.5.1.

1.93 "**Initial Purchase Price True-Up**" has the meaning set forth in Section 9.5.3(a).

1.94 "**JCC**" has the meaning set forth in Section 3.1.1.

1.95 "**JDC**" has the meaning set forth in Section 3.1.1.

1.96 "**JFC**" has the meaning set forth in Section 3.1.1.

1.97 "**Joint IP**" shall mean the Joint Know-How and Joint Patents.

1.98 "**Joint Know-How**" has the meaning set forth in Section 12.1.1.

1.99 "**Joint Patents**" has the meaning set forth in Section 12.1.1.

1.100 "**JPSC**" has the meaning set forth in Section 3.1.1.

1.101 "**JSC**" has the meaning set forth in Section 3.1.1.

1.102 "**Law**" or "**Laws**" shall mean all laws, statutes, rules, standards, regulations, orders, judgments, injunctions or ordinances of any Governmental Authority.

1.103 "**Legal Dispute**" shall mean (a) any dispute, controversy or claim related to compliance with this Agreement or the validity, breach, termination or interpretation of this Agreement, (b) any dispute, controversy or claim with respect to any […***…], and (c) any disputed matters specifically identified as a "Legal Dispute" hereunder.

1.104 "**Major Market Country**" shall mean any of the following: […***…].

1.105 "**Manufacture**," "**Manufactured**" or "**Manufacturing**" shall mean activities directed to producing, obtaining, manufacturing, processing, filling, finishing, packaging and labeling (including Packing/Labeling), device manufacture and assembly, quality assurance testing and release, shipping and storage of Product, placebo or a comparator agent, as the case may be, or the development thereof, including test method development and stability testing, device or delivery system development, assay development, formulation, quality assurance/quality control development, technology transfer, process development and scale-up, cell-line development, data collection and management and project management.

1.106 "**Manufacturing Cost**" has the meaning set forth in **Schedule 1.106**.

1.107 "**Modified Clause**" has the meaning set forth in Section 20.6.1.

1.108 "[…***…]" has the meaning set forth in […***…].

1.109 “**Net Sales**” shall mean, with respect to the Product for any period, the gross amount billed or invoiced by ZLAB or its Affiliates or its or their Subdistributors for the sale of the Product to Third Parties (other than Subdistributors), less the following deductions, determined in accordance with ZLAB’s Accounting Standards consistently applied:

(a) normal and customary trade, cash, quantity and prompt settlement discounts granted and taken directly with respect to sales of the Product;

(b) amounts repaid or credited by reason of defects, rejections, recalls, returns, rebates, allowances, damaged goods, and billing errors;

(c) chargebacks and other amounts paid on sale or dispensing of the Product;

(d) bona fide retroactive price reductions that are actually allowed or granted;

(e) compulsory refunds, credits and rebates directly related to the sale of the Product, accrued, paid or deducted pursuant to agreements or governmental regulations;

(f) […***…]

(g) charges for insurance, freight, and other transportation costs for the delivery of the Product that are separately identified on the relevant invoice and that are paid by the applicable Third Party customer; and

(h) irrecoverable sales taxes and similar consumption taxes (including VAT), tariffs, duties and compulsory payments to Governmental Authorities, in each case, that are imposed on the sale, transfer, transportation or delivery of the Product and charged to the applicable Third Party on the relevant invoice (but excluding income taxes).

Net Sales in currency other than Dollars shall be converted into Dollars according to the provisions of Section 9.9. Any of the deductions listed above that involves a payment by ZLAB or its Affiliates or its or their Subdistributors shall be taken as a deduction in the Quarter in which the payment is accrued by such entity. For purposes of determining Net Sales, the Product shall be deemed to be sold when invoiced and a “sale” shall not include transfers or dispositions of the Product for pre-clinical or clinical purposes or as samples, in each case, without charge. ZLAB’s or its Affiliates’ or its or their Subdistributors’ transfer of the Product to an Affiliate or Subdistributor shall not result in any Net Sales. Any of the items set forth above that would otherwise be deducted from the invoice price in the calculation of Net Sales but that are separately charged to, and paid by, Third Parties shall not be deducted from the invoice price in the calculation of Net Sales. In the case of any sale of the Product for consideration other than cash, such as barter or countertrade, Net Sales shall be calculated […***…] as agreed by the Parties.

1.110 “**NMPA**” shall mean the China National Medical Products Administration (formerly the China Food and Drug Administration), or any predecessor or successor drug regulatory agency thereto, including any functional subdivisions or centers thereof (e.g., Center for Drug Evaluation).

1.111 "**Non-Acquiring Party**" has the meaning set forth in Section 2.3.2(a).

1.112 "**Officials**" has the meaning set forth in Section 15.7.2.

1.113 "**Other Proprietary Product**" has the meaning set forth in Section 5.1.5.

1.114 "**Out-of-Pocket Costs**" shall mean costs and expenses paid to Third Parties (or payable to Third Parties and accrued in accordance with the paying Party's Accounting Standards) by either Party or its Affiliates in connection with activities under this Agreement, excluding Included FTE Costs and Expenses and any such costs and expenses paid to "contractors" that are accounted for on an FTE basis in accordance with the definition of FTE. Out-of-Pocket Costs shall not include any costs or expenses of the type included in Included FTE Costs and Expenses. For clarity, in no case shall any particular cost or expense be accounted for hereunder both as an Out-of-Pocket Cost and as an FTE Cost.

1.115 "**Overrun**" has the meaning set forth in Section 9.2.2(b)(ii).

1.116 "**Owed Party**" has the meaning set forth in Section 9.7.

1.117 "**Owing Party**" has the meaning set forth in Section 9.7.

1.118 "**Packing/Labeling**" or "**Pack/Label**" shall mean the packing and labeling of Semi-Finished Product into Finished Product, including any quality assurance and release testing and shipping and storage of Product that is necessary in connection with such packing and labeling.

1.119 "**Party(ies)**" has the meaning set forth in the Preamble.

1.120 "**Patents**" shall mean (a) all national, regional and international patents and patent applications, including provisional patent applications; (b) all patent applications filed either from such patents, patent applications or provisional applications or from an application claiming priority from either of these, including divisionals, continuations, continuations-in-part, provisionals, converted provisionals and continued prosecution applications; (c) any and all patents that have issued or in the future issue from the foregoing patent applications ((a) and (b)), including utility models, petty patents, innovation patents and design patents and certificates of invention; (d) any and all extensions or restorations by existing or future extension or restoration mechanisms, including revalidations, reissues, re-examinations and extensions (including any supplementary protection certificates and the like) of the foregoing patents or patent applications ((a), (b) and (c)); and (e) any similar rights, including so-called pipeline protection or any importation, revalidation, confirmation or introduction patent or registration patent or patent of additions to any of such foregoing patent applications and patents.

1.121 "**Payment**" has the meaning set forth in Section 15.7.2.

1.122 "**Person**" shall mean and include an individual, a partnership, a joint a venture, a limited liability company, a corporation, a firm, a trust, an unincorporated organization and a government or other department or agency thereof.

1.123 "**PRC**" shall mean the People's Republic of China, solely for purpose of this Agreement, excluding Hong Kong, Macau and Taiwan regions.

1.124 "**Product**" shall mean the product (in any dosage, form, formulation, presentation or package configuration) that contains […***…] the anti-CD20/anti-CD3 bispecific antibody known as of the Effective Date as REGN1979. For clarity, "Product" shall include any device or delivery system that is incorporated into, or sold with, the Product.

1.125 "**Product Information**" has the meaning set forth in Section 16.1.1.

1.126 "**Product-Related IP**" has the meaning set forth in Section 12.1.2.

1.127 "**Product Trademark(s)**" shall mean, subject to Section 11.4, the trademark(s) selected by the JCC for use on the Product in the Territory, including any accompanying logos, slogans, trade names, domain names, trade dress or other indicia of origin, in each case as selected by the JCC in accordance with Section 11.2.

1.128 "**Promotional Materials**" shall mean all promotional, advertising, communication and educational materials relating to the Product for use in connection with the Commercialization of the Product in the Field in the Territory, and the content thereof, and shall include promotional literature, product support materials and promotional giveaways.

1.129 "**Proprietary Manufacturing Information**" shall mean […***…].

1.130 "**Prosecuting Party**" has the meaning set forth in Section 12.2.2.

1.131 "**Purchase Price**" has the meaning set forth in Section 9.5.

1.132 […***…]

1.133 "**Quality Agreement**" shall mean the Development Supply Quality Agreement or the Commercial Supply Quality Agreement, as applicable.

1.134 "**Quarter**" or "**Quarterly**" shall mean each respective period of three (3) consecutive calendar months commencing on January 1, April 1, July 1 and October 1 during the Term, except that the first (1st) Quarter shall commence on the Effective Date and shall end on June 30, 2020 and the last Quarter shall end on the last day of the Term.

1.135 "**Recall**" has the meaning set forth in Section 7.10.

1.136 "**Regeneron**" has the meaning set forth in the Preamble.

1.137 "**Regeneron Indemnitees**" has the meaning set forth in Section 17.1.1.

1.138 "**Regeneron Patents**" shall mean those Patents issued by, or applied for with, a Governmental Authority of the Territory that are Controlled as of the Effective Date or at any time during the Term by Regeneron or any of its Affiliates that Cover the Product in the Field in the Territory, excluding Joint Patents.

1.139 "**Region**" shall mean each of PRC, Hong Kong, Taiwan and Macau.

1.140 "**Registration Filing**" shall mean any application submitted to a Regulatory Authority seeking authorization to commence clinical studies (including a CTA and any application, certificate, notification, approval or other document required by human genetic resources Laws in the Territory or by the Office of Human Genetic Resources within the Ministry of Science and Technology in the PRC) or Regulatory Approval (including a Drug Approval Application), and shall include any amendments, supplements or variations thereof, or any equivalent applications in any country.

1.141 "**Regulatory Approval**" shall mean, with respect to the Product and a particular Region or country outside the Territory, any approval, license, registration or other authorizations of any Regulatory Authority necessary to commercially distribute, sell or market the Product in such Region or country, including, where applicable, (a) pricing approval, (b) pre- and post-approval marketing authorizations (including any prerequisite Manufacturing approval or authorization related thereto) and (c) labeling approval.

1.142 "**Regulatory Authority**" shall mean any federal, national, multinational, state, provincial or local regulatory agency, department, bureau or other governmental entity anywhere in the world with authority over the Development, Manufacture or Commercialization of the Product under this Agreement. The term "Regulatory Authority" includes the FDA and the NMPA.

1.143 "**Regulatory Documentation**" shall mean all (a) Registration Filings, registrations, licenses, authorizations, and approvals (including Regulatory Approvals) and (b) correspondence and reports submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority) and all supporting documents with respect thereto, including all regulatory drug lists, advertising and promotion documents, adverse event files, and complaint files.

1.144 "**Regulatory Milestone Payment**" has the meaning set forth in Section 9.3.

1.145 "**Representatives**" has the meaning set forth in Section 15.7.2.

1.146 "**ROFN Notice**" has the meaning set forth in Section 2.4.

1.147 "**ROW**" shall mean the entire world other than the Territory.

1.148 "**Safety Data Exchange Agreement**" has the meaning set forth in Section 7.8.

1.149 "[…***…]" has the meaning set forth in […***…].

1.150 "[…***…]" shall mean Product […***…] that has been […***…].

1.151 "**Shared Facility**" has the meaning set forth in **Schedule 1.106**.

1.152 "**Subcontractor**" shall mean a Third Party appointed by ZLAB to Develop, Pack/Label or Commercialize the Product in the Field in the Territory in accordance with and subject to Section 4.3. For clarity, Subcontractors include Subdistributors.

1.153 "**Subdistributor**" shall mean a Subcontractor appointed by ZLAB to distribute, market or sell the Product in the Field in the Territory, with or without packaging rights, in one or more countries, in circumstances where the Subcontractor purchases its requirements of Product from ZLAB or its Affiliates and pays ZLAB or its Affiliates a portion of the revenue generated from the resale of the Product or any other payments in addition to (or in lieu of) the purchase or transfer price for the Product], *provided* that "Subdistributor" shall not include Subcontractors that (a) distribute pharmaceutical products to pharmacies, hospitals and health systems but do not have primary responsibility for marketing or obtaining and maintaining regulatory approval for the pharmaceutical products they distribute and (b) are used by pharmaceutical companies generally in such country to distribute their products (e.g., Cardinal, McKesson, Sinopharm and Shanghai Pharmaceutical). For clarity, if a Subcontractor purchases the Product from ZLAB or its Affiliates for resale and does not pay ZLAB or its Affiliates any payment other than for the purchase or transfer price for the Product, then such Subcontractor shall not be a Subdistributor for purposes of this Agreement, and Net Sales shall include the sale from ZLAB or its Affiliates or its or their Subdistributors to such Subcontractor, rather than the sale by such Subcontractor to a downstream Third Party.

1.154 "**Sublicensee/Distributor**" shall mean (a) any Third Party that is granted a (sub)license by Regeneron or any of its Affiliates to Develop or Commercialize the Product and (b) any Third Party (other than those described in clause (a)) that is appointed by Regeneron or any of its Affiliates (or a Third Party described in clause (a)) to distribute, market and sell the Product, with or without packaging rights, in one or more countries, in circumstances where the Third Party purchases its requirements of Product from Regeneron or its Affiliates (or a Third Party described in clause (a)), *provided* that clause (b) shall not include Third Parties that (i) distribute pharmaceutical products to pharmacies, hospitals and health systems but do not have primary responsibility for marketing or obtaining and maintaining regulatory approval for the pharmaceutical products they distribute and (ii) are used by pharmaceutical companies generally in such country to distribute their products (e.g., Cardinal, McKesson). For clarity, clause (a) shall include any Third Party that is granted a (sub)license by Regeneron or any of its Affiliates to Commercialize the Product, even if such Third Party is not granted rights to Develop the Product.

1.155 "**Supplemental Purchase Price A**" has the meaning set forth in Section 9.5.2.

1.156 "**Supplemental Purchase Price A Percentage**" has the meaning set forth in Section 9.5.2.

1.157 "**Supplemental Purchase Price A True-Up**" has the meaning set forth in Section 9.5.3(b)(iii).

1.158 "**Supplemental Purchase Price B**" has the meaning set forth in Section 9.5.4.

1.159 "**Target Labeling**" has the meaning set forth in Section 7.6.

1.160 "**Term**" has the meaning set forth in Section 19.1.

1.161 "**Termination Notice Period**" shall mean the period of notice that must be provided to terminate this Agreement in accordance with Section 19.4 or Section 19.5, as applicable.

1.162 "**Territory**" shall mean PRC, Hong Kong, Taiwan and Macau.

1.163 "**Territory Commercialization Plan**" has the meaning set forth in Section 6.2.

1.164 "**Territory Development Plan**" shall mean the written plan approved by the JSC for Development of the Approved Product for Approved Indications that is specific to the Territory (and not, for clarity, any Global Trials), as the same may be amended from time to time in accordance with the terms of this Agreement. For the avoidance of doubt, the "Territory Development Plan" will not include any Manufacturing activities.

1.165 "**Territory License**" shall mean any […***…].

1.166 "**Territory Pricing Guidelines**" has the meaning set forth in Section 6.3.2.

1.167 "**Territory Product Changes**" shall mean changes to the dose, form, formulation, presentation, delivery system or Manufacturing of the Product for Development or Commercialization in the Territory compared to the dose, form, formulation, presentation, delivery system or Manufacturing of the Approved Product as it then exists in the Territory, in each case, that are requested by ZLAB or required by a Regulatory Authority or applicable Law.

1.168 "**Third Party**" shall mean any Person other than ZLAB or Regeneron or any Affiliate of either Party.

1.169 "**Third Party Claim**" has the meaning set forth in Section 17.1.1.

1.170 "**Third Party Infringement Action**" has the meaning set forth in Section 13.4.1.

1.171 "**Trademark Abandonment Notice**" has the meaning set forth in Section 11.4.

1.172 "**True-Up**" has the meaning set forth in Section 9.5.3(c).

1.173 […***…].

1.174 "**United States**," "**US**" or "**U.S.**" shall mean the United States of America (including its territories and possessions) and Puerto Rico.

1.175 "**Unresolved Matter**" has the meaning set forth in Section 3.10.2.

1.176 "**Upfront Payment**" has the meaning set forth in Section 9.1.

1.177 "**U.S. CPI**" means the United States Consumer Price Index – All Urban Consumers published by the United States Department of Labor, Bureau of Statistics (or its successor equivalent index).

1.178 "**USDTA**" has the meaning set forth in Section 16.1.1.

1.179 "**VAT**" has the meaning set forth in Section 9.11.2.

1.180 "**Working Group**" has the meaning set forth in Section 3.1.1.

1.181 "**ZLAB**" has the meaning set forth in the Preamble.

1.182 "**ZLAB Enrollment Percentage(s)**" has the meaning set forth in Section 5.3.2(a).

1.183 "**ZLAB Indemnitees**" has the meaning set forth in Section 17.1.2.

1.184 "**ZLAB GT Territory Costs**" shall mean, […***…].

ARTICLE II
COLLABORATION

2.1 **Compliance With Law.** Both ZLAB and Regeneron, and their respective Affiliates, shall perform their obligations under this Agreement in accordance with applicable Law. No Party or any of its Affiliates shall, or shall be required to, undertake any activity under or in connection with this Agreement that violates, or that raises bona fide concerns that such Party or such Affiliate could violate, any applicable Law.

2.2 **Further Assurances and Transaction Approvals.** Upon the terms and subject to the conditions hereof, each of the Parties will use Commercially Reasonable Efforts to (a) take, or cause to be taken, all actions necessary, proper or advisable under applicable Law or otherwise to consummate and make effective this Agreement, (b) obtain from the requisite Governmental Authorities any consents, licenses, permits, waivers, approvals, authorizations or orders required to be obtained or made in connection with the authorization, execution and delivery of this Agreement and (c) make all necessary filings, and thereafter make any other advisable submissions, with respect to this Agreement required to be made under applicable Law. The Parties will cooperate with each other in connection with the making of all such filings.

2.3 **Limitation on Exercise of Rights Outside of Collaboration.**

2.3.1 **Non-Compete.** Subject to Section 2.3.2:

(a) […***…].

(b) […***…].

(c) […***…].

(d) […***…].

(e) […***…].

2.3.2 **Third Party Acquisitions.**

(a) […***…].

(b) […***…].

(c) […***…].

(d) […***…].

(i) […***…].

(ii) […***…].

(iii) […***…].

(iv) […***…].

(e) […***…].

(f) […***…].

2.3.3 **Acknowledgement.** Each Party acknowledges and agrees that (a) this Section 2.3 has been negotiated by the Parties, (b) the geographical and time limitations on activities set forth in this Section 2.3 are reasonable, valid and necessary in light of the Parties' circumstances and necessary for the adequate protection of the business of the Product and (c) the other Party would not have entered into this Agreement without the protection afforded it by this Section 2.3. If, notwithstanding the foregoing, a court of competent jurisdiction determines that the restrictions set forth in this Section 2.3 are too broad or otherwise unreasonable under applicable Law, including with respect to duration, geographic scope or space, the court is hereby requested and authorized by the Parties to revise this Section 2.3 to include the maximum restrictions allowable under applicable Law.

2.4 **Right of First Negotiation Outside the Field.** If Regeneron desires to grant a Third Party rights to […***…] (other than a contract services arrangement), Regeneron shall provide written notice thereof to ZLAB (each, an "**ROFN Notice**") and ZLAB shall have an exclusive right of first negotiation to […***…] by giving notice to Regeneron within […***…] after ZLAB's receipt of the ROFN Notice. If ZLAB fails to provide timely written notice of its desire to […***…], or notifies Regeneron in writing that ZLAB does not desire to acquire such rights and obligations, then Regeneron shall have the right to enter into an agreement with a Third Party to […***…], without any further obligation to negotiate with ZLAB, or provide to ZLAB a right of negotiation, with respect thereto. If ZLAB provides timely written notice of interest, then the Parties shall promptly begin to negotiate in good faith with respect to the foregoing and Regeneron shall not conduct negotiations with any Third Party with respect to obtaining rights to […***…] during the […***…] period after receipt by Regeneron of ZLAB's written notice of interest (such period, the "**Exclusive Negotiation Period**"), but neither Party shall have any obligation to enter into any agreement unless they are able to agree on mutually acceptable terms and conditions at such time. Any agreement reached by the Parties with respect to […***…] shall be memorialized in and governed by a separate written agreement (or an amendment to this Agreement) addressing the terms and conditions of such […***…]. For clarity, receipt by Regeneron of an unsolicited offer or proposal, or any discussion in support thereof, in and of itself shall not be deemed to be a negotiation with a Third Party with respect to obtaining rights to […***…] for purposes of this Section 2.4, but, if Regeneron desires to grant such Third Party rights to […***…] in connection with such offer or proposal, Regeneron shall provide such ROFN Notice to ZLAB before entering into negotiations with such Third Party with respect to any such offer or proposal. Regeneron shall be free from and after the expiration of the Exclusive Negotiation Period to negotiate and enter into agreements with Third Parties with respect to […***…]. For the avoidance of doubt, nothing in this Agreement shall […***…] or […***…] in accordance with the terms and conditions of this Agreement (including […***…]).

ARTICLE III
GOVERNANCE

3.1 **Committees and Management.**

3.1.1 The Parties agree to establish, as provided and for the purposes specified herein, each of the following committees: a Joint Steering Committee (the "**JSC**"), a Joint Development Committee ("**JDC**"), a Joint Commercialization Committee (the "**JCC**"), a Joint Finance Committee (the "**JFC**"), a Joint Product Supply Committee ("**JPSC**") and such other sub-committees as the JSC shall deem to be appropriate. The JSC, JDC, JCC, JFC and JPSC shall be established within thirty (30) days after the Effective Date. The roles and responsibilities of each Committee are set forth in this Agreement (or as may be determined by the JSC for Committees established in the future) and may be further designated by the JSC. From time to time, each Committee may establish working groups (each, a "**Working Group**") to oversee particular projects or activities, and each such Working Group shall be constituted and shall operate as the Committee that establishes the Working Group determines. Subject to the terms of this Article III, (a) any one or more Committees established pursuant to this Agreement may have the same members appointed by each Party, and such members may meet to simultaneously discuss matters within the jurisdiction of such Committees, and (b) a Party may appoint a member of one Committee to one or more other Committees notwithstanding whether the other Party appoints the same members to any such Committees.

3.1.2 The Parties acknowledge and agree that none of the Committees or the Executive Officers shall have the power to amend any of the terms or conditions of this Agreement, other than by mutual agreement of the Parties as set forth in Section 20.5.

3.2 **Joint Steering Committee.**

3.2.1 **Composition and Purpose.** The JSC shall have overall responsibility for the oversight and coordination of the Parties' activities related to Development, Packing/Labeling and Commercialization of the Product in the Field in the Territory under this Agreement. The JSC shall be composed of three (3) senior executives of each Party; *provided* that the total number of representatives may be changed upon mutual agreement of the Parties (so long as each Party has an equal number of representatives).

3.2.2 **Specific Responsibilities.** In addition to its overall responsibility for overseeing activities under this Agreement, the JSC shall be responsible for the following activities with respect to the Product:

(a) reviewing, revising, if applicable, and approving the Development Plans and the Territory Commercialization Plan (and any updates to the foregoing);

(b) at least semi-annually reviewing the efforts and progress of ZLAB in performing its Development, Packing/Labeling and Commercialization activities under (or with respect to Packing/Labeling, in support of) the then-effective Development Plans and Territory Commercialization Plan;

(c) subject to Section 8.6, reviewing and approving for Development, Manufacturing and Commercialization in the Field in or for the Territory (i) any new doses, forms, formulations, presentations and delivery systems (including Territory Product Changes), (ii) any new proposed Approved Indications and (iii) all other changes or improvements with respect to the Approved Product, in each case ((i), (ii) and (iii)), that a Party may propose from time to time; *provided* that any change to the dose, form, formulation, presentation, delivery system or Manufacturing of the Product made with respect to the Product for the Territory to conform to a change made by or on behalf of Regeneron with respect to the Product for the ROW shall be reviewed by the JSC prior to implementation but shall not be approved by the JSC and may be made by Regeneron in its sole discretion;

(d) finalizing and approving the Target Labeling for the Product in the Field (which shall comply with the Global Marketing Guidelines);

(e) attempting in good faith to resolve any disputes referred to it by any of the Committees and providing a single-point of communication for seeking consensus regarding key strategy, plan and budget issues;

(f) reviewing and discussing the roles and responsibilities of the Committees and any proposals of the Parties or any such Committees related thereto, and establishing Committees and sub-committees of the JSC, as the JSC deems appropriate; and

(g) considering and acting upon such other matters as are specifically assigned to the JSC under this Agreement or otherwise agreed by the Parties.

3.3 **Joint Development Committee.**

3.3.1 **Composition and Purpose.** The purpose of the JDC shall be to advise on the strategy for the Development of the Product in the Field in the Territory and the JDC shall also serve as a forum for information exchange and progress updates with respect to the global Development of the Product (to the extent set forth in Section 3.3.2). The JDC shall be composed of three (3) senior representatives of each Party; *provided* that the total number of representatives may be changed upon mutual agreement of the Parties (so long as each Party has an equal number of representatives).

3.3.2 **Specific Responsibilities.** In particular, the JDC shall be responsible for the following activities with respect to the Product:

(a) overseeing the development of, and reviewing and revising, if applicable, the GT Operational Plan (and related GT Operational Budget) and Territory Development Plan (and any updates to any of the foregoing) for the Product in the Field in the Territory for final approval by the JSC;

(b) reviewing and overseeing activities under the Development Plans for the Product in the Field in the Territory;

(c) overseeing clinical and regulatory matters relating to the Product in the Field in the Territory arising from the Development Plans (including interactions with Regulatory Authorities), and reviewing and approving protocols (including amendments thereto), statistical analysis plans, clinical trial plans (in terms of designs, endpoints, scales, sample sizes, study cohorts, doses and duration), clinical methodology and monitoring requirements for all clinical trials, including post-marketing non-approval trials, of the Product in the Field in the Territory as contemplated under the Development Plans;

(d) reviewing and approving ZLAB's support of any investigator initiated study for the Product in the Field in the Territory;

(e) reviewing the progress of, and results and data from, ongoing clinical trials under the Development Plans, including ongoing enrollment and budgetary issues and ongoing safety, both protocol-specific and across the Development Plans; *provided* that Regeneron shall not be required to provide any Proprietary Manufacturing Information to the JDC or ZLAB;

(f) reviewing the progress of, and results and data from, Global Trials conducted by or on behalf of Regeneron in the Territory or ROW; *provided* that with respect to any such Global Trial […***…];

(g) with respect to any Global Trial conducted by or on behalf of ZLAB in the Territory, reviewing and discussing Regeneron's protocol for such Global Trial (including patient eligibility, sample analysis, and centralized imaging reads), site qualification requirements and any other policies and procedures regarding the conduct of such Global Trial globally (as well as any updates thereto provided by Regeneron) (the "**Global Trial Requirements**");

(h) with respect to any Global Trial conducted by or on behalf of Regeneron (other than by or on behalf of ZLAB) in the Territory, reviewing and discussing Regeneron's protocol for such Global Trial;

(i) reviewing and discussing the GTC Budgets provided by Regeneron pursuant to Section 5.3.2(b);

(j) […***…];

(k) […***…];

(l) evaluating for Development, Manufacturing and Commercialization in the Field in or for the Territory (i) any new doses, forms, formulations, presentations and delivery systems (including Territory Product Changes), (ii) any new proposed Approved Indications and (iii) all other changes or improvements with respect to the Approved Product, in each case ((i), (ii) and (iii)), that a Party may propose from time to time and presenting the same to the JSC;

(m) overseeing, monitoring and coordinating the submission of Registration Filings in the Field in the Territory, including reviewing and coordinating material communications, filings and correspondence with Regulatory Authorities in the Territory in connection with the Product in the Field; *provided* that […***…] or […***…] or […***…];

(n) developing and proposing to the JSC, in consultation with the JCC, the Target Labeling for the Product in the Field (which shall comply with the Global Marketing Guidelines);

(o) reviewing ZLAB's forecasts for quantities of Product required for ZLAB's Development […***…] in the Territory;

(p) with respect to Regeneron's Development of the Product in the Territory, discussing the timing and nature of Regeneron's and ZLAB's communications with Regulatory Authorities and key opinion leaders in the Territory regarding the Product; and

(q) considering and acting on such other matters as specifically assigned to the JDC under this Agreement or by the JSC.

3.4 **Joint Commercialization Committee.**

3.4.1 **Composition and Purpose.** The purpose of the JCC shall be to advise the JSC on the strategy for the Commercialization of the Product in the Field in the Territory. The JCC shall be composed of at least three (3) senior representatives of each Party; *provided* that the total number of representatives may be changed upon mutual agreement of the Parties (so long as each Party has an equal number of representatives).

3.4.2 **JCC Responsibilities.** In particular, the JCC shall be responsible for the following activities:

(a) overseeing the development of, and reviewing and revising, if applicable, the initial Territory Commercialization Plan and any updates thereto for final approval by the JSC;

(b) reviewing and overseeing activities under the Territory Commercialization Plan for the Product;

(c) reviewing ZLAB's forecasts for quantities of Product required for ZLAB's Commercialization in the Field in the Territory;

(d) reviewing and discussing Regeneron's global guidelines for branding, positioning, core messages and Promotional Material messages (collectively, the items referred to in this paragraph (d) shall be referred to as the "**Global Marketing Guidelines**");

(e) selecting the Product Trademark(s) and packaging for the Product in accordance with Section 11.2 (and any new or alternative Product Trademark(s) in accordance with Section 11.4);

(f) developing and proposing to the JSC, in consultation with the JDC, the Target Labeling for the Product in the Field (which shall comply with the Global Marketing Guidelines);

(g) evaluating for Development, Manufacturing and Commercialization in the Field in or for the Territory (i) any new doses, forms, formulations, presentations and delivery systems (including Territory Product Changes), (ii) any new proposed Approved Indications and (iii) all other [changes or improvements with respect to the Approved Product], in each case ((i), (ii) and (iii)), that a Party may propose from time to time and presenting the same to the JSC; and

(h) considering and acting upon such other matters as specifically assigned to the JCC under this Agreement or by the JSC.

3.5 **Joint Finance Committee**. The JFC shall be responsible for accounting, financial (including planning, reporting and controls) and funds flow matters related to this Agreement, including (a) reviewing the GT Operational Budget and the GTC Budgets and advising and consulting with the JDC, JPSC or JSC with respect to all such budgets as well as Overruns; *provided* that the JFC shall not have any input regarding conduct or inclusion of any activities in any Development Plan or the Territory Commercialization Plan, (b) discussing the reports delivered pursuant to Section 5.1.4, (c) overseeing calculations and payments made in accordance with, and fulfilling such specific responsibilities set forth in, Article IX; and (d) considering and acting upon such other matters as are specifically assigned to the JFC under this Agreement or by the JSC. The JFC also shall respond to inquiries from the JSC, the JDC, the JPSC and the JCC, as needed. The JFC shall be composed of three (3) senior representatives of each Party; *provided* that the total number of representatives may be changed upon mutual agreement of the Parties (so long as each Party has an equal number of representatives).

3.6 **Joint Product Supply Committee**. Working with the JSC, JDC, JCC and JFC, as appropriate, the JPSC shall be responsible for overseeing certain matters relating to the supply of Product to ZLAB, its Affiliates or its or their Subcontractors in the Territory, including (a) supply forecasts for ZLAB's Development and Commercialization of the Product in the Field in the Territory, (b) safety stock requirements of ZLAB for the Territory, (c) the need for and implementation of Recalls related to the Product in the Territory, (d) discussing any supply shortfalls, (e) reviewing ZLAB's proposed contract manufacturers and manufacturing agreements […***…] pursuant to […***…], (f) discussing, for Development, Manufacturing and Commercialization in the Field in or for the Territory, […***…] (including Territory Product Changes) and all other changes or improvements with respect to the […***…], and (g) considering and acting upon any other matters specifically assigned to the JPSC under this Agreement or by the JSC; *provided* that […***…]. The JPSC shall be initially composed of two (2) senior representatives of each Party; *provided* that the total number of representatives may be changed upon mutual agreement of the Parties (so long as each Party has an equal number of representatives).

3.7 **Membership.** Each of the Committees shall be composed of an equal number of representatives appointed by each of Regeneron and ZLAB, with each representative having the requisite experience and seniority to enable such person to make decisions on behalf of such Party with respect to the issues falling within the jurisdiction of such Committee. Each Party may replace its Committee members upon written notice to the other Party; *provided* that such replacement has the foregoing requisite experience and seniority; and *provided, further,* that the Committee composition meets the requirements of this Article III. Each Committee will have two (2) co-chairpersons, one designated by each of Regeneron and ZLAB, and each co-chairperson shall be entitled to call meetings.

3.8 **Meetings.** Each Committee shall hold meetings at such times as the Parties shall determine, but in no event less frequently than semi-annually during the Term (except for the JSC and JDC, which shall hold meetings at least Quarterly during the Term), commencing from and after the time such Committee is established as provided herein unless the co-chairpersons agree otherwise. All Committee meetings may be conducted by telephone, video-conference or in person as determined by mutual agreement of the co-chairpersons; *provided* that each Committee shall meet in person at least once each Calendar Year, unless the Parties mutually agree to meet by alternative means. All in-person meetings of a Committee shall be held at locations mutually agreed by the Parties. Further, in addition to the regularly scheduled meetings, a Committee shall meet upon the reasonable request of the co-chairpersons or either Party's co-chairperson, as applicable. A reasonable number of other employees or other representatives of a Party (including Alliance Managers) or representatives of a Third Party involved in the Development, Manufacture or Commercialization of the Product in the Field may attend any Committee meeting as non-voting observers; *provided* that such additional employees and representatives are under written obligations of confidentiality and non-use applicable to the Confidential Information of the other Party that are at least as stringent as those set forth in Article XVI. Each Party shall be responsible for all of its own expenses of participating in the Committees. Either Party's co-chairperson on a Committee may call a special meeting of the applicable Committee upon at least five (5) Business Days' prior written notice, except that emergency meetings may be called with at least two (2) Business Days' prior written notice. Any alternative agreement of the Parties or the applicable co-chairpersons with respect to Committee meetings under this Section 3.8 shall be in writing. The co-chairpersons shall be responsible for preparing and circulating an agenda in advance of each meeting and preparing and issuing final minutes within thirty (30) days thereafter.

3.9 **Decision-Making; Authority.** The Committees shall operate by consensus. The representatives of each Party shall have collectively one (1) vote on behalf of such Party; *provided* that no such vote taken at a meeting shall be valid unless a representative of each Party is present and participating in the vote. The Committees shall review and discuss the matters before it in good faith such that the perspectives of each Party's representatives on such Committee are given due consideration.

3.10 **Resolution of Committee Matters.**

3.10.1 **Generally.** The Parties shall cause their respective representatives on the Committees to use good faith efforts to resolve all matters presented to them as expeditiously as possible; *provided* that, in the case of any matter that cannot be resolved by the JDC, the JCC, the JFC, the JPSC, or other relevant Committee established hereunder, at the written request of either Party, such matter shall promptly, and in any event within five (5) Business Days (or two (2) Business Days in the event of an urgent matter) after such request, be referred to the JSC with a written request for resolution.

3.10.2 **Unresolved Matters.** The JSC shall review and discuss the matters before it in good faith such that the perspectives of each Party's representatives on the JSC are given due consideration. In the event that the JSC is, after a period of ten (10) Business Days from the date a matter is submitted in writing to it for resolution pursuant to Section 3.10.1, unable to make a decision due to a lack of consensus between the representatives of Regeneron on such Committee, on the one hand, and of ZLAB, on the other hand (any such matter, an "**Unresolved Matter**"), then either Party may require that the Unresolved Matter be submitted to the Executive Officers for a joint decision. In such event, either Party may, in a written notice to the other Party, formally request that the Unresolved Matter be resolved by the Executive Officers, specifying the nature of the Unresolved Matter with sufficient specificity to permit adequate consideration by such Executive Officers. The Executive Officers shall diligently and in good faith, attempt to resolve the referred Unresolved Matter within ten (10) Business Days (or, in the case of a Legal Dispute, thirty (30) days) of receiving such written notification. If the Executive Officers are unable to resolve such referred Unresolved Matter within the foregoing period, unless such matter is a Legal Dispute (in which case it shall be resolved in accordance with Section 10.3) or an […***…] (in which case it shall be resolved in accordance with Section 10.4), then:

(a) **Regeneron Matters.** The Executive Officer of Regeneron shall have final decision-making authority with respect to Unresolved Matters relating to:

(i) […***…];

(ii) […***…];

(iii) […***…];

(iv) […***…];

(v) […***…];

(vi) […***…];

(vii) […***…];

(viii) […***…]; and

(ix) […***…].

(b) **ZLAB Matters.** Except as set forth in Section 3.10.2(a), the Executive Officer of ZLAB shall have final decision-making authority with respect to Unresolved Matters relating to:

(i) […***…];

(ii) […***…];

(iii) […***…]; and

(iv) […***…].

(c) **Deadlock Matters.** With respect to all other Unresolved Matters, neither Party shall have final decision-making authority (and such Unresolved Matter shall remain deadlocked and no action shall be taken by either Party with respect to such Unresolved Matter unless and until resolved by the Executive Officers, and such Unresolved Matter shall not be submitted for further resolution pursuant to Article X). For clarity, this clause (c) shall include Unresolved Matters with respect to […***…].

[…***…]

For clarity, each Party retains the right to control its day-to-day operational activities with respect to its activities performed under this Agreement; *provided* that such Party conducts such activities in accordance with the terms and conditions of this Agreement.

3.11 **Alliance Management.** Each of ZLAB and Regeneron shall appoint a representative who possesses a general understanding of this Agreement and (bio)pharmaceutical research, development, regulatory, manufacturing and commercialization issues to act as its Alliance Manager ("**Alliance Manager**"). Each Alliance Manager shall be charged with creating and maintaining a collaborative work environment between the Parties to help ensure a successful collaboration and to facilitate resolution of deadlocks or disputes that may arise. Each Alliance Manager will also be responsible for being the primary point of communication for seeking consensus both internally within the respective Party's organization and with the other Party's organization and for the sharing of information and responding to information requests between Committee meetings. Each Alliance Manager will manage the governance process for its respective Party, including attending and facilitating the JSC meetings as a non-voting member, and the Alliance Managers together shall be responsible for any JSC meeting agendas and materials and provide such agendas and materials at least five (5) days in advance of such meeting and prepare and circulate to the JSC members the JSC minutes of each JSC meeting within fifteen (15) Business Days thereof. Each Alliance Manager shall be included as an invitee for each Committee and Working Group meeting required hereunder. A Party may change its Alliance Manager by providing written notice to the other Party thereof.

3.12 **Obligations of the Parties.** The Parties shall cause their respective designees on the Committees and their respective Executive Officers to take the actions and make the decisions provided herein to be taken and made by such respective designees and Executive Officers in the manner and within the applicable time periods provided herein. To the extent a Party performs any of its obligations hereunder through any Affiliate of such Party (subject to Section 20.10), such Party shall be fully responsible and liable hereunder and thereunder for any failure of such performance, and, without limiting Section 4.3, each Party agrees that it will cause each of its Affiliates to comply with any provision of this Agreement that restricts or prohibits a Party from taking any specified action.

ARTICLE IV
GRANT OF RIGHTS

4.1 **Commercialization Rights**. ZLAB shall have the exclusive right (even as to Regeneron except as set forth below at the end of this Section 4.1) to Commercialize (with the right to appoint Subcontractors in accordance with Section 4.3) the Approved Product for the Approved Indications in the Territory in accordance with the Territory Commercialization Plan; *provided* that Regeneron shall retain the non-exclusive right to […***…] in the Territory.

4.2 **Development Rights.** ZLAB shall have the non-exclusive right to perform Development of the Approved Product for the Approved Indications in the Territory in accordance with the Territory Development Plan and GT Operational Plan. For clarity, Regeneron shall retain (a) […***…] right to […***…], (b) […***…] right to […***…], (c) subject to […***…] right to […***…] and (d) […***…] to […***…].

4.3 **Subcontractors**. Notwithstanding anything in this Agreement to the contrary, ZLAB shall not enter into any contract or agreement with, or otherwise delegate its responsibilities (in whole or in part) to, an Affiliate or a Third Party to perform any of its Development obligations under a Development Plan (including to engage any clinical sites), any of its Pack/Label obligations or any of its Commercialization obligations under the Territory Commercialization Plan without Regeneron's prior written consent (which, subject to […***…], Regeneron will not unreasonably withhold, condition or delay); *provided* that Regeneron's consent shall not be required, and ZLAB shall have the right (without Regeneron's consent), to engage a Subcontractor […***…] that […***…]. If ZLAB desires to appoint such an Affiliate or a Third Party, then ZLAB shall notify Regeneron, and upon such notice the Parties shall […***…] in connection with […***…] with respect to such proposed appointment. The Parties shall agree on a list of pre-approved contractors in writing, and from time to time during the Term, the Parties may modify the list of such pre-approved contractors by mutual written agreement; *provided* that […***…] any pre-approved contactor […***…]; *provided, further,* that […***…] in accordance with the foregoing proviso, ZLAB shall […***…] with respect to the Product and […***…], and ZLAB shall […***…] consistent with […***…] and […***…] unless otherwise agreed by the Parties. The pre-approved contractors on such list shall, […***…], be deemed to be approved by Regeneron for purposes of this Section 4.3. If Regeneron approves such an Affiliate or Third Party, ZLAB shall (a) remain responsible and liable for the acts and omissions of such Affiliate or Third Party, and (b) cause such Affiliate or Third Party to (i) comply with ZLAB's obligations under this Agreement and (ii) undertake in writing (A) obligations of confidentiality and non-use of Confidential Information that are substantially the same as those undertaken by ZLAB under this Agreement and (B) obligations to assign to ZLAB any intellectual property (including Information, Patents and copyrights) discovered, invented, authored or otherwise created under or in connection with any performance of ZLAB's Development obligations under the applicable Development Plan, Pack/Label obligations or Commercialization obligations under the Territory Commercialization Plan. Notwithstanding the foregoing, […***…] delegate its responsibilities (in whole or in part), or otherwise permit a Subcontractor, to […***…] or to […***…] (for clarity, […***…] to engage a Third Party consultant to […***…] for the Product in the Field in the Territory […***…]). Without limitation of the foregoing, any Subdistributor agreement will include an obligation of such Subdistributor to account for and report its sales of the Product to ZLAB on the same basis as if such sales were Net Sales of ZLAB.

4.4 **No Implied License**. Neither Party will be deemed by this Agreement to have been granted any license or other similar rights to the other Party's Patents or Information either expressly or by implication, estoppel or otherwise. For clarity, each Party is authorized to use the Information and materials furnished by the other Party to fulfill its obligations and to exercise its rights as expressly set forth in, and in accordance with, this Agreement.

ARTICLE V
DEVELOPMENT ACTIVITIES

5.1 **Development of the Product by ZLAB.**

5.1.1 **Generally.**

(a) Subject to the terms of this Agreement, ZLAB shall conduct the Development activities for the Approved Product for the Approved Indications in the Territory set forth in the Territory Development Plan and GT Operational Plan, as applicable, and shall do so under the general direction and oversight of the JDC and JSC.

(b) Regeneron shall have the sole right to perform any non-clinical development of the Product; *provided* that if Regeneron elects not to conduct any such non-clinical development that is necessary to obtain or maintain Regulatory Approval for the Approved Product for an Approved Indication in the Territory, Regeneron shall grant ZLAB the right to do so.

(c) […***…].

(d) ZLAB shall not, and shall cause its Affiliates and its and their Subcontractors not to, (i) conduct any Development of the Product outside of the Development Plans, (ii) conduct any […***…], except pursuant to […***…], or […***…] with respect to […***…] or (iii) […***…] with respect to […***…].

5.1.2 **Diligence.** ZLAB shall use Commercially Reasonable Efforts to Develop the […***…] Product […***…] in the Territory and each Party shall conduct all Development activities hereunder in compliance with applicable Law, including Good Practices, and, solely with respect to ZLAB, pursuant to and in accordance with the Development Plans.

5.1.3 **Costs.** […***…]

5.1.4 **Development Reports.** Without limiting Section 5.4, within […***…] after the end of each Quarter, ZLAB shall provide to Regeneron a written report (in English and in electronic form) summarizing the material activities undertaken by or on behalf of ZLAB or its Affiliates or its or their Subcontractors during such Quarter in connection with the Development of the Product, together with a statement of ZLAB GT Territory Costs incurred by or on behalf of ZLAB and its Affiliates during such Quarter, which statement shall be in such form and of such level of detail as Regeneron reasonably requests. Without limiting the foregoing or Section 7.7 or Section 7.8, (a) ZLAB shall promptly, and in any event within […***…], notify the JDC and Regeneron of any event that arises in connection with its Development activities that would reasonably be expected to have a material negative effect on the overall Development strategy or Development timeline (including with respect to Regulatory Approvals) for, or the Commercialization of, the Product and (b) Regeneron shall promptly, and in any event within […***…] of Regeneron becoming aware of such event, notify the JDC and ZLAB of any event that arises in connection with its Development activities that would reasonably be expected to have a material negative effect on ZLAB's Development of the Product under a Development Plan (including with respect to the timing of Regulatory Approvals) or Commercialization of the Product under the Territory Commercialization Plan.

5.1.5 **Combination Regimen Trials.** If, in connection with any clinical trial for a Combination Regimen included in a Development Plan, the Parties agree that Regeneron will supply to ZLAB (or otherwise provide ZLAB access to) the product (other than the Product) that is a component of such Combination Regimen (whether owned or controlled by Regeneron or its Affiliates or a Third Party) (such product, an "**Other Proprietary Product**"), ZLAB (a) shall not, and shall cause its Affiliates and its and their Subcontractors not to, use the Other Proprietary Product for any purpose other than performing its obligations under the applicable Development Plan; (b) shall, and shall cause its Affiliates and its and their Subcontractors to, use the Other Proprietary Product in compliance with all applicable Laws; (c) except for the rights to use such Other Proprietary Product in accordance with the applicable Development Plan, shall not acquire any right, title or interest in or to the Other Proprietary Product as a result of such supply or access; and (d) upon completion of the clinical trial under the applicable Development Plan, or the expiration or earlier termination of this Agreement for any reason, or if otherwise requested by Regeneron, shall, and shall cause its Affiliates and its and their Subcontractors to, if and as instructed by Regeneron, either destroy or return the Other Proprietary Product. ZLAB shall, and shall cause its Affiliates and its and their Subcontractors to, use the same degree of care and diligence with respect to such Other Proprietary Product in the conduct of the applicable clinical trial(s) as it is required to use under this Agreement with respect to the Product.

5.2 **Territory Development Plan.** Prior to ZLAB's performance of any Development of the Product in the Territory (other than a Global Trial), the JSC must agree to a Territory Development Plan governing such Development and, for clarity, such Development shall be limited to the Approved Product for an Approved Indication that is specific to the Territory. If ZLAB desires to conduct any such Development during the Term, it shall submit to Regeneron, through the JDC, for review and revision, if applicable, a proposed Territory Development Plan including all of the detail set forth in the last sentence of this Section 5.2, and the JDC shall submit such updated Territory Development Plan to the JSC for approval. ZLAB will review and update the Territory Development Plan at least once annually and will present an updated Territory Development Plan to the JDC for review and revision, if applicable, at least […***…] prior to the end of each Calendar Year (starting in 2020), and the JDC shall submit the Territory Development Plan to the JSC for approval. The Parties will use good faith efforts to cause any updates to the Territory Development Plan to be approved by the JSC at least […***…] prior to the end of each Calendar Year. Each Territory Development Plan will set forth, in a reasonable level of detail, the plan for ZLAB's Development of the Approved Product for the Approved Indications that is […***…] and will include all details set forth on **Schedule 5.2**, as well as strategies and timelines for Developing and obtaining and maintaining Regulatory Approvals for the Approved Product for the Approved Indications in the Territory.

5.3 **Global Development.**

5.3.1 **Regeneron Development**. Prior to initiating any clinical trial (or portion thereof) for the Product in the Territory to be conducted by or on behalf of Regeneron, Regeneron shall provide the JDC written notice thereof. Subject to […***…], Regeneron shall have the right to perform any such clinical trial (or portion thereof) in the Territory; *provided* that […***…] clinical trials for the Product as set forth in […***…].

5.3.2 **Global Trials.**

(a) ZLAB shall conduct the Global Trial for the Product in the Territory that is set forth in **Schedule 5.3** as of the Effective Date. Throughout the Term, Regeneron may, through the JDC, request in writing that ZLAB perform a portion of an additional Global Trial in the Territory. If Regeneron makes such a request, it shall promptly provide ZLAB with a copy of the protocol (or, if the protocol is not then available, clinical trial design) for such Global Trial and Regeneron's proposed percentage of global patients to be enrolled by ZLAB in the Territory for such Global Trial (or, if applicable, for each cohort of such Global Trial that ZLAB will participate in) (the "**ZLAB Enrollment Percentage(s)**"), Regeneron's estimated total Global Trial Costs for the applicable Global Trial ([…***…]) and any other information that ZLAB reasonably requests to evaluate the conduct of such Global Trial in the Territory. Within […***…] of receipt of such a request, ZLAB shall inform Regeneron in writing if it wishes to perform such Global Trial in the Territory and provide ZLAB's desired ZLAB Enrollment Percentage(s) for such Global Trial or such cohorts of such Global Trial, as applicable. If ZLAB's desired ZLAB Enrollment Percentage(s) differ from Regeneron's proposal, within […***…] of ZLAB providing such notice, the JDC shall meet, discuss and endeavor to agree on the ZLAB Enrollment Percentage(s) for such Global Trial or such cohorts of such Global Trial, as applicable; *provided* that, unless otherwise agreed by the Parties or the JDC, each initial ZLAB Enrollment Percentage shall […***…] of total global patients for such Global Trial or such cohort of such Global Trial, as applicable.

(b) For any Global Trial included in the GT Operational Plan, Regeneron shall, in accordance with this Section 5.3.2(b), provide to the JDC for review (but not approval) a budget for its overall Global Trial Costs for the applicable Global Trial, which shall include a reasonably detailed budget for the remaining duration of the applicable Global Trial (broken down by Quarter for the first Calendar Year of such estimated budget and annually thereafter) (each, a "**GTC Budget**"). The initial GTC Budget for the Global Trial set forth in **Schedule 5.3** shall be provided to the JDC […***…] promptly after the Effective Date. The initial GTC Budget for any other Global Trial that is included in the GT Operational Plan shall be provided to ZLAB promptly after the Parties agree to the ZLAB Enrollment Percentage(s) for such Global Trial and shall be consistent with the estimated total Global Trial Costs provided to ZLAB when Regeneron requests that ZLAB perform such Global Trial pursuant to Section 5.3.2(a). At least […***…] prior to the end of each Calendar Year, Regeneron shall provide to the JDC […***…] an updated GTC Budget for each Global Trial included in the GT Operational Plan (*provided* that […***…] such GTC Budget […***…]).

(c) […***…].

(d) […***…].

(e) Without limiting the foregoing, ZLAB shall, and shall cause its Affiliates and its and their Subcontractors to, cooperate with Regeneron with respect to, and shall perform, any activities reasonably requested by Regeneron in connection with ZLAB's and its Affiliates' and its and their Subcontractors', as applicable, performance of a Global Trial in the Territory, including in connection with the selection and qualification of principal investigators and clinical trial sites and accessing and processing Clinical Data, to ensure that ZLAB's and its Affiliates' and its and their Subcontractors', as applicable, performance of such Global Trial in the Territory is consistent with the Global Trial in the ROW and that Regeneron is free to use the results and materials therefrom outside the Territory and outside the Field, and ZLAB shall, and shall cause its Affiliates and its and their Subcontractors to, follow Regeneron's reasonable instructions with respect thereto.

5.3.3 **GT Operational Plans.** ZLAB will present the initial GT Operational Plan, which shall include the Global Trial (and ZLAB Enrollment Percentages therefor) set forth in **Schedule 5.3** and shall be consistent with the requirements described in such schedule, to the JDC for review and revision, if applicable, promptly after the Effective Date, and the JDC shall submit the initial GT Operational Plan with any revisions to the JSC for review and revision, if applicable, and approval. If the Parties or the JDC agrees to ZLAB Enrollment Percentage(s) for an additional Global Trial in the Territory in accordance with Section 5.3.2(a), ZLAB will update the GT Operational Plan to include such additional Global Trial within thirty (30) days of such agreement and will present such updated GT Operational Plan to the JDC for review and revision, if applicable, and the JDC shall submit the GT Operational Plan with any revisions to the JSC for review and revision, if applicable, and approval. The GT Operational Plan shall be consistent with the Global Trial Requirements and shall include the agreed ZLAB Enrollment Percentage(s) for such Global Trial. Without limiting the foregoing, ZLAB will review and update the GT Operational Plan at least once annually and will present an updated GT Operational Plan to the JDC for review and revision, if applicable, at least […***…] prior to the end of each Calendar Year (starting in 2020), and the JDC shall submit the GT Operational Plan with any revisions to the JSC for review and revision, if applicable, and approval. The Parties will use good faith efforts to cause any annual updates to the GT Operational Plan to be approved by the JSC at least […***…] prior to the end of each Calendar Year. No GT Operational Plan or any updates thereto shall be effective without the approval of the JSC.

5.3.4 **GT Operational Budgets.** Each GT Operational Plan for the Product shall include (a) the corresponding GT Operational Budget and (b) a non-binding budget forecast for the next […***…] (subject to the proviso in […***…]), in each case ((a) and (b)), prepared by ZLAB and presented to the JDC for review and revision, if applicable, and submitted by the JDC to the JSC for review and revision, if applicable, and approval simultaneously with submission of the GT Operational Plan. The GT Operational Budget shall include a break-out of the expenditures by Quarter for the initial Calendar Year, and the non-binding budget forecast shall include a break-out of the expenditures on an annual basis. By no later than […***…], ZLAB will provide Regeneron with a good faith estimate of a re-forecast of the projected expenditures, […***…], for the remaining portion of the GT Operational Budget. Notwithstanding the foregoing, such reforecast shall not in any way alter or amend the budgeting process required by this Section 5.3.4.

5.3.5 **Decreases in ZLAB Enrollment Percentages**. […***…]

5.4 **Clinical Development Data.** ZLAB shall, and shall cause its Affiliates and its and their Subcontractors to, comply with its and their obligations (if any) under applicable Law to notify any Governmental Authority of its collection and processing of Clinical Data under this Agreement and with respect to any clinical trial and further agrees to take all such steps as may be required or as Regeneron may reasonably request from time to time in order to permit Regeneron and its Affiliates to comply with any such notification obligation applicable to Regeneron or its Affiliates in connection with this Agreement and any clinical trial or as otherwise necessary for Regeneron or its Affiliates to export and use such Clinical Data outside the Territory. Without limiting Section 5.1.4, ZLAB shall promptly, upon Regeneron's request, provide Regeneron with copies (in such electronic form as may be reasonably requested by Regeneron) of the results of all Development for the Product (or any Other Proprietary Product) and any and all other Information generated by or on behalf of ZLAB or its Affiliates or its or their Subcontractors with respect to the Development of the Product (or any Other Proprietary Product) in the Territory, including all raw data collected or analyzed with respect thereto, and all study reports and documents summarizing or analyzing such data and all completed informed consent forms (collectively, "**Clinical Data**"). [All key results memoranda, clinical study reports, Clinical Data captured or processed in Regeneron's Global Trial database and any other Clinical Data that Regeneron reasonably requests to be provided in English shall be provided in English at ZLAB's sole cost and expense. All other Clinical Data shall be provided in the language it was collected and analyzed, together with a detailed written summary thereof in English. Regeneron shall own all Clinical Dat in accordance with Section 12.1.2, and ZLAB shall and does hereby assign to Regeneron (or its designee) all of its right, title and interest therein in accordance with Section 12.1.3 (and shall use best efforts to obtain any approval or provide any notification required by a Governmental Authority in the Territory to give effect to the foregoing). Subject to the terms and conditions of this Agreement, Regeneron and its Affiliates may use Clinical Data for any purpose. For the avoidance of doubt, Regeneron and its Affiliates may provide Clinical Data (and extend the foregoing rights) to its and their subcontractors, Sublicensees/Distributors and development partners for the Product.

ARTICLE VI
COMMERCIALIZATION

6.1 **Commercialization of the Approved Product in the Field in the Territory.**

6.1.1 **Generally.** Subject to the terms of this Agreement, ZLAB shall undertake Commercialization activities with respect to the Approved Product for Approved Indications in the Territory and shall do so under the direction and oversight of the JCC. ZLAB shall not conduct any Commercialization of the Product outside of the Territory Commercialization Plan. […***…]. For clarity, unless otherwise agreed by the Parties, Regeneron shall not have the right to distribute, market, promote or sell the Product in the Field in the Territory, either as a stand-alone product or a Combination Regimen, or be responsible for any Commercialization activities with respect to the Product in the Field in the Territory; *provided* that, for clarity, the foregoing shall not restrict or otherwise prevent Regeneron from distributing, marketing, promoting, selling or otherwise commercializing any product other than the Product as a Combination Regimen for use with the Product.

(a) **Materials.** At ZLAB's reasonable request, to the extent such materials are within Regeneron's or its Affiliates' possession and control and may be disclosed to ZLAB without violating any obligation to a Third Party, Regeneron shall provide copies or otherwise provide access to ZLAB to Regeneron's promotional materials, market research, health economics and outcomes research, medical affairs or other materials related to Regeneron's Commercialization of the Product in the ROW or globally that Regeneron determines are reasonably necessary to promote consistency between the Territory and ROW, and ZLAB shall have the right to use such materials to prepare Promotional Materials for the Product in the Field in the Territory. […***…].

(b) **Additional Indications Outside the Field.** […***…].

6.1.2 **Diligence.** ZLAB shall (a) use Commercially Reasonable Efforts to Commercialize the Approved Product for each Approved Indication in each Region and (b) conduct all such Commercialization activities in compliance with applicable Law and in accordance with the Territory Commercialization Plan, the Global Marketing Guidelines and the applicable Territory Pricing Guidelines (subject to […***…]).

6.1.3 **Costs.** ZLAB shall bear all costs and expenses incurred by or on behalf of ZLAB or its Affiliates in connection with the Commercialization […***…] in the Field in the Territory.

6.1.4 **Commercialization Reports.** By the […***…] day after the end of each […***…] beginning […***…] prior to the anticipated first commercial sale […***…] in the Territory, ZLAB shall present to the JCC and Regeneron written reports (in English and in electronic form) summarizing in reasonable detail ZLAB's and its Affiliates' and its and their Subdistributors' Commercialization activities, strategies, plans and developments […***…] in the Territory during the prior […***…] and anticipated for the […***…], in each case, including the marketing, detailing (including […***…]), selling and other promotional activities performed or to be performed, as applicable, which reports shall be in such form and of such level of detail […***…]. Without limiting the foregoing, upon Regeneron's reasonable request, ZLAB shall provide to the JCC and Regeneron any additional information regarding such activities, strategies, plans and developments, including information relating to anticipated launch dates, key market metrics, market research, competitive landscape and sales performance.

6.2 **Territory Commercialization Plan.** ZLAB shall develop the written plan for Commercialization of the Approved Product for each Approved Indication in each Region ("**Territory Commercialization Plan**"). ZLAB shall present the Territory Commercialization Plan to the JCC for review and revision, if applicable, and the JCC shall submit the Territory Commercialization Plan with any revisions to the JSC for review and revision, if applicable, and approval. The Territory Commercialization Plan shall be consistent with the Global Marketing Guidelines and the Territory Pricing Guidelines (subject to Section 6.3.3) and shall include efforts and resources that constitute at least Commercially Reasonable Efforts with respect to the Commercialization of the Approved Product for each Approved Indication in each Region in which such Approved Indication has received Regulatory Approval. The Parties will use good faith efforts to cause the initial Territory Commercialization Plan to be approved by the JSC at least […***…] prior to the prospective launch date of the Approved Product for an Approved Indication in the Territory (as determined and approved by the JSC). ZLAB will review and update the Territory Commercialization Plan at least once annually and will present an updated Territory Commercialization Plan for each subsequent Calendar Year to the JCC for review and revision, if applicable, at least […***…] prior to the end of each Calendar Year, and the JCC shall submit the Territory Commercialization Plan with any revisions to the JSC for review and revision, if applicable, and approval. The Parties will use good faith efforts to cause any updates to the Territory Commercialization Plan to be approved by the JSC at least […***…] prior to the end of the Calendar Year. The Territory Commercialization Plan shall include (with sufficient detail, relative to time remaining to the prospective launch date of the Product in the Field in the Territory (as determined and approved by the JSC), to enable the JCC to conduct a meaningful review of such Territory Commercialization Plan) information and formatting as will be agreed upon by the JCC, including:

(a) the overall strategy for Commercializing the Approved Product for the Approved Indications in the Territory, including target product profiles, competitive readiness and positioning, lifecycle management, guidance for medical affairs and other functions and guidelines for branding, positioning, core messages and Promotional Material messages for the Approved Product;

(b) anticipated overall marketing efforts with respect to the Approved Product for the Approved Indications in the Territory, including the targets for details in the Territory and the size of ZLAB's sales force in the Territory;

(c) anticipated and expected dates for Regulatory Approvals and launch for each Approved Indication in each Region;

(d) short-term and long-term sales forecasts for the Approved Product for the Approved Indications in each Region (in each case, […***…]);

(e) strategies for the detailing and promotion of the Approved Product for the Approved Indications in the Territory;

(f) anticipated major advertising, public relations and patient advocacy programs for the Approved Product for the Approved Indications in the Territory.

6.3 **Distribution Activities; Pricing and Pricing Approvals in the Territory.**

6.3.1 Subject to the remainder of this Section 6.3 and Section 6.7.3, ZLAB (or its Affiliate or its or their Subdistributor) shall have the sole right to invoice, book and record all sales of the Approved Product made by or on behalf of ZLAB (or its Affiliate or its or their Subdistributor) in the Territory in accordance with its Accounting Standards. ZLAB (or its Affiliate or its or their Subdistributor) shall have the sole responsibility and right to (a) distribute the Approved Product in the Field in the Territory and handle all governmental rebates and similar payments that are due and owing with respect to its (or its Affiliate's or its or their Subdistributor's) sale and distribution of the Approved Product in the Territory, including to submit any required reports, including price reports, to any Governmental Authority, (b) establish the pricing and terms of sale for the Approved Product distributed by it (or its Affiliate or its or their Subdistributor) in the Field in the Territory, (c) handle all returns of the Approved Product sold by it (or its Affiliate or its or their Subdistributor) under this Agreement in the Territory and (d) handle all aspects of, including negotiating and entering into relevant contracts with respect to, ordering, processing, invoicing, collection, distribution, receivables, reimbursement and patient support programs with respect to the Approved Product]distributed by it (or its Affiliate or its or their Subdistributor) in the Territory and, in each case, shall do so in accordance with the Territory Commercialization Plan, the Global Marketing Guidelines and the applicable Territory Pricing Guidelines (subject to Section 6.3.3).

6.3.2 The Parties shall mutually agree to a general pricing and reimbursement strategy and guidelines (including [discounts, rebates and other price reductions]) for the Product in each Region ("**Territory Pricing Guidelines**") in accordance with this Section 6.3.2. […***…].

6.3.3 […***…].

6.3.4 Regeneron shall have the right to review any submissions for Governmental Authorities and other Third Party payers relating to any approval, agreement, determination or governmental decision establishing prices for the Product in the Field that can be charged to consumers or that will be reimbursed by Governmental Authorities in a Region where Governmental Authorities or Regulatory Authorities of such Region approve or determine pricing for pharmaceutical products for reimbursement or otherwise, and ZLAB shall consider in good faith any comments made by Regeneron with respect to such submissions; *provided* that Regeneron shall perform such review in a timely manner. ZLAB shall provide drafts of any such submission to Regeneron […***…] sufficiently in advance of such submission to facilitate such review and comment.

6.3.5 […***…]

6.4 **Promotional Materials and Other Marketing.**

6.4.1 Subject to Section 6.4.2 and Section 11.6, with respect to the Product in the Field in the Territory, ZLAB will be responsible, consistent with the Global Marketing Guidelines and the Territory Commercialization Plan for the creation, preparation, production and reproduction of all Promotional Materials. ZLAB will be responsible for seeking approval for, as appropriate, all such Promotional Materials with all Regulatory Authorities in the Territory.

6.4.2 Prior to the submission to a Regulatory Authority, or the distribution by or on behalf of ZLAB or any of its Affiliates or its or their Subdistributors, of any Promotional Material for use in the Territory, ZLAB shall provide Regeneron a copy thereof (including an English translation if such copy is not in English) at least […***…] before such submission or distribution. Without limiting Section 11.6, Regeneron will have the right to review and comment on all Promotional Materials for use in the Territory prior to their submission to a Regulatory Authority or distribution by or on behalf of ZLAB or any of its Affiliates or its or their Subdistributors for use in the Field in the Territory, and ZLAB shall consider such comments in good faith; *provided* that to the extent any such Promotional Material includes a material deviation from the Global Marketing Guidelines or Territory Commercialization Plan, such Promotional Materials […***…] submission to a Regulatory Authority or distribution by ZLAB.

6.4.3 ZLAB and its Affiliates and its and their Subdistributors shall only use the Promotional Materials and only conduct marketing and promotional (including advertising) activities for the Product in the Field in the Territory that, in each case, are created and reviewed in accordance with Section 6.4.1 and Section 6.4.2, as applicable. ZLAB shall not, and shall cause its Affiliates and its and their Subdistributors not to, conduct any marketing, promotional (including advertising), health economics or outcomes research or medical affairs activities for the Product outside the Territory. ZLAB shall, and shall cause its Affiliates and its and their Subdistributors to, […***…].

6.4.4 Regeneron shall own all rights to all Promotional Materials with respect to the Product in the Field in the Territory, including all copyrights thereto.

6.5 **Promotional Claims/Compliance.** Neither ZLAB nor any of its Affiliates or its or their Subdistributors shall make any medical or promotional claims for the Product in the Field in the Territory outside of the approved label […***…] or that is not permitted by applicable Law. When distributing information related to the Product or its use in the Field in the Territory (including information contained in scientific articles, reference publications and publicly available healthcare economic information), ZLAB shall, and shall cause its Affiliates and its and their Subdistributors to, comply with all applicable Law and any guidelines established by the pharmaceutical industry in the Territory.

6.6 **Medical and Consumer Inquiries.** The JCC shall establish guidelines to handle medical questions or inquiries from healthcare professionals, paramedical professionals and consumers related to the Product in the Field in the Territory, and, upon ZLAB's request and at ZLAB's expense, Regeneron shall provide training to ZLAB employees with respect to such guidelines; *provided* that, in Regeneron's sole discretion, it shall have the right to provide such training to a subset of ZLAB employees that are responsible for training other ZLAB employees and Subcontractors responsible for handling such medical questions or inquiries. To the extent such a question or inquiry is within the scope of the guidelines established by the JCC, ZLAB shall be responsible, [n accordance with such guidelines, for responding to such question or inquiry, and ZLAB shall promptly provide Regeneron a copy of such question or inquiry, as well as ZLAB's response thereto (including, in each case, a detailed written summary thereof in English). If such a question or inquiry is not within the scope of the guidelines established by the JCC, ZLAB shall promptly provide Regeneron a copy of such question or inquiry, as well as ZLAB's proposed response thereto (including, in each case, an English translation if such copy or response is not in English), and Regeneron will provide instructions or guidelines for responding to such question or inquiry. ZLAB shall be responsible, in accordance with such instructions or guidelines, for responding to such question or inquiry. If Regeneron receives questions about the Product in the Field in the Territory, it shall refer such questions to ZLAB, and ZLAB shall be responsible for responding thereto in accordance with the foregoing. If ZLAB receives a question about the Product in the ROW or outside the Field in the Territory, it shall refer such questions to Regeneron, and Regeneron shall be responsible for responding thereto.

6.7 **Territorial Restrictions.**

6.7.1 Except to the extent prohibited by applicable Law, ZLAB (a) shall, and shall cause its Affiliates and its and their Subdistributors to, distribute, offer for sale and sell the Product only in the Territory and (b) shall not, and shall not permit its Affiliates or its or their Subdistributors to, distribute, offer for sale or sell the Product to any Person that (i) is reasonably likely to directly or indirectly distribute, offer for sale or sell the Product outside of the Field or the Territory or assist another Person to do so or (ii) has directly or indirectly distributed, offered for sale or sold the Product outside the Field or the Territory or assisted another Person to do so. If ZLAB, its Affiliate or any Subdistributor receives any orders for the Product outside of the Field or the Territory, such Person shall refer such orders to Regeneron.

6.7.2 Except to the extent prohibited by applicable Law, Regeneron (a) shall, and shall cause its Affiliates and its and their Sublicensees/Distributors to, distribute, offer for sale or sell the Product only outside of the Territory, and (b) shall not, and shall not permit its Affiliates and its and their Sublicensees/Distributors to, distribute, offer for sale or sell the Product to any Person that (i) is reasonably likely to directly or indirectly distribute, offer for sale or sell the Product in the Field in the Territory or assist another Person to do so or (ii) has directly or indirectly distributed, offered for sale or sold the Product in the Field in the Territory or assisted another Person to do so. If Regeneron, its Affiliate or any of its or their Sublicensees/Distributors receives any orders for the Product in the Field in the Territory, such Person shall refer such orders to ZLAB. Notwithstanding the foregoing, nothing in this Section 6.7.2 shall limit Regeneron from supplying the Product to ZLAB pursuant to this Agreement and the Ancillary Agreements.

6.7.3 Provided that each Party complies with its obligations in Section 6.7.1(b) and Section 6.7.2(b), as applicable, and the other terms and conditions of this Agreement, such Party shall not be deemed to be in breach of its obligations in […***…] solely as the result of the distribution, prescription or other use of the Product by a Third Party outside of such Party's respective field or territory to the extent such distribution, prescription or other use is outside of the reasonable control of such Party; *provided* that once such Party becomes aware of such distribution, prescription or other use, such Party shall promptly notify the other Party and, to the extent such Third Party is under the reasonable control of such Party, such Party shall use Commercially Reasonable Efforts (which for purposes of this Section 6.7.3 shall […***…]) to stop such distribution, prescription or other use; *provided, further,* that such distribution, prescription or other use of the Product by a Third Party outside of such Party's respective field or territory shall […***…].

6.8 […***…].

6.9 **Samples.** ZLAB shall not, and shall cause its Affiliates and its and their Subdistributors not to, sell, offer to sell or otherwise distribute Product samples for use in the Field in the Territory without […***…]. For clarity, the foregoing shall not limit or restrict ZLAB's right to provide Product for patient assistance, which shall not be considered Product samples.

ARTICLE VII
REGULATORY AFFAIRS

7.1 **Regulatory Overview.**

7.1.1 The Parties acknowledge that, as of the Effective Date, the applicable Laws in PRC do not currently allow ZLAB to hold Regulatory Approvals for the Product in PRC because the Product is supplied by Regeneron and considered an imported drug product. Therefore, this Article VII provides that Regeneron will own the Regulatory Approvals for the Product in PRC and this Article VII and the other terms and conditions of this Agreement were based on that understanding. […***…].

7.1.2 Subject to Section 7.2 and Section 7.4, ZLAB shall act as the agent of Regeneron in the preparation, submission and maintenance of any Registration Filing, Regulatory Approval or other submission or communication to a Regulatory Authority with respect to the Approved Product in the Field in the Territory.

7.1.3 Regeneron shall own all right, title and interest in and to, and shall hold in its (or its designee's) name, all Regulatory Documentation (including CTAs and Regulatory Approvals) with respect to the Product in the Territory. To the extent ZLAB holds any right, title or interest thereto, ZLAB shall transfer and assign any such Regulatory Documentation to Regeneron.

7.1.4 ZLAB, as promptly as practicable, shall disclose and make available to Regeneron all Regulatory Documentation and other Information (including safety and development Information with respect to the Product and all Information with respect to ZLAB's […***…] activities performed pursuant to […***…]) in the possession or control of ZLAB or any of its Affiliates and, for clarity, Regeneron shall have the right to use and reference, and to grant to others the right to use, reference and export, such Regulatory Documentation and other Information to Exploit products, including the Product, in the Territory or ROW. Without limiting the foregoing, ZLAB shall promptly provide to Regeneron any communication (whether oral or written) or other documentation received from a Regulatory Authority in the Territory relating to the Product […***…]. Upon ZLAB's request, Regeneron, as promptly as practicable, shall disclose and make available to ZLAB, Regulatory Documentation and Information […***…] in Regeneron's or its Affiliates' possession and control that is reasonably necessary for ZLAB to seek Regulatory Approval […***…] in the Territory, provided that, if any such reasonably necessary Regulatory Documentation or Information […***…], then, to the extent such Regulatory Documentation or Information […***…], Regeneron shall […***…]. ZLAB shall have the right to use and reference such Regulatory Documentation and other Information solely to Develop in accordance with the Development Plans and Commercialize in accordance with the Territory Commercialization Plan […***…] in the Territory.

7.1.5 Pursuant to Section 20.16, each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such applications (including with Governmental Authorities), approvals, agreements, documents, and instruments and cooperating with the other Party with respect thereto, and shall provide any additional consents, as may be necessary or as the other Party may reasonably request for such Party to assign (solely with respect to ZLAB), transfer, disclose, make available or provide to the other Party the Regulatory Documentation, Information and other communications and documentation in accordance with, and for the other Party to exercise its rights under, this Article VII.

7.1.6 Unless otherwise specified herein, each Party shall bear all costs and expenses incurred by such Party in connection with regulatory activities described in this Article VII for the Product in the Field in the Territory.

7.1.7 With respect to any right or obligation of Regeneron under this Article VII to submit or provide (directly or otherwise) information, data, materials or documents to a Regulatory Authority, Regeneron shall have the right to submit or provide such information, data, materials or documents directly or through a Third Party designee.

7.1.8 The Parties shall perform all of their obligations under this Article VII in accordance with best practices in the Territory and applicable Law.

7.2 **Communications and Filings with Regulatory Authorities.**

7.2.1 Except as set forth in […***…] and subject to […***…], ZLAB shall, at ZLAB's cost and expense, prepare, submit and, with respect to communications, conduct any Registration Filing or other submission or communication to a Regulatory Authority with respect to the Product in the Field in the Territory in accordance with this Section 7.2.1.

(a) […***…]

(b) To the extent Regeneron provides to ZLAB any Information or materials for use with respect to a Registration Filing, submission or communication, or portion thereof, with respect to the Product in the Field in the Territory, ZLAB shall only use such Information and materials for the purpose and in the Region and for the Regulatory Authority for which it was provided.

(c) […***…]

(d) ZLAB shall use commercially reasonable efforts to ensure that the confidentiality of any Regulatory Documentation and other Information is protected when submitted to a Regulatory Authority, including ensuring that it is properly marked on each page in English and Mandarin as "commercial secrets" and that it is handled and stored in a secure manner by qualified personnel and according to proper procedures and safeguards, including encryption and password protection to prevent disclosure in the event such Regulatory Documentation or other Information is lost or stolen.

7.2.2 […***…]

7.2.3 Subject to Section 7.4, each Party shall fully cooperate with and support the other Party with respect to a Registration Filing, submission or other communication, at the other Party's reasonable request, including by coordinating and facilitating any discussions between the other Party and any applicable Regulatory Authority.

7.3 **Regulatory Meetings and Discussions.**

7.3.1 ZLAB shall provide written notice to Regeneron of any meetings, telephone conferences or discussions (of which it has advance notice or that are initiated by or on behalf of ZLAB) with Regulatory Authorities relating to […***…])).

7.3.2 To the extent such meetings, telephone conferences or discussion relate to […***…].

7.3.3 To the extent any meetings, telephone conferences or discussions with Regulatory Authorities relate to […***…].

7.3.4 […***…].

7.3.5 […***…]

7.4 **Certain Sensitive Information.**

7.4.1 […***…].

7.4.2 […***…].

7.4.3 […***…].

7.4.4 […***…].

7.5 **No Harmful Actions**. Without limiting Section 15.7, if either Party believes in good faith that the other Party is taking or intends to take any action (with respect to Regeneron's actions, solely in the Territory) with respect to the Product that could have a material negative impact upon the regulatory status of the Product outside the Field or the Territory (for Regeneron) or in the Field in the Territory (for ZLAB), such Party will have the right to bring the matter to the attention of the JSC and the Parties will discuss in good faith to resolve such concern. Without limiting the foregoing, unless the Parties otherwise agree, (a) ZLAB will not, and will cause its Affiliates and its and their Subdistributors not to, communicate with any Regulatory Authority having jurisdiction outside the Territory regarding the Product, unless so ordered by such Regulatory Authority, in which case ZLAB will immediately notify Regeneron of such order and if Regeneron is permitted by such Regulatory Authority and applicable Law to respond to such order on behalf of ZLAB, Regeneron shall be responsible for responding thereto and, if such Regulatory Authority or applicable Law requires ZLAB to respond directly, ZLAB shall be responsible for responding thereto and, in either case, ZLAB shall cooperate in good faith with Regeneron to prepare any such communication or response and ZLAB shall […***…]; and (b) ZLAB will not, and will cause its Affiliates and its and their Subdistributors not to, submit any Regulatory Documentation or seek Regulatory Approvals for the Product outside the Field or the Territory or […***…].

7.6 **Labeling.** The JDC and the JCC shall develop and propose to the JSC for approval the proposed target Product labeling ("**Target Labeling**") for the Product for use […***…] in the Territory. ZLAB shall, in coordination with Regeneron, use Commercially Reasonable Efforts to obtain and maintain Regulatory Approval for the Product consistent with the Target Labeling. Without limiting the foregoing, if, despite its use of Commercially Reasonable Efforts, ZLAB is unable to obtain and maintain Regulatory Approval for the Product consistent with the Target Labeling, […***…] unless […***…] or […***…].

7.7 **Regulatory Events.** Each Party shall immediately inform the other Party (and in no event after […***…] after notification (or other time period specified below)) of any action by, or notification or other information that it receives (directly or indirectly) from, any Regulatory Authority, Third Party or other Governmental Authority, that:

7.7.1 raises any material concerns regarding the safety or efficacy of the Product;

7.7.2 indicates or suggests a potential investigation or formal inquiry by any Regulatory Authority in the Territory in connection with the Development, Manufacture or Commercialization of the Product; or

7.7.3 is reasonably likely to lead to a Recall of the Product anywhere in the Territory.

Information that shall be disclosed pursuant to this Section 7.7 shall include the following matters with respect to the Product in or for the Territory:

(a) Governmental Authority inspections of Manufacturing, Development, distribution or other facilities;

(b) inquiries by Regulatory Authorities or other Governmental Authorities concerning clinical investigation activities (including inquiries of investigators, clinical research organizations and other related parties) or pharmacovigilance activities, in each case, to the extent involving matters described in Section 7.7.1, Section 7.7.2 or Section 7.7.3;

(c) receipt of a warning letter issued by a Regulatory Authority;

(d) an initiation of any Regulatory Authority or other Governmental Authority investigation, detention, seizure or injunction; and

(e) receipt of complaints concerning actual or suspected Product tampering, contamination, or mix-up (e.g., wrong ingredients).

7.8 **Pharmacovigilance and Product Complaints.** Promptly after the Effective Date, the Parties shall negotiate in good faith and execute a safety data exchange agreement setting forth the specific procedures to be used by the Parties to coordinate the investigation and exchange of reports of adverse events/adverse drug reactions and Product complaints to ensure timely communication to Regulatory Authorities and compliance with applicable Law (the "**Safety Data Exchange Agreement**"), and will use good faith efforts to execute such Safety Data Exchange Agreement within six (6) months after the Effective Date (but in any event prior to the first dosing by or on behalf of ZLAB or any of its Affiliates of a subject in the first human clinical trial for the Product under this Agreement). The Parties shall update the Safety Data Exchange Agreement prior to the first commercial sale of the Product in the Territory. Regeneron shall be responsible for the establishment, holding and maintenance of the global safety database with respect to the Product and establishing the direction for global safety and risk management strategies for the Product; *provided* that Regeneron shall meaningfully consult in good faith with ZLAB regarding the foregoing. The costs and expenses with respect to the establishment, holding and maintenance of such global safety database shall be borne by Regeneron. ZLAB will be responsible, at its sole cost and expense, for: (a) collecting all pharmacovigilance and other drug safety data for the Product in the Field in the Territory as required by applicable Law, (b) subject to Section 7.2, reporting all pharmacovigilance and other drug safety data for the Product in ZLAB's possession or control, including adverse events/adverse drug reactions in the Territory, to the applicable Regulatory Authority in the Territory, as appropriate to be in compliance with all applicable Law, (c) reporting all pharmacovigilance and other drug safety data for the Product in ZLAB's possession or control to Regeneron, including as set forth in the Safety Data Exchange Agreement and (d) undertaking such follow-up activities with respect to any adverse event/adverse drug reaction for the Product as Regeneron may reasonably request; *provided* that, with respect to clauses (a), (b) and (c), all such data shall be […***…]. Regeneron shall provide to ZLAB such safety data with respect to the Product as is necessary for ZLAB to comply with its obligations under applicable Law in the Territory.

7.9 **Inspections; Audits.**

7.9.1 If a Regulatory Authority desires to conduct an inspection or audit of ZLAB with regard to the Product, ZLAB agrees to cooperate with Regeneron and the Regulatory Authority with respect to such inspection or audit, including by allowing, to the extent permitted by applicable Law, a representative of Regeneron to be present during the applicable portions of such inspection or audit. Following receipt of the inspection or audit observations of the Regulatory Authority, ZLAB will promptly provide a copy to Regeneron (including a copy of the original communication or documentation […***…]), and ZLAB will prepare, in consultation with Regeneron, any appropriate responses or filings with respect thereto, and, if requested by ZLAB, Regeneron will assist ZLAB therewith in accordance with Section 7.2; *provided* that […***…]].

7.9.2 If a Regulatory Authority in the Territory desires to conduct an inspection or audit of Regeneron with regard to the Product, ZLAB agrees to cooperate with Regeneron and the Regulatory Authority with respect to such inspection or audit and provide all assistance requested by Regeneron with respect thereto, including, at Regeneron's request and to the extent permitted by applicable Law, attending the applicable portions of such inspection or audit and using commercially reasonable efforts to ensure the confidentiality of any information or documents accessed in such inspection or audit. Following receipt of the inspection or audit observations of the Regulatory Authority, Regeneron will prepare any appropriate responses or filings with respect thereto, and, if requested by Regeneron, ZLAB will assist Regeneron therewith in accordance with Section 7.2.

7.9.3 Not more than […***…], Regeneron will have the right, at Regeneron's expense and on not less than […***…] prior notice, to inspect the facilities where ZLAB or its Affiliates or its or their Subcontractors store or handle, or have stored or handled, the Product and to audit the procedures of ZLAB or its Affiliates and its and their Subcontractors for the storage and handling of the Product for purposes of quality control. In the event Regeneron identifies, in the course of such inspection, an issue with respect to the storage or handling of the Product, the Parties shall agree on reasonable corrective actions within […***…] after Regeneron notifies ZLAB of the results of such inspection. ZLAB shall implement such corrective action as soon as reasonably practicable but in any event not more than […***…] after the Parties reach such agreement, unless otherwise agreed in writing by the Parties.

7.9.4 On not less than […***…] prior notice, no more than […***…] and during regular business hours, Regeneron or its authorized representatives shall have the right, at Regeneron's expense, to (a) visit and inspect the facilities used in ZLAB's and its Affiliates' and its and their Subcontractors' performance of Development (including clinical trial sites; *provided* that, except […***…], such audit shall not delay study initiation), Pack/Label, regulatory or Commercialization activities with respect to the Product to observe and verify ZLAB's compliance with this Agreement, (b) review, copy and audit all Information generated, maintained or used in connection with such activities or otherwise related to the Product, (c) interview any and all ZLAB personnel involved in such activities, and (d) audit any recordkeeping, data collection and processing, information and other systems and business processes used by ZLAB in the performance of such activities. ZLAB shall, and shall cause its Affiliates and its and their Subcontractors and Representatives to, cooperate with any and all activities contemplated by this Section 7.9.4 and shall ensure timely access to requested facilities and documentation. In the event that […***…], ZLAB shall […***…]. In the event Regeneron identifies, in the course of any such visit or inspection, an issue with respect ZLAB's or its Affiliates' or its or their Subcontractors' performance of Development, Pack/Label, regulatory or Commercialization activities with respect to the Product, the Parties shall agree on reasonable corrective actions within […***…] after Regeneron notifies ZLAB of the results of such visit or inspection. ZLAB shall implement such corrective action as soon as reasonably practicable but in any event not more than […***…] after the Parties reach such agreement, unless otherwise agreed in writing by the Parties. Notwithstanding the foregoing, Regeneron shall have the right, […***…], to monitor ZLAB's and its Affiliates' and its and their Subcontractors' performance of Development, Pack/Label, regulatory or Commercialization activities with respect to the Product without conducting a full inspection or audit (which monitoring may include visiting facilities used by ZLAB and accompanying ZLAB Representatives on visits to monitor trial sites or details), and ZLAB shall, and shall cause its Affiliates and its and their Subcontractors and Representatives to, cooperate with any and all such monitoring activities and shall ensure timely access to requested facilities and documentation.

7.10 **Recalls and Other Corrective Actions.** For each Region, the Parties will, through the JSC, confer and coordinate regarding their respective internal standard operating procedures (and any changes thereto) regarding Product recalls, corrective actions, market suspensions or market withdrawals (each, a "**Recall**") and, subject to the Safety Data Exchange Agreement and Section 6.6, the treatment of and response to Product complaints and inquiries as to safety, quality or efficacy of the Product. Each Party shall notify the other Party as soon as possible (but in no event later than […***…] regardless of Business Days) following its determination that any event, incident or circumstance has occurred that may result in the need for a Recall of the Product in the Territory and shall include in such notice the reasoning behind such determination and any supporting facts. Each Party shall have the unilateral right to make a final determination whether to voluntarily implement any such Recall in the Field in the Territory; *provided* that prior to any implementation of such a Recall, such Party shall consult with the other Party and shall consider such other Party's comments in good faith. Once a Party makes such a determination, then, as between the Parties, ZLAB shall promptly provide a plan for such a Recall and any documentation with respect thereto […***…] and shall initiate such a Recall in compliance with […***…] applicable Law. Notwithstanding either Party's decision on a Recall, if a Recall of the Product in the Field in the Territory is mandated by a Regulatory Authority or by applicable Law in the Territory, then, as between the Parties, ZLAB shall promptly provide a plan for such a Recall and any documentation with respect thereto […***…] and shall initiate such a Recall in compliance with […***…] applicable Law. For all Recalls undertaken pursuant to this Section 7.10, as between the Parties, ZLAB shall be primarily responsible for the execution thereof in accordance with this Section 7.10. Subject to Article XVII, unless otherwise agreed by the Parties in writing, (a) if and to the extent that a Recall resulted from […***…], Regeneron shall be responsible for the costs and expenses of such Recall incurred by or on behalf of either Party, and (b) except as provided in clause (a), ZLAB shall be responsible for all costs and expenses with respect to any such Recall.

ARTICLE VIII
MANUFACTURING AND SUPPLY

8.1 **Regeneron Manufacturing and Supply of Product.**

8.1.1 Subject to Section 8.2, Regeneron shall have the exclusive right to Manufacture or have Manufactured and supply or have supplied the Product for all Development and Commercialization purposes in the Territory. […***…], Regeneron may transfer a portion or all of such Manufacturing activities to any of its Affiliates or one or more Third Parties, *provided* that in such case Regeneron shall remain responsible under this Agreement for the performance of such Third Parties. Regeneron shall not be required to supply to ZLAB, and ZLAB shall not submit any forecast or order for, any quantities of Product beyond (a) with respect to Development, the quantities of Product that are reasonably required by ZLAB for Development in the Field in the Territory under the Development Plans and for submission to a Regulatory Authority in connection with any Registration Filing, CTA or Regulatory Approval in the Field in the Territory and (b) with respect to Commercialization, quantities of Product as are reasonably required to fulfill requirements for commercial sales, charitable purposes, promotional purposes and other Commercialization uses with respect to the Product in the Field in the Territory pursuant to the Territory Commercialization Plan.

8.1.2 Regeneron shall use Commercially Reasonable Efforts to Manufacture (or have Manufactured) and supply (or have supplied) Semi-Finished Product (or, in Regeneron's sole discretion […***…] in accordance with the forecasts delivered by ZLAB pursuant to the Development Supply Agreement, Commercial Supply Agreement and Quality Agreements. […***…]

8.2 **ZLAB Pack/Label.** Except with respect to Product supplied by Regeneron […***…], (a) ZLAB shall have the responsibility, and shall use Commercially Reasonable Efforts, to Pack/Label the Product for all Development and Commercialization purposes in the Field in the Territory and shall do so in accordance with the […***…], and (b) […***…], subject to and in accordance with Section 6.5, Section 11.2 and Section 11.6. Subject to Section 9.2.2, ZLAB shall bear all costs and expenses that it incurs in connection with Packing/Labeling pursuant to this Section 8.2.

8.3 **Supply**.

8.3.1 **Development Supply.** Within […***…] following the Effective Date (or such other timeframe as may be mutually agreed by the Parties), the Parties shall negotiate and execute a definitive supply agreement ("**Development Supply Agreement**") for the supply of […***…] (or, with respect to […***…] solely for use in conducting Development activities pursuant to the Territory Development Plan and GT Operational Plan, as applicable. The Development Supply Agreement shall provide for customary terms and conditions, including forecasting, ordering, delivery (to ZLAB […***…] (as defined in Incoterms 2010) at […***…]), payment and supply consistent with the terms of this Agreement. Regeneron may designate an Affiliate to enter into the Development Supply Agreement. The price for Product supplied by Regeneron to ZLAB under the Development Supply Agreement shall be […***…]. Pursuant to the Development Supply Agreement, […***…] shall also […***…] (a) […***…] for delivery of such Product, (b) […***…] for delivery of such Product and (c) […***…] with respect to the Manufacture or delivery of such Product.

8.3.2 **Commercial Supply.** At least […***…] prior to the date the first Regulatory Approval […***…] in the Territory is anticipated to be obtained, the Parties shall negotiate and execute a definitive commercial supply agreement ("**Commercial Supply Agreement**") for the supply of […***…] solely for Commercialization in the Field in the Territory in accordance with the Territory Commercialization Plan. The Commercial Supply Agreement shall provide for customary terms and conditions, including forecasting, ordering, delivery (to ZLAB […***…] (as defined in Incoterms 2010) at […***…]), payment and supply consistent with the terms of this Agreement. Regeneron may designate an Affiliate to enter into the Commercial Supply Agreement. […***…]. Pursuant to the Commercial Supply Agreement, […***…] shall also […***…] (a) […***…] for delivery of such Product, (b) […***…] for delivery of such Product and (c) […***…] with respect to the Manufacture or delivery of such Product.

8.3.3 **Costs and Expenses.** The costs and expenses of any Manufacturing and supply activities that Regeneron or any of its Affiliates performs (or has a Third Party perform) […***…] or […***…] (other than […***…] or […***…] in accordance with […***…]) (including, for clarity, […***…] incurred by or on behalf of Regeneron or its Affiliates for […***…] (in accordance with […***…]) or for […***…] for purposes of […***…]), shall be […***…] (and […***…] incurred by or on behalf of Regeneron or its Affiliates in connection therewith). […***…] any such costs and expenses.

8.4 **Quality Agreements.** Within […***…] following the Effective Date (or such other timeframe as may be mutually agreed by the Parties), the Parties shall negotiate and execute a reasonable and customary quality agreement with respect to the Product to be Manufactured by or for Regeneron and supplied to ZLAB under the Development Supply Agreement (the "**Development Supply Quality Agreement**"). At least […***…] prior to the date the first Regulatory Approval in the Field in the Territory is anticipated to be obtained, the Parties shall negotiate and execute a reasonable and customary quality agreement with respect to the Product to be Manufactured by or for Regeneron and supplied to ZLAB under the Commercial Supply Agreement (the "**Commercial Supply Quality Agreement**").

8.5 **Manufacturing Shortfall**. Regeneron shall provide prompt written notice to ZLAB if it reasonably determines that it will not, despite using Commercially Reasonable Efforts, be able to supply the Product in accordance with the Development Supply Agreement or Commercial Supply Agreement. Upon such notification, the matter will be referred to the JPSC to determine what, if any (and identify and establish, as quickly as possible, if applicable) alternative Third Party supply source of the Product should be utilized. For clarity, any such alternative Third Party supply source would be […***…]. In the event of an actual supply shortfall, Regeneron shall allocate available Product supply in descending order of priority as follows: (a) first to meet […***…] (*provided* that if available Product supply is insufficient to meet […***…], Product supply shall be allocated […***…]); (b) then for […***…]; (c) then for […***…] and (d) then for […***…].

8.6 **Product Changes**. ZLAB is not authorized to change the Product without Regeneron's prior written consent. In the event that ZLAB wishes to make any Territory Product Change, the Parties shall discuss such Territory Product Change in the JDC, JCC or JPSC, as applicable, in accordance with Article III. Subject to ZLAB's payment obligations under Section 9.4, Regeneron shall use […***…] to perform or have performed any Territory Product Changes that are required by a Regulatory Authority or applicable Law in the Territory or are otherwise approved by the JSC, except […***…]. Without limiting the foregoing or Section 9.4, Regeneron shall have the right (in accordance with Section 3.2.2(c)) to change the […***…] of the Product for the Territory to […***…]; *provided* that, if Regeneron makes such a change and, as a result of such change, […***…], until […***…] and so long as […***…], Regeneron shall use […***…] to supply Product to ZLAB in accordance with Section 8.1 that does not incorporate such change.

8.7 **Manufacturing Compliance.** Regeneron shall Manufacture the supplied Product under this Article VIII or, as applicable, ensure that the same is Manufactured by Third Parties, in conformity with Good Practices and applicable Law and in accordance with the Development Supply Agreement or the Commercial Supply Agreement, as applicable, and the applicable Quality Agreement.

ARTICLE IX
PERIODIC REPORTS; PAYMENTS

9.1 **Upfront Payment.** Within forty five (45) days after the Effective Date, ZLAB shall make a non-refundable, non-creditable payment to Regeneron in the amount of thirty million Dollars ($30,000,000) (the "**Upfront Payment**").

9.2 **Development Costs.**

9.2.1 **Territory Development Plan Costs.** […***…].

9.2.2 **Global Trial Costs.**

(a) […***…].

(b) […***…]:

(i) […***…].

(ii) […***…].

(c) […***…].

(d) […***…].

(e) […***…].

(f) […***…].

9.3 **Regulatory Milestone Payments**. ZLAB shall make a one-time, non-refundable, non-creditable milestone payment to Regeneron within […***…] after the first achievement of each of the following milestone events for the Product (each, a "**Regulatory Milestone Payment**"):

Regulatory Milestone Event	Regulatory Milestone Payment ($)
(A) [...***...];	[...***...]
(B) [...***...];	[...***...]
(C) [...***...];	[...***...]
(D) [...***...]	[...***...]

For clarity, each Regulatory Milestone Payment is payable only once under this Agreement, regardless of the number of Drug Approval Applications submitted or Regulatory Approvals received […***…]. In the event a milestone event is achieved pursuant to clause (D) prior to the milestone event in clause (B), the Regulatory Milestone Payment under clause (B) shall be paid concurrently with the payment of the clause (D) Regulatory Milestone Payment.

9.4 **Territory Product Changes**. Any internal or external costs or capital expenditures incurred by or on behalf of Regeneron or its Affiliates for the Manufacture of the Product that are attributed to any Territory Product Change shall be the responsibility of ZLAB and ZLAB shall reimburse Regeneron therefor in accordance with Section 9.7. These payments shall be in addition to all other payments provided for in this Article IX.

9.5 **Purchase Price.** The purchase price for the Product supplied under the Commercial Supply Agreement ("**Purchase Price**") shall be paid in installments in the manner and in the amount set forth in this Section 9.5:

9.5.1 **Initial Purchase Price Payments.** ZLAB shall pay to Regeneron the first payment (the "**Initial Purchase Price**"), which, for each Calendar Year, shall equal the Estimated Unit Price (in accordance with the estimates provided by Regeneron pursuant to Section 9.5.5(a)) for each unit of Product shipped to ZLAB during such Calendar Year within […***…] after the date of the applicable invoice provided by Regeneron to ZLAB under the Commercial Supply Agreement for the Product.

9.5.2 **Supplemental Purchase Price Payment A.** Within […***…] after the end of each of the first three (3) Quarters of each Calendar Year after the first commercial sale of the Product in the Territory, ZLAB shall pay to Regeneron a second payment ("**Supplemental Purchase Price A**"), which shall be an amount equal to […***…]:

Annual Net Sales in the Territory	Supplemental Purchase Price A Percentage (% of Net Sales)
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]
[...***...]	[...***...]

provided that:

(x) all Supplemental Purchase Price A payments made under this Section 9.5.2 will be non-refundable and, except as set forth in Section 9.5.3(b), non-creditable against any other payments due hereunder or under the Commercial Supply Agreement; and

(y) with respect to the last Calendar Year of the Term, the aggregate annual Net Sales thresholds set forth above shall be pro-rated by multiplying such threshold by a fraction, the numerator of which is the number of days in such final Calendar Year and the denominator of which is three hundred sixty five (365).

9.5.3 **True-Ups**. At the end of each Calendar Year, the Parties shall true-up the Initial Purchase Price and any Supplemental Purchase Price A payments for such Calendar Year in accordance with this Section 9.5.3.

(a) Within […***…] after the end of each Calendar Year after the first shipment to ZLAB of Product pursuant to the Commercial Supply Agreement, Regeneron shall provide to ZLAB a written report of […***…].

(b) Within […***…] after the end of each Calendar Year after the first commercial sale of the Product in the Field in the Territory, ZLAB shall calculate the Supplemental Purchase Price A True-Up for such Calendar Year as follows (and shall provide a written report setting forth the calculation thereof to Regeneron):

(i) […***…];

(ii) The aggregate "**Actual Supplemental Purchase Price A Payment**" for such Calendar Year shall be an amount equal to […***…];

(iii) The "**Supplemental Purchase Price A True-Up**" for a Calendar Year shall equal the […***…].

(c) The "**True-Up**" for a Calendar Year shall equal the sum of the Initial Purchase Price True-Up calculated under Section 9.5.3(a) and the Supplemental Purchase Price A True-Up calculated under Section 9.5.3(b). If the True-Up for a Calendar Year is a positive number, ZLAB shall pay the amount of such True-Up to Regeneron within […***…] after its receipt of the reports set forth in clauses (a) and (b) above. If the True-Up for a Calendar Year is a negative number, ZLAB shall be entitled to deduct the absolute value of such True-Up from any Initial Purchase Price payments due to Regeneron pursuant to Section 9.5.1 or Supplemental Purchase Price A payments due to Regeneron pursuant to Section 9.5.2 in the following Calendar Year, or, if no payment is expected to be due from ZLAB to Regeneron in the next […***…], Regeneron shall refund the absolute value of such True-Up to ZLAB within […***…] after its provision of such reports.

9.5.4 **Supplemental Purchase Price B**. ZLAB shall pay to Regeneron the following one-time, non-refundable, non-creditable payments ("**Supplemental Purchase Price B**") within […***…] after the end of the Quarter in which the sales amounts described in the table below is first achieved:

Annual Net Sales in the Territory	Supplemental Purchase Price B ($)
First achievement of greater than [...***...] of aggregate annual Net Sales of the Product in the Territory;	[...***...]
First achievement of greater than [...***...] of aggregate annual Net Sales of the Product in the Territory;	[...***...]
First achievement of greater than [...***...] of aggregate annual Net Sales of the Product in the Territory;	[...***...]
First achievement of greater than [...***...] of aggregate annual Net Sales of the Product in the Territory;	[...***...]
First achievement of greater than [...***...] of aggregate annual Net Sales of the Product in the Territory.	[...***...]

For purposes of the foregoing table, references to "annual Net Sales" shall mean Net Sales in […***…].

9.5.5 **General.**

(a) Prior to the anticipated first delivery of Product to ZLAB under the Commercial Supply Agreement and […***…] prior to the start of each Calendar Year thereafter, Regeneron will provide ZLAB with the estimated Manufacturing Cost for each unit of Product to be delivered for the upcoming Calendar Year based on ZLAB's forecasts set forth in the Territory Commercialization Plan, calculated in accordance with **Schedule 1.106** (the "**Estimated Unit Price**").

(b) The Parties acknowledge that payment of the Purchase Price is in consideration for supply of the Product under the Commercial Supply Agreement and not in consideration of any intellectual property rights or licenses under this Agreement, and no amount of the Purchase Price shall be allocated by the Parties to any intellectual property rights or licenses under this Agreement, including for applicable tax purposes.

9.6 **Periodic Reports.** ZLAB and Regeneron shall each prepare and deliver to the other Party the periodic reports specified below:

9.6.1 ZLAB shall deliver electronically the reports required to be delivered by it pursuant to Section 5.1.4 and Section 6.1.4.

9.6.2 Within […***…] after the end of each […***…], commencing with the month in which the first commercial sale of the Product in the Field in the Territory occurs, ZLAB shall deliver electronically to Regeneron a […***…] Net Sales report for the Product in each Region in local currency and in Dollars.

9.6.3 Within […***…] after the end of each Quarter, commencing with the Quarter in which the first commercial sale of the Product in the Field in the Territory occurs, ZLAB shall deliver electronically to Regeneron a written report setting forth for such Quarter (a) the Net Sales of the Product in each Region in local currency and in Dollars, (b) Product quantities sold in the Territory by Regeneron lot number, dosage form and unit size, (c) gross Product sales in each Region and an accounting of the deductions from gross sales permitted by the definition of Net Sales in local currency and in Dollars, (d) the Supplemental Purchase Price A payment for such Quarter in local currency, (e) the applicable exchange rate to convert the Supplemental Purchase Price A to Dollars under Section 9.9, and (f) the final Supplemental Purchase Price A payable for such Quarter in Dollars. An example of the Supplemental Purchase Price A calculation is set forth on **Exhibit B**.

9.6.4 Within […***…] after the end of each Quarter, ZLAB shall deliver electronically to Regeneron a written inventory report (the "**Development Inventory Report**") specifying a reconciliation of inventory of Product held by or on behalf of ZLAB and its Affiliates for Development, including (a) such inventory balance at the beginning of such Quarter, (b) additions to such inventory during such Quarter, (c) the number of units of Product dispensed in clinical trials during such Quarter (and which clinical trials such units were dispensed in) by Regeneron lot number, dosage form and unit size, (d) the number of units lost, destroyed or expired during such Quarter and (e) the inventory balance of Product at the end of such Quarter. The Development Inventory Report shall provide such information broken out by Regeneron lot numbers, dosage form and unit size, for units of Product contained in such report. An example of the Development Inventory Report is set forth on **Exhibit A**.

9.6.5 Within […***…] after the end of each Quarter, commencing with the Quarter in which the first commercial sale of the Product in the Field in the Territory occurs, ZLAB shall deliver electronically to Regeneron a written inventory report (the "**Commercialization Inventory Report**") specifying a reconciliation of inventory of Product held by or on behalf of ZLAB and its Affiliates for Commercialization, including (a) such inventory balance at the beginning of such Quarter, (b) additions to such inventory during such Quarter, (c) the number of units of Product sold during such Quarter, (d) the number of units of Product distributed, but not sold, such as donations and write-offs during such Quarter, (e) the number of units lost, destroyed or expired during such Quarter and (f) the inventory balance of Product at the end of such Quarter. The Commercialization Inventory Report shall provide such information broken out by Regeneron lot numbers, dosage form and unit size, for units of Product contained in such report. An example of the Commercialization Inventory Report is set forth on **Exhibit A**.

9.6.6 Within […***…] after the end of each Quarter, with respect to each Global Trial that ZLAB performs in the Territory pursuant to Section 5.3.2(a), each Party shall deliver electronically to the other Party a detailed, written report of the Global Trial Costs or ZLAB GT Territory Costs, as applicable, incurred by or on behalf of such Party and its Affiliates with respect to such Global Trial during the previous Quarter; *provided* that, with respect to […***…] that is […***…], […***…] report pursuant to this Section 9.6.6 for such Quarter shall […***…] or […***…] with respect to […***…].

9.6.7 Within […***…] after […***…] or with respect to which […***…], […***…] a detailed, written report of (i) […***…] and (ii) […***…] in connection with […***…] with respect to […***…].

9.6.8 All reports referred to in this Section 9.6, Section 5.1.4 and Section 6.1.4 shall […***…] and in such form and level of detail as may be […***…]. Unless otherwise agreed by the JFC, the financial data in the reports will include calculations in local currency and Dollars.

9.7 **Reimbursement.** For all amounts for which a Party (the "**Owing Party**") is obligated to reimburse or pay the other Party (the "**Owed Party**") pursuant to this Agreement for which no specific provision is made hereunder for such payment, the Owed Party shall send to the Owing Party an invoice for such amount within […***…] after the Owed Party's determination that such amount is payable by the Owing Party, which invoice shall include a reference to the section of this Agreement under which the Owed Party is requesting reimbursement or payment and be accompanied by reasonable documentation of the incurrence or accrual of the costs to be reimbursed. Payment with respect to each such invoice shall be due within […***…] after receipt by the Owing Party thereof and shall be made in accordance with Section 9.9; *provided*, *however*, that if the Owing Party in good faith disputes any portion of any such invoice, it shall pay the undisputed portion and shall provide the Owed Party with written notice of the disputed portion and its reasons therefor, and the Owing Party shall not be obligated to pay such disputed portion unless and until such dispute is resolved in favor of the Owed Party. The Parties shall use good faith efforts to resolve any such disputes promptly.

9.8 **Invoices and Documentation.** The JFC shall approve the form of any necessary documentation relating to any payments hereunder so as to afford the Parties appropriate accounting treatment in relation to any of the transactions or payments contemplated hereunder. All payments otherwise due and owing under this Agreement shall be supported by, and, if any such payment is due hereunder within a specified time period, except as provided in Section 9.1, Section 9.3 and Section 9.5, such specified time period shall not start running until receipt by the owing Party of, an invoice delivered (whether electronically or physically) to the Party owing such amount, in such form approved by the JFC.

9.9 **Payment Method and Currency.** All payments under this Agreement shall be made by bank wire transfer in immediately available funds to an account designated by the Party to which such payments are due. All sums due under this Agreement shall be payable in Dollars. In those cases where the amount due in Dollars is calculated based upon one or more currencies other than Dollars, such amounts shall be converted to Dollars using the average of the buying and selling exchange rate for conversion of the applicable foreign currency into Dollars, using the average of the daily spot rates (the "Mid Price Close" found on Bloomberg (or any successor thereto), or any other source as agreed to by the Parties) over the period to which the payment relates.

9.10 **Late Payments.** Unless otherwise mutually agreed by the Parties or otherwise provided in this Agreement, all payments under this Agreement shall earn interest, to the extent permitted by applicable Law, from the date due until paid at a rate equal to one month London Inter-Bank Offering Rate (LIBOR) Dollars, as quoted on *Bloomberg* (or any successor thereto) (or any other source agreed to by the Parties) effective for the date on which the payment was due, […***…] (or the maximum allowed by applicable Law, if less) (such rate being referred to as the "**Default Interest Rate**"), unless such payment amount is reasonably disputed in good faith, in which case the amount payable after such dispute is resolved shall start to earn interest hereunder on the date such dispute is resolved. Notwithstanding the foregoing, in the event that the London Inter-Bank Offering Rate ceases to be available, the Parties shall meet and use good faith efforts to agree on an alternative reference source to establish the Default Interest Rate; *provided*, *however*, that until the Parties reach consensus, the Default Interest Rate shall be the prime rate, as quoted on *Bloomberg* (or any other source agreed to by the Parties).

9.11 **Taxes.**

9.11.1 Any and all payments by or on account of any obligation of a Party under this Agreement shall be made without deduction or withholding for any taxes, except to the extent set forth in this Section 9.11.1. If any applicable Law (as determined in the good faith discretion of an applicable Party) requires the deduction or withholding of any tax from any such payment by a Party, then the applicable Party shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law; *provided* that the withholding Party shall furnish the other Party with proper evidence of the taxes so paid. Each Party shall cooperate with the other and furnish the other Party with appropriate documents to secure application of the most favorable rate of withholding tax under applicable Law (or exemption from such withholding tax payments, as applicable). Without limiting the foregoing, each Party agrees to make all lawful and reasonable efforts to minimize any such taxes, assessments and fees and will claim on the other Party's behalf the benefit of any available treaty on the avoidance of double taxation that applies to any payments hereunder to such other Party.

9.11.2 Notwithstanding anything to the contrary in this Agreement, all amounts due to Regeneron pursuant to this Agreement shall be […***…]. […***…] shall be responsible for […***…] (including […***…]) applicable to the transactions contemplated by this Agreement and shall […***…]. […***…] shall cooperate, to the extent reasonably required, with the […***…]. […***…] shall […***…] for any […***…] as a result of the transactions contemplated by this Agreement and if […***…]. If […***…] that it is required to report any […***…], […***…] shall provide […***…] and other documentation necessary or appropriate for such report.

9.11.3 Subject to Section 20.8, if either Party assigns this Agreement to an Affiliate or Third Party and, as a result of such assignment, any amounts payable hereunder are subject to additional withholding tax, such assigning Party shall be responsible for the resulting additional withholding taxes such that the applicable payment shall be made to the non-assigning Party without deduction for any such additional withholding; *provided*, *however*, that if the non-assigning Party derives a tax benefit (including through the use of foreign tax credit) that is finally determined and adjudicated on a with and without basis as a result of such additional withholding, then the non-assigning Party shall promptly reimburse the assigning Party for the amount of such benefit; *provided*, *further*, that the non-assigning Party shall take all commercially reasonable actions necessary to obtain any tax benefit (including through the use of foreign tax credit) with respect to such additional withholding taxes and to defend such benefit in a tax audit.

9.12 **Resolution of Financial Disputes.** In the event there is a dispute relating to any of the payment obligations or reports under this Article IX or […***…] in the event that […***…] (a "**Financial Dispute**"), the Party with the dispute shall provide the other Party with written notice setting forth in reasonable detail the nature and factual basis for such good faith dispute and the Parties will seek to resolve the dispute as promptly as possible, but no later than ten (10) days after such written notice is received. In the event that no resolution is reached by the Parties, the matter shall be submitted to the Executive Officers for a joint decision. The Executive Officers shall diligently and in good faith, attempt to resolve the referred Financial Dispute within ten (10) Business Days of receiving such written notification. If the Executive Officers are not able to resolve the Financial Dispute within such ten (10)-Business Day period, the Financial Dispute shall be referred to the Expert Panel in accordance with Section 10.4. Notwithstanding any other provision of this Agreement to the contrary, the obligation to pay any amount that is reasonably disputed in good faith shall not be deemed to have been triggered until such dispute is resolved hereunder; *provided* that all amounts that are not reasonably disputed in good faith shall be paid in accordance with the provisions of this Agreement.

ARTICLE X
DISPUTE RESOLUTION

10.1 **Resolution of Disputes.** The Parties recognize that disputes as to certain matters may from time to time arise that relate to either Party's rights and obligations hereunder. It is the objective of the Parties to comply with the procedures set forth in this Agreement and to use all reasonable efforts to facilitate the resolution of such disputes in an expedient manner by mutual agreement.

10.2 **Resolution of Governance Disputes.** Disputes, controversies and claims related to matters intended to be decided within the governance provisions of this Agreement set forth in Article III ("**Governance Disputes**") shall be resolved pursuant to Article III and, to the extent such matters constitute an Expert Dispute, Section 10.4, except to the extent any such dispute, controversy or claim constitutes a Legal Dispute, in which event the provisions of Section 10.3 shall apply.

10.3 **Resolution of Legal Disputes.**

10.3.1 The Parties agree that, subject to Section 10.5, they shall use all reasonable efforts to resolve any Legal Dispute arising under this Agreement by good faith negotiation. In the event that the Parties are unable to resolve any such Legal Dispute within […***…], either Party may submit in writing the Legal Dispute to the Executive Officers for resolution, specifying the nature of the Legal Dispute with sufficient specificity to permit adequate consideration by such Executive Officers. The Executive Officers shall meet within […***…] of such submission and shall diligently and in good faith attempt to resolve the referred Legal Dispute within […***…] of such meeting. Any final decision mutually agreed to by the Executive Officers in writing shall be conclusive and binding on the Parties.

10.3.2 In the event the Executive Officers are unable to resolve any such Legal Dispute, then, unless the Parties mutually agree to convert such Legal Dispute to an Expert Dispute to be finally resolved through binding arbitration in accordance with Section 10.4, each Party shall be free to pursue any rights and remedies available to it at law, in equity or otherwise, subject, however, to Section 20.1 and Section 20.14.

10.4 **Resolution of** […***…]**.**

10.4.1 […***…].

10.4.2 […***…].

10.4.3 […***…].

10.4.4 […***…].

10.4.5 […***…]

10.4.6 […***…].

10.5 **Equitable Relief.** The Parties hereby acknowledge and agree that the restrictions on the Parties under […***…] are special, unique and of extraordinary character, that the Parties would not have entered into this Agreement absent the restrictions set forth in […***…], and that if any Party refuses or otherwise fails to act, or to cause its Affiliates or, with respect to ZLAB, its Subdistributors to act, in accordance with the provisions of […***…], such refusal or failure would result in irreparable injury to the other Party, the exact amount of which would be difficult to ascertain or estimate and the remedies at law for which would not be reasonable or adequate compensation. Accordingly, if any Party refuses or otherwise fails to act, or to cause its Affiliates or, with respect to ZLAB, its Subdistributors to act, in accordance with the provisions of […***…], then, in addition to any other remedy that may be available to any damaged Party at law or in equity, such damaged Party will be entitled to obtain specific performance and injunctive relief, which remedy such damaged Party will be entitled to seek in any court of competent jurisdiction. Both Parties agree to waive any requirement that the other Party (a) post a bond or other security as a condition for obtaining any such relief and (b) show irreparable harm, balancing of harms, consideration of the public interest or inadequacy of monetary damages as a remedy. Nothing in this Article X or elsewhere in this Agreement is intended or should be construed to limit either Party's right to equitable relief or any other remedy for a breach of any other provision of this Agreement.

ARTICLE XI
TRADEMARKS AND CORPORATE LOGOS

11.1 **Corporate Names.** Each Party and its Affiliates shall retain all right, title and interest in and to their respective corporate names and logos.

11.2 **Selection of Product Trademark(s).** The JCC shall select one or more Product Trademark(s) for use in the Field in the Territory. The Product in the Field shall be promoted, sold and otherwise Exploited in the Territory under the applicable Product Trademark(s) and packaging approved by the JCC.

11.3 **Ownership of Product Trademark(s).** ZLAB hereby acknowledges and agrees, that, subject to the last sentence of this Section 11.3, (a) Regeneron shall have sole ownership rights in and to the Product Trademark(s) in the Territory, (b) no ownership rights are vested or created in such Product Trademark(s) in the Territory by the licenses and other rights granted in this Article XI and (c) all use of such Product Trademark(s) by ZLAB, its Affiliates and any of its Subcontractors, including any goodwill generated in connection therewith, inures solely to the benefit of Regeneron. ZLAB shall not, and shall cause its Affiliates and its and their Subcontractors not to, register or seek to register the Product Trademark(s) outside of the Territory. If applicable Law in any Region requires that ZLAB own the Product Trademark(s) in such Region, then Regeneron shall provide ZLAB such assistance and cooperation as necessary or reasonably requested by ZLAB to assign ownership of such Product Trademark(s) to ZLAB in such Region and the Parties shall enter into an agreement with respect to the prosecution, maintenance, enforcement and defense of such Product Trademark(s) for so long as they are owned by ZLAB on terms substantially similar to those provided in this Article XI when the Product Trademark(s) are owned by Regeneron (i.e., ZLAB will have the first right to control prosecution, maintenance and enforcement of such Product Trademark(s) in such Region).

11.4 **Prosecution and Maintenance of Product Trademark(s).** Subject to the last sentence of Section 11.3, Regeneron will use Commercially Reasonable Efforts to prosecute and maintain the Product Trademark(s) in the Territory, subject to consultation and cooperation with ZLAB. ZLAB will coordinate and collaborate with Regeneron to secure and maintain all rights in and to the Product Trademark(s) to Regeneron (taking into account applicable Law and the requirements of applicable Regulatory Authorities). Notwithstanding the foregoing, in the event Regeneron elects not to prosecute or maintain a Product Trademark in a Region, Regeneron shall provide reasonable written notice to ZLAB of such election, and such notice shall also identify the applicable Product Trademark(s), the applicable Region to which such Product Trademark(s) pertain and the proposed abandonment date of such Product Trademark(s) ("**Trademark Abandonment Notice**"); *provided, however,* that, unless required by applicable Law, Regeneron shall not, without ZLAB's express written consent (which consent shall not be unreasonably withheld, conditioned or delayed), abandon (or provide a Trademark Abandonment Notice for) any Product Trademark(s) after ZLAB has initiated launch efforts to Commercialize the Product in the Territory under such Product Trademark(s). Within ten (10) Business Days of receipt of the Trademark Abandonment Notice by ZLAB, the JCC shall meet to discuss such Trademark Abandonment Notice and whether to pursue new or alternative Product Trademark(s) for the applicable Region(s). If the JCC decides to pursue new or alternative Product Trademark(s) for the applicable Region(s), then the JCC shall select such Product Trademark(s) for the applicable Region(s) as promptly as reasonably possible, but in all events within one hundred and twenty (120) days of such decision by the JCC to pursue the new or alternative Product Trademark(s). Any such mark described in a Trademark Abandonment Notice shall cease to be a Product Trademark under this Agreement as of the date set forth in the Trademark Abandonment Notice. Each Party shall consult with such other Party in good faith, with respect to any material, substantive issue or any opposition, cancellation, invalidity or other proceeding that may be raised or asserted against any application or registration for a Product Trademark in the Territory prior to taking any material action in response thereto. All Out-of-Pocket Costs incurred in the filing, prosecution and maintenance of the Product Trademark(s) as provided in this Section 11.4, including clearance searches as necessary to determine the availability of the Product Trademark(s) for use in connection with the Commercialization of, and for trademark registration for, the Product in the Territory, shall be […***…].

11.5 **License to the Product Trademark(s).**

11.5.1 Regeneron hereby grants to ZLAB the exclusive license in the Territory to use the Product Trademark(s), with the right to grant further sublicenses pursuant to Section 11.5.3, solely to distribute, market, promote and sell […***…] in the Territory in accordance with the terms of this Agreement.

11.5.2 During any period of time in which ZLAB owns the Product Trademark(s) pursuant to this Agreement, ZLAB hereby grants to Regeneron a license to use such Product Trademark(s), with the right to grant further sublicenses through multiple tiers, for purposes of (a) Regeneron's Development, Manufacturing and Commercialization activities with respect to the Product in the Field in the Territory in accordance with the terms of this Agreement, which license shall be non-exclusive and (b) the Exploitation of the Product […***…] outside the Territory, which license shall be exclusive.

11.5.3 Except for any license (or, as applicable, sublicense) to a Subcontractor engaged by ZLAB in accordance with Section 4.3 (which ZLAB shall have the right to grant in its sole discretion upon prior notice to Regeneron), ZLAB and its Affiliates and its and their Subcontractors shall not license (or, as applicable, sublicense) rights to use, or otherwise transfer ownership of, the Product Trademark(s) without the prior written consent of Regeneron, such consent not to be unreasonably withheld, conditioned or delayed. ZLAB and its Affiliates and its and their Subcontractors shall only utilize the Product Trademark(s) on materials related to […***…] in the Territory (including package inserts, packaging, trade packaging, internet pages, social media, advertising and Promotional Materials used or distributed in connection with […***…]). Without limiting the foregoing, with respect to the use of the Product Trademark(s) owned by Regeneron, ZLAB shall, and shall cause its Affiliates and its and their Subcontractors to, adhere to and maintain the quality standards and trademark usage guidelines as Regeneron may furnish from time to time, and Regeneron shall have the right to monitor and enforce such quality standards and trademark usage guidelines to preserve the validity and enforceability of the Product Trademark(s).

11.5.4 ZLAB agrees that at no time during the Term will it or any of its Affiliates or its or their Subcontractors attempt to use or register in the Territory any trademarks, trade dress, service marks, trade names or domain names confusingly similar to any Product Trademark in relation to a product that is not the Product, or take any other action that damages or dilutes the rights to, or goodwill associated with, the Product Trademark(s). If requested by Regeneron, ZLAB shall (or shall cause its Affiliates and its and their Subcontractors, as appropriate, to) execute such documents as may reasonably be required for the purpose of recording with any Governmental Authority the license, or a recordable version thereof, referred to above in this Section 11.5. Once a Product Trademark has been selected by the JCC, upon Regeneron's request, the Parties shall enter into a supplemental trademark license agreement in order to more fully address the Parties' respective rights and obligations with respect to such license to such Product Trademark in a manner consistent with the provisions set forth herein.

11.6 **Use of Corporate Names.** ZLAB shall not, and shall cause its Affiliates and its and their Subcontractors not to, include Regeneron's name on materials related to the Product in the Field in the Territory (including package inserts, packaging, trade packaging, internet pages, social media, advertising and Promotional Materials used or distributed in connection with the Product), unless requested by Regeneron in writing or to do so would be required under applicable Law, in which case Regeneron's name shall have equal prominence with ZLAB's name on such materials; *provided* that in the case of multi-product materials that refer to the Product in the Field as well as other (bio)pharmaceutical products, the prominence of Regeneron's name shall be commensurate with the relative prominence of the Product on such materials. Regeneron hereby grants to ZLAB the right, free of charge, to use its name and logo on package inserts, packaging, trade packaging, internet pages, social media and all Promotional Materials used or distributed in connection with the Product in the Field in the Territory during the Term, in each case, only to the extent requested by Regeneron in writing or inclusion of Regeneron's name or logo is required by applicable Law. During the Term, without limiting Section 6.4 or Section 7.6, ZLAB shall submit samples of each such package inserts, packaging, trade packaging, etc. to Regeneron for its prior approval regarding the use of Regeneron's name and logo, which approval shall not be unreasonably withheld, conditioned or delayed, at least […***…] before dissemination of such materials. Failure of Regeneron to object within such […***…] period shall constitute approval of ZLAB's package inserts, packaging, trade packaging, etc.

ARTICLE XII
OWNERSHIP AND PROSECUTION AND MAINTENANCE OF INTELLECTUAL PROPERTY

12.1 **Ownership of Newly Created Intellectual Property.**

12.1.1 **Ownership of IP**. Subject to Section 12.1.2 and except with respect to Product Trademark(s) as provided in Article XI, as between the Parties, (a) each Party shall own all right, title and interest in and to any and all Information and inventions that are conceived, discovered, developed, reduced to practice (in whole or in part) or otherwise made solely by or on behalf of such Party (or its Affiliates or its or their Sublicensees/Distributors or Subcontractors, as applicable) under or in connection with this Agreement and Patents and other intellectual property rights with respect to such Information or inventions, and (b) the Parties shall each own an equal, undivided interest in any and all Information and inventions that are conceived, discovered, developed, reduced to practice (in whole or in part) or otherwise made jointly by or on behalf of Regeneron (or its Affiliates or its or their Sublicensees/Distributors), on the one hand, and ZLAB (or its Affiliates or its or their Subcontractors) under or in connection with this Agreement ("**Joint Know-How**") and Patents ("**Joint Patents**") and other intellectual property rights with respect to such Information or inventions. Subject to the Parties' exclusivity obligations under Section 2.3, (x) each Party shall have the right to Exploit, practice, enforce (subject to Section 13.1), grant licenses under and transfer its interests in the Joint IP without a duty of seeking consent or accounting to the other Party, and the other Party hereby consents to each of the foregoing actions, (y) neither Party shall have any obligation to account to the other for profits or to obtain any approval of the other Party to license or Exploit any Joint IP by reason of joint ownership thereof, and (z) each Party hereby waives any right it may have under the laws of any jurisdiction to require any such consent or accounting. Each Party shall cooperate in good faith with the other Party with respect to the enforcement of Joint Patents against any alleged or threatened infringement thereof (other than Infringement, which shall be governed by Section 13.1), including by making the inventors, applicable records and documents (including laboratory notebooks), as applicable, with respect to the Joint Patents available to the other Party and, if necessary, joining in, or being named as a necessary party to, any such enforcement action at the other Party's request, and the costs incurred with respect to such cooperation shall be borne by the controlling Party (and the controlling Party shall reimburse the other Party for such reasonable FTE Costs and Out-of-Pocket Costs incurred by or on behalf of the other Party or its Affiliates in connection therewith).

12.1.2 **Ownership of Product-Related IP.** Subject to applicable Laws, as between the Parties, except with respect to […***…] as provided in […***…], Regeneron shall own any and all: […***…].

12.1.3 **United States Law; Assignment**. The determination of whether Information and inventions are conceived, discovered, developed, reduced to practice (in whole or in part) or otherwise made by a Party (or its Affiliates or its or their Sublicensees/Distributors or Subcontractors, as applicable) for the purpose of allocating proprietary rights (including Patent, copyright or other intellectual property rights) therein, shall, for purposes of this Agreement, be made in accordance with the United States patent law and other applicable Law in the United States without regard to conflict of law, irrespective of where or when such conception, discovery, development, reduction to practice (in whole or in part) or making occurs. ZLAB shall further ensure that any original work of authorship or artistic work created in connection with this Agreement on behalf of ZLAB, its Affiliates or its or their Subcontractors shall be deemed a "work made for hire," to be included among the Parties' respective intellectual property rights as set forth in Section 12.1.1 and Section 12.1.2, as applicable, and all rights thereto, including all copyrights and moral rights, shall upon their conception or creation exclusively, forever, irrevocably vest in or transfer to ZLAB or Regeneron as set forth in Section 12.1.1 and Section 12.1.2, as applicable. Each Party shall, and does hereby, assign, and shall cause its Affiliates and its and their Sublicensees/Distributors and Subcontractors, as applicable, to so assign, to the other Party, without additional compensation, such right, title and interest in and to any Information and other inventions as well as any intellectual property rights with respect thereto, as is necessary to fully effect, as applicable, (a) the sole ownership provided for in Section 12.1.1 and Section 12.1.2 and (b) the joint ownership provided for in Section 12.1.1. Pursuant to Section 20.16, each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such applications, approvals, assignments, agreements, documents, and instruments, and shall provide any additional consents, as may be necessary or as the other Party may reasonably request as is necessary for a Party to perfect or exercise its rights provided for in this Section 12.1.

12.1.4 **Assignment Obligation**. ZLAB shall cause all Persons who perform Development activities, Pack/Label activities, Commercialization activities, or regulatory activities for ZLAB under this Agreement or who conceive, discover, develop, reduce to practice (in whole or in part) or otherwise make any Information or inventions by or on behalf of ZLAB or its Affiliates or its or their Subcontractors under or in connection with this Agreement to be under an obligation to assign (or, if ZLAB is unable to cause such Person to agree to such assignment obligation despite ZLAB's using commercially reasonable efforts to negotiate such assignment obligation, provide an exclusive license under) their rights in any Information and inventions resulting therefrom to ZLAB. Without limiting the foregoing, ZLAB acknowledges that Regeneron and its Affiliates shall not be responsible or liable for any claims for compensation by Persons who perform Development activities, Pack/Label activities, Commercialization activities, or regulatory activities for ZLAB under this Agreement or who conceive, discover, develop, reduce to practice (in whole or in part) or otherwise make any Information or inventions by or on behalf of ZLAB or its Affiliates or its or their Subcontractors under or in connection with this Agreement, whether such Person is named as inventor or co-inventor of any Information or invention described or covered in a Patent filed by Regeneron, its Affiliates (or its or their designee nominee) or otherwise contribute to any Information or invention, and ZLAB shall be fully responsible for all claims for compensation made by such Persons under applicable Laws.

12.1.5 **Limitation of Rights.** The Parties agree that nothing in this Agreement, and no use by a Party of the other Party's intellectual property pursuant to this Agreement, shall vest in such Party any right, title or interest in or to the other Party's intellectual property, other than the rights expressly granted hereunder.

12.2 **Prosecution and Maintenance of Patents.**

12.2.1 **Patent Prosecution and Maintenance of Regeneron Patents and Joint Patents**. […***…].

12.2.2 **Cooperation**. For purposes of this Section 12.2, the Party prosecuting any […***…] Patent shall be the "**Prosecuting Party**." The non-Prosecuting Party shall, and shall cause its Affiliates to, assist and cooperate with the Prosecuting Party, as the Prosecuting Party may reasonably request from time to time, in the preparation, filing, prosecution and maintenance of the applicable […***…] Patent and in any Adverse Proceeding with respect thereto, under this Agreement, including that the non-Prosecuting Party shall, and shall ensure that its Affiliates, (a) offer its comments, if any, promptly, (b) provide access to relevant documents and other evidence and make its employees available at reasonable business hours, (c) execute all such documents and instruments and perform such acts as may be reasonably necessary in order to permit the Prosecuting Party to conduct any Adverse Proceedings with respect to the applicable Patents and (d) provide the Prosecuting Party, upon its request, with copies of any patentability search reports generated by its patent counsel with respect to the applicable Patents, including relevant Third Party patents and patent applications; *provided*, *however*, that neither Party shall be required to provide legally privileged information with respect to such intellectual property unless and until procedures reasonably acceptable to such Party are in place to protect such privilege.

12.2.3 **Common Ownership Under Joint Research Agreements**. Notwithstanding anything to the contrary in this Article XII, neither Party shall have the right to make an election under 35 U.S.C. 102(c) when exercising its rights under this Article XII without the prior written consent of the other Party. With respect to any such permitted election, the Parties shall coordinate their activities with respect to any submissions, filings or other activities in support thereof. The Parties acknowledge and agree that this Agreement is a "joint research agreement" as defined in 35 U.S.C. 100(h).

12.2.4 **Patent Term Extension and Supplementary Protection Certificate.** As between the Parties, Regeneron shall have the first right to apply for patent term extensions, supplementary protection certificates and other similar extensions and protections or any other extensions that are now or become available in the future, wherever applicable, for any Regeneron Patents and Joint Patents with respect to the Product in the Territory; *provided* that Regeneron shall consult with ZLAB with respect to the course of action with respect to such filings in the Territory and consider in good faith any request from ZLAB to make such a filing in the Territory. If ZLAB requests that Regeneron apply for such an extension or protection and such request is not inconsistent with any such applications made by Regeneron and Regeneron determines not to so apply, then ZLAB shall have the right to apply for such extension or protection at its sole cost and expense in Regeneron's name and with Regeneron's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Each Party shall provide prompt and reasonable assistance, as requested by the other Party, to obtain such extension or supplementary protection certificate in relation to any such supplementary protection certificate. […***…].

ARTICLE XIII
INTELLECTUAL PROPERTY LITIGATION AND LICENSES

13.1 **Enforcement.**

13.1.1 **Notice**. Each Party shall promptly notify the other Party in writing of any alleged or threatened infringement of the […***…] Patents in the Territory of which such Party becomes aware with respect to the Exploitation of the Product or any Competing Products (an "**Infringement**"). For purposes of this Section 13.1, the Party prosecuting any Infringement with respect to a Patent shall be the "**Enforcing Party**."

13.1.2 **Enforcement of Patents**.

(a) […***…] shall have the first right, but not the obligation, to prosecute any Infringement in the Territory, using counsel of its choice, […***…], including as a defense or counterclaim in connection with any Third Party Infringement Action.

(b) If […***…] or its designee does not take commercially reasonable steps to prosecute an Infringement with respect to the […***…] Patents (i) within […***…] following the first notice provided above with respect to such Infringement or (ii) provided such date occurs after the first such notice of such Infringement is provided, […***…] before the time limit, if any, set forth in appropriate laws and regulations for filing of such actions, whichever comes first, then (A) […***…] shall so notify […***…] and (B) subject to […***…], […***…] may […***…] commence such Infringement action by providing written notice to […***…] thereof; *provided* that, subject to […***…], (x) […***…] shall, in consultation with […***…], direct the material strategic decisions with respect to such Infringement action and […***…] shall be considered the Enforcing Party with respect to such Infringement action; and (y) the prosecution of such Infringement action shall be at […***…] sole cost and expense, and […***…] shall reimburse […***…] for all FTE Costs and Out-of-Pocket Costs (including reasonable attorneys' fees) incurred by or on behalf of […***…] with respect to such Infringement action and for any action brought against […***…] directly related to such Infringement action.

(c) […***…] shall not be required to initiate any Infringement action or take any material action with respect thereto (including settling any such Infringement action) in a manner that (i) includes […***…] or otherwise requires […***…] (*provided* that […***…] shall consider in good faith any request […***…] in connection with […***…] any such Infringement action); *provided* that, for clarity, if […***…], then it shall do so in accordance with […***…], (ii) […***…] reasonably believes could […***…] or […***…] or […***…] or includes […***…] any […***…] Patent, (iii) imposes […***…] on, or involves any admission by, […***…], (iv) […***…] any […***…] Patent or (v) is, or raises bona fide concerns that […***…] could be, in violation of applicable Law. […***…] shall not, without […***…] prior written consent, take any material action with respect to any Infringement action (including settling any such Infringement action) in a manner that (A) requires […***…], (B) materially […***…] (other than […***…] in the normal conduct of the applicable Infringement action) or […***…], or involves […***…] or (C) is, or raises bona fide concerns that […***…] could be, in violation of applicable Law; *provided* that, with respect to clauses (A) and (B), […***…] shall not unreasonably withhold, condition or delay such consent.

13.1.3 **Coordination; Cooperation**. Subject to Section 13.1.2(c), […***…] shall have the right to settle (and, with respect to any Infringement action for which […***…], […***…] shall have the right to […***…]) any Infringement claim. Each Party shall cooperate fully with the Enforcing Party in any Infringement action pursuant to this Section 13.1, including by making the inventors, applicable records and documents (including laboratory notebooks), as applicable, with respect to the relevant Patents available to the Enforcing Party at the Enforcing Party's request; *provided* that, with respect to […***…], […***…] shall not be required to […***…]. Each Party shall, and shall cause its Affiliates to, assist and cooperate with the Enforcing Party, as the Enforcing Party may reasonably request from time to time, in connection with its activities set forth in this Section 13.1, including where necessary, furnishing a power of attorney solely for such purpose or joining in, or being named as a necessary party to, such action, providing access to relevant documents and other evidence and making its employees available at reasonable business hours. The Enforcing Party shall (a) consider in good faith any comments from the other Party with respect to any Infringement action and (b) keep the other Party reasonably informed of any material steps taken and provide copies of all material documents filed in connection with such action.

13.1.4 **Recoveries.** Except as otherwise agreed by the Parties in connection with a cost sharing arrangement, any recovery realized as a result of an Infringement action described above in this Section 13.1 (whether by court award, settlement or otherwise) shall, subject to Section 13.7, be first allocated to reimburse the Parties for their costs and expenses in making such recovery (which amounts shall be allocated pro rata if insufficient to cover the totality of such expenses). Any remainder after such reimbursement is made shall, subject to Section 13.7, be (a) to the extent the applicable Infringement action is […***…], […***…] and (b) to the extent the applicable Infringement action is […***…]; *provided*, *however*, that, with respect to […***…], to the extent that any award or settlement (whether by judgment or otherwise) with respect to a Patent […***…] with respect to the Product, the Parties shall […***…] under this Agreement with respect to the Product.

13.2 **Patent Marking.** Unless otherwise mutually agreed to by the Parties in writing, each Party shall comply with the Patent marking statutes in each country in which the Product in the Field is made, offered for sale, sold or imported by such Party, its Affiliates or its or their Sublicensees/Distributors or Subcontractors, as applicable.

13.3 **Biosimilar Applicants.** Notwithstanding the foregoing, if either Party receives notice or a copy of an application submitted to a Regulatory Authority in the Territory for a Biosimilar Product or similar notice or communication pursuant to which the Biosimilar Product is claimed to be interchangeable with the Product, whether or not such notice or copy is provided under any applicable Law, or otherwise becomes aware that such an application, notice or communication has been submitted to a Regulatory Authority in the Territory for approval, such Party shall notify and provide the other Party copies of such application, notice, communication and any other relevant information to the extent permitted by applicable Law. The Parties shall cooperate in good faith with one another with respect to the foregoing, including with respect to proceedings related thereto, in a manner consistent with the rights and obligations of the Parties set forth in Section 13.1 and Section 13.5, as applicable.

13.4 **Third Party Infringement Claims.**

13.4.1 **Notice**. If a Third Party alleges in any claim, suit or proceeding (including any defense or counterclaim in connection with an Infringement action initiated pursuant to Section 13.1) that the Development, Manufacture, Commercialization or other Exploitation of the Product in or for the Territory pursuant to this Agreement infringes a Patent of a Third Party (a "**Third Party Infringement Action**"), the Party first becoming aware of such alleged infringement shall promptly notify the other Party thereof in writing. The following provisions of Section 13.4 shall control all Third Party Infringement Actions except to the extent […***…].

13.4.2 **Defense**. Unless the Parties otherwise agree in writing, each Party shall have the first right, but not the obligation, subject to any intervening rights of the other Party under applicable Law, to defend and control the defense of any Third Party Infringement Action that names such Party as a defendant, using counsel of its own choice, at its sole cost and expense; *provided*, *however,* that if a Third Party Infringement Action is […***…], then […***…] shall have the first right, but not the obligation, to defend and control the defense of such Third Party Infringement Action, using counsel of its own choice, […***…]. In any event, each Party may participate in any such Third Party Infringement Action with counsel of its choice at its own cost and expense; *provided* that the controlling Party shall retain the right to control such Third Party Infringement Action. Without limitation of the foregoing, if the controlling Party finds it necessary or desirable to join the other Party as a party to any such Third Party Infringement Action, such other Party shall execute all papers and perform such acts as shall be reasonably required. If the controlling Party elects (in a written communication submitted to the other Party within a reasonable amount of time after notice of the Third Party Infringement Action) not to defend or control the defense of, or otherwise fails to initiate and maintain the defense of, any such Third Party Infringement Action, the controlling Party shall do so within such time periods so that such other Party is not prejudiced by any delays, and such other Party shall have the right, […***…], to conduct and control the defense of such Third Party Infringement Action using counsel reasonably acceptable to the other Party at its sole cost and expense. Each Party shall keep the other Party reasonably informed of all material developments in connection with any such Third Party Infringement Action, including by providing the other Party with copies of all pleadings filed in such action. The controlling Party shall allow the other Party, to the extent such other Party is participating in the Third Party Infringement Action, reasonable opportunity to participate in the defense of the claims.

13.4.3 **Settlement**. The Party controlling the defense of any Third Party Infringement Action in accordance with this Section 13.4 shall have the right to settle such claim; *provided* that […***…] shall not enter into any settlement of any Third Party Infringement Action involving the Product that (a) includes […***…] or otherwise requiring […***…] (except for […***…]), (b) […***…] reasonably believes could […***…] or […***…] or […***…] (including (i) any […***…], (ii) any […***…] and (iii) any […***…]), (c) imposes […***…] on, or involves any admission by, […***…], or (d) […***…] any […***…] Patent, in each case ((a), (b), (c) and (d)), without […***…] prior written consent, which consent (x) with respect to clause (a), shall not be unreasonably withheld, conditioned or delayed with respect to […***…] and (y) except as set forth in clause (x), […***…]; *provided, further,* that […***…] shall not settle such claim without […***…] prior written consent in a manner that (A) requires […***…], or (B) materially […***…] (other than […***…] in the normal conduct of the applicable Third Party Infringement Action) or […***…], or involves […***…]; *provided* that, with respect to clauses (A) and (B), […***…] shall not unreasonably withhold, condition or delay such consent. Without limiting the foregoing, neither Party shall enter into any settlement of any Third Party Infringement Action involving the Product that is, or raises bona fide concerns that […***…] could be, in violation of applicable Law.

13.4.4 **Recovery**. Any recoveries realized by the controlling Party of any sanctions awarded to such controlling Party and against a party asserting a Third Party Infringement Action shall, subject to Section 13.7, be first allocated to reimburse the Parties for their costs and expenses in making such recovery (which amounts shall be allocated pro rata if insufficient to cover the totality of such expenses); *provided* that no such allocation shall be made to a Party that […***…] as set forth in […***…] and such Party shall […***…]. Any remainder after such reimbursement is made shall, subject to Section 13.7, be (a) to the extent a Third Party Infringement Action […***…], […***…], and (b) to the extent a Third Party Infringement Action […***…], then (i) to the extent […***…], […***…] and (ii) to the extent […***…], […***…]; *provided, however*, that, with respect to […***…], to the extent that any award or settlement (whether by judgment or otherwise) with respect to a Patent […***…] with respect to the Product, the Parties shall […***…] under this Agreement with respect to the Product.

13.5 **Invalidity or Unenforceability Defenses or Actions**.

13.5.1 **Notice**. Each Party shall promptly notify the other Party in writing of any alleged or threatened assertion of invalidity or unenforceability of any of the […***…] Patents by a Third Party of which such Party becomes aware.

13.5.2 **Defense of Patents**.

(a) As between the Parties, […***…] shall have the first right, but not the obligation, to defend and control the defense of the validity and enforceability of the […***…] Patents using counsel of its own choice […***…].

(b) If […***…] elects not to defend or control the defense of a […***…] Patent or otherwise fails to initiate and maintain the defense of any such claim, suit or proceeding, then, subject to […***…], […***…] may […***…] defend such claim, suit or proceeding by providing written notice to […***…] thereof; *provided* that, subject to […***…], (i) […***…] shall, in consultation with […***…], direct the material strategic decisions with respect to such claim, suit or proceeding and […***…] shall be considered the Party defending such Patent with respect to such claim, suit or proceeding; and (ii) the defense of such claim, suit or proceeding shall be at […***…] sole cost and expense, and […***…] shall reimburse […***…] for all FTE Costs and Out-of-Pocket Costs (including reasonable attorneys' fees) incurred by or on behalf of […***…] with respect to such claim, suit or proceeding and for any action brought against […***…] directly related to such claim, suit or proceeding.

(c) […***…] shall not be required to defend the validity or enforceability of any […***…] Patent or take any material action with respect thereto (including settling any such validity or enforceability claim) in a manner that (i) includes […***…] or otherwise requiring […***…] (*provided* that […***…] shall consider in good faith any request […***…] in connection with a settlement of any such claim); *provided* that, for clarity, if […***…], then it shall do so in accordance with […***…], (ii) […***…] reasonably believes could […***…] or […***…] or […***…] or includes […***…] any […***…] Patent, (iii) imposes […***…] on, or involves any admission by, […***…], (iv) […***…] any […***…] Patent or (v) is, or raises bona fide concerns that […***…] could be, in violation of applicable Law. […***…] shall not, without […***…] prior written consent, take any material action with respect to any validity or enforceability of any […***…] Patent (including settling any such validity or enforceability claim) in a manner that (A) requires […***…], (B) materially […***…] (other than […***…] in the normal conduct of the applicable defense action) or […***…], or involves […***…] or (C) is, or raises bona fide concerns that […***…] could be, in violation of applicable Law; *provided* that, with respect to clauses (A) and (B), […***…] shall not unreasonably withhold, condition or delay such consent.

13.5.3 **Coordination; Cooperation**. Subject to Section 13.5.2(c), […***…] shall have the right to settle (and, with respect to any claim, suit or proceeding for which […***…], […***…] shall have the right to […***…]) any claim of invalidity or unenforceability of any of the […***…] Patents. In connection with any activities with respect to a defense, claim or counterclaim relating to a […***…] Patent pursuant to this Section 13.5, the Party defending such Patent shall (a) consider in good faith any comments from the other Party and (b) keep the other Party reasonably informed of any material steps taken and provide copies of all material documents filed in connection with such defense, claim or counterclaim. Without limiting the foregoing, each Party agrees to cooperate fully in any invalidity or unenforceability claim under this Section 13.5, including by making the inventors, applicable records and documents (including laboratory notebooks), as applicable, with respect to the relevant Patents available to the defending Party at the defending Party's request; *provided* that, with respect to […***…], […***…] shall not be required to […***…]. Each Party shall, and shall cause its Affiliates to, assist and cooperate with the defending Party, as the defending Party may reasonably request from time to time in connection with its activities set forth in this Section 13.5, including where necessary, furnishing a power of attorney solely for such purpose or joining in, or being named as a necessary party to, such action, providing access to relevant documents and other evidence and making its employees available at reasonable business hours.

13.6 **Third Party IP**. If either Party identifies a Patent or other intellectual property right of a Third Party that may be necessary for the Development, Manufacture or Commercialization of the Product in the Field in or for the Territory under this Agreement (including in connection with litigation as set forth in this Article XIII), then such Party shall promptly notify the other Party thereof in writing, and the Parties shall meet to discuss in good faith whether to enter into a license or other agreement with respect to such a Patent or other intellectual property right and the allocation of any to-be-incurred financial obligations with respect thereto. […***…], enter into any such license or other agreement with a Third Party to obtain rights to any such Patent or other intellectual property right other than […***…], and the Parties shall […***…] between the Parties […***…] under such a license or other agreement in a manner that […***…] and […***…] with respect to the Product, and any such […***…] (or any […***…] governed by […***…] to the extent […***…]) shall […***…]. […***…] shall have the right to […***…]; *provided* that […***…] shall obtain […***…] prior written consent […***…], not to be unreasonably withheld, conditioned or delayed; *provided, further,* that […***…]. In the event that that the Parties agree that […***…], then the Parties shall cooperate to obtain such license in accordance with the foregoing.

13.7 **Certain Patent Rights**. ZLAB acknowledges that, as of the Effective Date, Regeneron is party to certain license or collaboration agreements, including that certain […***…], and that the counterparties thereof have certain rights with respect to the prosecution and maintenance, enforcement and defense of certain of the Regeneron Patents. ZLAB acknowledges and agrees that (a) the rights and obligations […***…] are subject to the rights of such counterparties with respect to such Regeneron Patents, and (b) ZLAB's obligations under this Agreement only apply to the extent of Regeneron's rights with respect to prosecuting, maintaining, enforcing and defending the applicable Regeneron Patents under such agreements.

ARTICLE XIV
BOOKS, RECORDS AND INSPECTIONS; AUDITS AND ADJUSTMENTS

14.1 **Books and Records.** Each Party shall, and shall cause each of its respective Affiliates and Sublicensees/Distributors or Subcontractors, as applicable, to, keep proper books of record and account in which full, true and correct entries (in conformity with such Party's Accounting Standards) shall be made for the purpose of determining the amounts payable or owed pursuant to this Agreement (including the utilization of FTEs and the allocation of personnel under this Agreement). To the extent additional information is reasonably required to comply with Regeneron's obligations under any agreement with a Third Party with respect to the Product or intellectual property with respect thereto, the Parties shall work together in good faith to timely compile and produce such additional information.

14.2 **Audits and Adjustments.**

14.2.1 Each Party shall have the right (at its own cost and expense), upon no less than […***…] advance written notice and at such reasonable times and intervals and to such reasonable extent as the investigating Party shall request, not more than […***…], to have the books and records of the other Party and its Affiliates maintained pursuant to Section 14.1 to the extent relating to this Agreement for the current Calendar Year and the preceding […***…] Calendar Years audited by an independent "Big Four" (or equivalent) accounting firm of its choosing under reasonable appropriate confidentiality provisions, for the sole purpose of verifying the accuracy of all costs and expenses, financial, accounting and numerical information and calculations provided, including Net Sales, Global Trial Costs, ZLAB GT Territory Costs and Manufacturing Costs, and payments made, under this Agreement; *provided* that no period may be subjected to audit more than one (1) time unless a material discrepancy is found in any such audit of such period, in which case additional audits of such period may be conducted until no material discrepancies are found.

14.2.2 The results of any such audit shall be delivered in writing to each Party and shall be final and binding upon the Parties, unless disputed by a Party within […***…] of delivery. If the audited Party or its Affiliates have underpaid or over billed an amount due under this Agreement resulting in a cumulative discrepancy of amounts incurred during the period subject to such audit of more than […***…], the audited Party shall also reimburse the other Party for the costs and expenses of such audit for such period (with the cost and expense of the audit to be paid by the auditing Party in all other cases). Such accountants shall not reveal to the Party requesting the audit the details of its review, except for the findings of such review and such information as is required to be disclosed under this Agreement. Without limiting the foregoing, such accountants shall provide the audited Party with a summary of its review and the findings and other materials that it intends to provide to the auditing Party prior to sharing such materials with the auditing Party and shall remove any information reasonably identified by the audited Party as being confidential or competitively sensitive or proprietary information. The Parties shall cause such accountants to enter into a reasonably acceptable confidentiality agreement with the audited Party and obligating such firm to retain all such financial information in confidence pursuant to terms no less stringent than those set forth in Article XVI.

14.2.3 If any examination or audit of the records described above discloses an overpayment or underpayment of amounts due hereunder, then unless the result of the audit is contested pursuant to Section 14.2.4, if such audit concludes that (a) additional amounts are owed by a Party, such Party shall pay the additional amounts (and, if such additional amounts are owed due to an error in an invoice or report provided by such Party, with interest thereon at the Default Interest Rate accruing from the date originally due), or (b) excess payments were made by a Party, the other Party shall reimburse such excess payments (and, if such excess payments were made due to an error in an invoice or report provided by such other Party, with interest thereon at the Default Interest Rate accruing from the date originally due), in each case ((a) and (b)), within […***…] after receipt of the written results of such audit.

14.2.4 Subject to the first (1st) sentence of Section 14.2.2, any disputes with respect to the results of any audit conducted under this Section 14.2 shall be a Financial Dispute subject to dispute resolution in accordance with Section 9.12 and Article X.

14.3 **GAAP/IFRS.** Except as otherwise provided herein, all of a Party's costs and expenses and other financial determinations with respect to this Agreement shall be determined in accordance with such Party's Accounting Standards, as generally and consistently applied.

ARTICLE XV
REPRESENTATIONS, WARRANTIES AND COVENANTS

15.1 **Due Organization, Valid Existence and Due Authorization; Financial Capability.** Each Party represents and warrants to the other Party, as of the Effective Date, as follows: (a) it is duly organized and validly existing under the applicable Law of its jurisdiction of incorporation; (b) it has full corporate power and authority and the legal right to own and operate property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement; (c) it has full corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (d) it has taken all corporate action necessary to enter into and perform this Agreement; (e) the execution and performance by it of its obligations hereunder will not constitute a breach of, or conflict with, its organizational documents or any other agreement by which it is bound or requirement of applicable Law or regulations; (f) this Agreement is its legal, valid and binding obligation, enforceable in accordance with the terms and conditions hereof (subject to applicable Law of bankruptcy and moratorium); (g) the individuals executing this Agreement for such Party have been duly authorized to execute and deliver this Agreement on behalf of such Party; (h) to such Party's knowledge, neither it nor any of its Affiliates have violated any applicable Anti-Corruption Laws (with respect to Regeneron, solely with respect to the Territory); (i) all necessary consents, approvals and authorizations of all Governmental Authorities and other persons or entities required to be obtained by such Party in connection with the execution and delivery of this Agreement have been obtained; and (j) no broker, finder or investment banker is entitled to any brokerage, finder's or other fee in connection with this Agreement or the transactions contemplated hereby based on arrangements made by it or on its behalf. Each Party hereby represents and warrants to the other Party that such Party has, and will continue to have, sufficient liquid assets to promptly and timely pay and perform all of the payments and obligations required by such Party or its Affiliates to be paid and performed by them hereunder. As used in this Article XV, "knowledge" or "has knowledge" means, for each Party, the actual knowledge of any employees of such Party (including in such Party's internal legal department and intellectual property group) who were directly involved in the negotiation of this Agreement with the other Party, without any duty to conduct any investigation.

15.2 **Knowledge of Pending or Threatened Litigation.** Each Party represents and warrants to the other Party that as of the Effective Date, there is no claim, announced investigation, suit, hearing, action or proceeding pending or, to such Party's knowledge, threatened, against such Party before or by any court, arbitrator or Governmental Authority that, individually or in the aggregate, could reasonably be expected to (a) materially impair the ability of such Party to perform any of its obligations under this Agreement or (b) prevent or materially delay or alter the consummation of any or all of the transactions contemplated hereby. During the Term, each Party shall promptly notify the other Party in writing upon learning of any of the foregoing.

15.3 **Additional Regeneron Representations and Warranties.** Regeneron additionally represents and warrants to ZLAB that, except as disclosed on **Schedule 15.3**, as of the Effective Date:

15.3.1 Regeneron or its Affiliate(s) owns or has exclusive license or other rights in and to all Regeneron Patents in existence as of the Effective Date;

15.3.2 Regeneron has the right to grant to ZLAB the rights as purported to be granted hereunder;

15.3.3 to Regeneron's knowledge, the Development and Manufacture of the Product as of the Effective Date has not constituted or involved the misappropriation of any trade secrets of a Third Party;

15.3.4 Regeneron has not received (a) written notice of any threatened claims or litigation or (b) written notice of pending litigation, in each case ((a) and (b)), alleging (i) that any of its making, using, selling, offering to sell, or importing of the Product in the Field in the Territory have infringed, or would infringe, a valid claim of an issued and unexpired Patent of any Third Party or misappropriate any trade secrets of any Third Party, or (ii) a product liability claim for injury to a person or property arising from the use or sale of the Product prior to the Effective Date;

15.3.5 to Regeneron's knowledge, the issued and unexpired Patents included in the Regeneron Patents existing as of the Effective Date are not invalid or unenforceable, […***…];

15.3.6 Regeneron and its Affiliates have not granted to any Third Party any licenses or other rights under any Regeneron Patent to distribute, market, promote or sell any Competing Products or Biosimilar Product in the Field in the Territory;

15.3.7 Regeneron and its Affiliates have not granted to any Third Party any licenses or other rights under any Regeneron Patent to Develop or Commercialize the Product in the Field in the Territory that are inconsistent with the rights granted to ZLAB under this Agreement;

15.3.8 Regeneron has not received any written notice of any threatened litigation seeking to invalidate or otherwise challenge the Regeneron Patents existing as of the Effective Date or Regeneron's rights therein, and, to Regeneron's knowledge, none of the Regeneron Patents existing as of the Effective Date are subject to any pending opposition, interference or litigation proceedings;

15.3.9 to Regeneron's knowledge, Regeneron and its Affiliates have complied in all material respects with all applicable Laws in connection with its Development of the Product for the Territory, and have not used any employee or consultant who has been debarred by any Regulatory Authority or who is the subject of a debarment proceeding by any Regulatory Authority;

15.3.10 except for the […***…], there is no agreement existing as of the Effective Date between Regeneron or its Affiliates and any Third Party pursuant to which Regeneron or its Affiliates have obtained any right or license under any Third Party's intellectual property to Develop or Commercialize the Product in the Field in the Territory;

15.3.11 Regeneron and its Affiliates have not received any written notice of material breach of the […***…] or any agreement specifically relating to the Manufacture of the Product to which Regeneron or any of its Affiliates is party from the applicable counterparty thereto; and

15.3.12 […***…].

15.4 **Additional ZLAB Representations and Warranties.** ZLAB additionally represents and warrants and covenants to Regeneron that as of the Effective Date:

15.4.1 ZLAB has no knowledge of any pending filing, complaint, hearing, matter or action against or involving either ZLAB or its Affiliates with any Governmental Authority that could be reasonably anticipated to have a material adverse effect on its ability to obtain CTAs and Regulatory Approvals for the Product in the Territory;

15.4.2 there are not now and have not been at any time in the […***…] (a) claims (including allegations or violations), litigations, judgments or settlements against or owed by ZLAB, or pending or, to ZLAB's knowledge, threatened, (b) notices, subpoenas, demands, or other communications (oral or written) from any Governmental Authority, or (c) internal audits, reports or investigations, in each case ((a), (b) and (c)), relating to […***…].

15.4.3 ZLAB has sufficient financial wherewithal and FTE capacity to (a) perform its Development and regulatory obligations pursuant to this Agreement, and (b) meet all of its financial obligations as they come due in the ordinary course of business;

15.4.4 ZLAB (a) has sufficient technical, clinical, and regulatory expertise to perform all of its Development and regulatory obligations pursuant to this Agreement, including its obligations relating to obtaining Regulatory Approvals and (b) has (or will procure) sufficient technical, regulatory and other expertise to perform all of its other obligations pursuant to this Agreement, including its obligations relating to Packing/Labeling and Commercialization;

15.4.5 neither ZLAB nor any of its Affiliates or any of its or their Subcontractors or any of its or their employees who may perform any activities under this Agreement is or has been disqualified or debarred (or the subject of a similar penalty in the Territory) by a Regulatory Authority or, to the best of ZLAB's knowledge, is or has been the subject of disqualification or debarment proceedings (or similar proceedings in the Territory) by a Regulatory Authority;

15.4.6 ZLAB has obtained or (solely to the extent not required as of the Effective Date) will obtain all required consents, approvals or other orders of, actions by, filings with or notifications to any Governmental Authority or Regulatory Authority in connection with the transaction contemplated hereunder; and

15.4.7 neither ZLAB nor any of its Affiliates owns, controls or has any rights in or to, or is researching or developing, any Competing Product.

15.5 **Disclaimer of Warranties.** EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THIS AGREEMENT, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, CONCERNING THE SUCCESS OR POTENTIAL SUCCESS OF THE DEVELOPMENT, COMMERCIALIZATION, MARKETING OR SALE OF THE PRODUCT IN THE FIELD. EXCEPT AS EXPRESSLY SET FORTH HEREIN, EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

15.6 **Mutual Covenants.** Each Party hereby covenants to the other Party as follows: (a) it will not take any action that would materially conflict with or adversely affect its obligations to the other Party under this Agreement; (b) in the course of performing its activities under this Agreement, including the Development, Manufacture and Commercialization of the Product in the Field in the Territory under this Agreement, it will not knowingly use and will not have knowingly used an employee or consultant who is or has been debarred by a Regulatory Authority or, to the best of such Party's knowledge, is or has been the subject of debarment proceedings by a Regulatory Authority, (c) in the case of ZLAB, unless otherwise agreed by the Parties, it will have a written agreement with all of its employees and contractors who may participate in the conduct of the Development, Pack/Label or Commercialization of the Product in the Field in the Territory under this Agreement or who may otherwise receive Confidential Information hereunder, assigning to ZLAB ownership of all […***…] IP created in the course of their employment or provision of services, as applicable, (d) in the case of […***…], all […***…] hereunder will […***…] and (e) in the case of Regeneron, it will not grant (i) any licenses to distribute, market, promote or detail the Product in the Field in the Territory, or (ii) other rights with respect to the Product in the Field in the Territory that are inconsistent with the rights granted to ZLAB under this Agreement in any material respect.

15.7 **Business Ethics.**

15.7.1 Each Party shall, and shall cause its Affiliates and its and their Subcontractors or Sublicensees/Distributors, as applicable, to, conduct its activities and exercise its rights under this Agreement (with respect to […***…]) in a manner that complies with applicable Law, including the Criminal Law and the Anti-Unfair Competition Law of the People's Republic of China, as amended, the Foreign Corrupt Practices Act of 1977, as amended, the Bribery Act 2010, as amended, and any other applicable Laws for the prevention of bribery, corruption, fraud, racketeering, money laundering or terrorism (collectively, "**Anti-Corruption Laws**"), and good business ethics.

15.7.2 Each Party shall not, and shall cause its Affiliates and its and their respective officers, directors, employees, agents (including Subcontractors) or representatives (collectively, "**Representatives**") not to, directly or indirectly, in connection with its activities under this Agreement (with respect to […***…]) pay, offer or promise to pay, or authorize the payment of any money, or give, offer or promise to give, or authorize the giving of anything of value (collectively, a "**Payment**") to any official or employee of any Governmental Authority; political party or political party official; official or employee of any international public organizations; candidates for public office; representatives of other businesses; health care professionals; or persons acting on behalf of any of the foregoing (collectively, "**Officials**") where such Payment would constitute a violation of any Anti-Corruption Law. In addition, regardless of legality, each Party shall not, and shall cause its Affiliates and its and their Representatives not to, make any Payment, directly or indirectly, in connection with its activities under this Agreement (with respect to […***…]), to any Official if such Payment is for the purpose of (a) improperly influencing or rewarding any act or decision of such Official, (b) inducing such Official to do or omit to do any act in violation of his or her lawful duty, (c) improperly inducing such Official to use its or his influence with a Governmental Authority to affect or influence any act or decision of such Governmental Authority, or (d) securing any improper advantage for either Party. Each Party acknowledges and agrees that none of it, or any of its Affiliates or its or their Representatives is authorized to waive compliance with the provisions of this Section 15.7 and that such Party will be solely responsible for its compliance with the provisions of this Section 15.7 and the Anti-Corruption Laws, including by maintaining appropriate compliance policies, standards, procedures and training, irrespective of any act or omission of the other Party or any of its Affiliates or Sublicensees/Distributors or its or their respective Representatives. Without limiting the foregoing, ZLAB shall ensure that any of its Affiliates and its and their Representatives performing activities under or in connection with this Agreement complete appropriate training regarding compliance with the requirements of this Section 15.7 prior to performing any such activities.

15.7.3 Each Party shall promptly notify the other Party upon becoming aware of and shall keep the other Party reasonably apprised of, (a) any allegation or violation of, or any notice, subpoena, demand, or other communication (oral or written) from any Governmental Authority regarding such first Party's actual, alleged, or possible failure to comply with, any Anti-Corruption Laws or any other Laws by such Party or any of its Affiliates or those acting on such Party's behalf, (b) any confirmed or corroborated violation of Anti-Corruption Laws or any other Laws that are the result of an internal inquiry, in each case ((a) and (b)), in connection with the matters that are the subject of this Agreement and the performance by such Party of its obligations hereunder; and (c) the occurrence of any fact or event that would render any representation, warranty, covenant, or undertaking in Section 15.7.1 or Section 15.7.2 incorrect or misleading. Following such notification, such Party shall keep the other Party reasonably apprised of the matters described in this Section 15.7.3 throughout the duration of such matters and shall promptly respond to any inquiries from the other Party regarding such matters, including by providing requested records and documents.

15.7.4 In the event that a Party receives any information (including from the other Party pursuant to Section 15.7.3) that […***…] an actual or potential breach by such other Party or its Affiliates or its or their Representatives of this Section 15.7 (for clarity, with respect to […***…]), without […***…], such first Party […***…] if (x) such first Party […***…] and […***…], such […***…] in accordance with the remainder of this Section 15.7.4, […***…], (y) such first Party […***…]. In the event […***…] shall […***…] or […***…], including […***…]. Without limiting the foregoing, in the event of a breach by a Party or its Affiliates or its or their Representatives of this Section 15.7, such Party shall take all of the following actions:

(a) Within […***…] of the first notification to the other Party of a potential breach, present to the other Party a reasonably detailed plan for resolution or remediation of such breach […***…];

(b) Diligently implement such plan and keep the other Party informed regarding such Party's activities under such plan (including through the applicable Committee(s));

(c) Conduct a diligent investigation of the facts relating to such breach and share the investigation's findings with the other Party;

(d) Implement appropriate disciplinary action (which may include termination of employment or of a subcontract relationship) with respect to any of its or its Affiliates' Representatives responsible for or involved in such breach, or any related violation of such Party's compliance and ethics program; and

(e) Implement appropriate remedial action, which may include termination of any contractor, agent, sub-contractor, customer, other person or vendor that was responsible for or involved in such violation or termination of any business or relationship that was obtained through bribery.

ARTICLE XVI
CONFIDENTIALITY

16.1 **Confidential Information.**

16.1.1 **Confidentiality Obligations**. Subject to the provisions of Sections 7.4, 16.1.2 and 16.1.3, at all times during the Term and for […***…] following the expiration or termination hereof, the receiving Party shall, and shall cause its Affiliates and Representatives (including Subcontractors) to, (a) keep completely confidential and not publish or otherwise disclose any Confidential Information of the disclosing Party, except to those of the receiving Party's (and its Affiliates' and, with respect to Regeneron, its and their Sublicensees/Distributors) Representatives who have a need to know such information to perform such Party's obligations hereunder (and who shall be advised of the receiving Party's obligations hereunder and who are bound by written confidentiality obligations with respect to such Confidential Information no less onerous than those set forth in this Agreement (which agreement, with respect to a Party's employees, may be in the form of a general employment agreement and does not need to be specific to this Agreement)), and (b) not use Confidential Information of the disclosing Party directly or indirectly for any purpose other than performing its obligations or exercising its rights hereunder; *provided* that such obligations with respect to trade secrets shall survive indefinitely. […***…] shall be considered "trade secrets" (as defined in the United States Defend Trade Secrets Act ("**USDTA**") and under all other applicable Law) until such time as […***…] elects not to treat any such […***…] as a trade secret […***…] or until such time as such […***…] is no longer a trade secret under the USDTA and under all other applicable Law. At […***…] request, […***…] shall […***…] and […***…] Confidential Information […***…]. The receiving Party shall be jointly and severally liable for any breach by any of its Representatives (including Subcontractors) of the obligations set forth in this Article XVI. "**Confidential Information**" shall mean any technical, business, or other information provided by or on behalf of the disclosing Party to the receiving Party in connection with this Agreement, whether prior to, on, or after the Effective Date, including information relating to the terms of this Agreement, the Product (including the Regulatory Documentation), any Development, Manufacture or Commercialization of the Product, any Information with respect thereto developed by or on behalf of the disclosing Party or its Affiliates, or the scientific, regulatory or business affairs or other activities of either Party. Notwithstanding the foregoing, (i) Joint IP and the terms of this Agreement shall be deemed to be the Confidential Information of both Parties and both Parties shall be deemed to be the receiving Party and the disclosing Party with respect thereto, and (ii) all Information […***…] ("**Product Information**") shall be deemed the Confidential Information of Regeneron, and Regeneron shall be deemed to be the disclosing Party, and ZLAB shall be deemed to be the receiving Party, with respect thereto.

16.1.2 **Exceptions to Confidentiality**. Notwithstanding Section 16.1.1, the confidentiality and non-use obligations under Section 16.1.1 shall not extend to any Confidential Information of the disclosing Party that the receiving Party can demonstrate:

(a) is or hereafter becomes part of the public domain by public use, publication, general knowledge or the like through no breach of the confidentiality obligations set forth herein on the part of a receiving Party or its Affiliates and through no act or omission of any of its or its Affiliates' Representatives (including, for clarity, Subcontractors) that, if performed or failed to be performed by the receiving Party, would be a breach of the receiving Party's confidentiality obligations set forth herein;

(b) is subsequently received by the receiving Party from a Third Party without restriction and without breach of any agreement between such Third Party and the disclosing Party;

(c) was already in its possession without any limitation on use or disclosure prior to its receipt from the disclosing Party, as evidenced by contemporaneous written records; *provided*, *however*, this exception shall not apply with respect to Product Information; or

(d) was independently developed by the receiving Party without use of or reference to any Confidential Information of the disclosing Party, as evidenced by contemporaneous written records; *provided*, *however*, this exception shall not apply with respect to Product Information.

Specific elements of Confidential Information shall not be deemed to be in the public domain or in the possession of the receiving Party merely because such elements are encompassed by more general information that falls within the foregoing exclusions. Furthermore, any combination of individual elements of Confidential Information shall constitute Confidential Information and shall not be deemed to fall within the foregoing exclusions merely because one or more individual elements of such combination fall within the foregoing exclusions.

16.1.3 **Permitted Disclosure**. Each Party may disclose Confidential Information of the other Party to the extent that such disclosure is:

(a) made in response to a valid order of a court of competent jurisdiction or other supra-national, federal, national, regional, state, provincial or local governmental or regulatory body of competent jurisdiction or, if in the reasonable opinion of the receiving Party's legal counsel, such disclosure is otherwise required by applicable Law, including by reason of filing with securities regulators; *provided*, *however*, that the receiving Party shall first have given notice to the disclosing Party and given the disclosing Party a reasonable opportunity to quash such order or to obtain a protective order or confidential treatment requiring that the Confidential Information and documents that are the subject of such order or required to be disclosed be held in confidence by such court or agency or, if disclosed, be used only for the purposes for which the order was issued or such disclosure was required by applicable Law; *provided*, *further*, that the Confidential Information disclosed in response to such court or governmental order or as required by applicable Law shall be limited to that information that is legally required to be disclosed in response to such court or governmental order or by such applicable Law;

(b) made by or on behalf of the receiving Party to the Regulatory Authorities as required in connection with any filing, application or request for Regulatory Approval pursuant to the terms of this Agreement; *provided*, *however*, that reasonable measures shall be taken to assure confidential treatment of such information to the extent practicable and consistent with applicable Law, including, with respect to […***…], as set forth in […***…]; or

(c) with respect to Joint IP, made by either Party or its Affiliates for any purpose; *provided* that (i) […***…] shall not make any such disclosure of Joint IP in connection with the […***…] or in connection with the […***…] or […***…] or […***…] and (ii) […***…] shall not make any such disclosure of Joint IP in connection with the […***…] or in connection with the […***…].

16.1.4 […***…] **Information**. For clarity, […***…] Information shall be subject to the additional protections set forth in […***…], and nothing in this Article XVI shall be deemed to limit such protections.

16.1.5 **Notification**. The receiving Party shall notify the disclosing Party immediately, and cooperate with the disclosing Party as the disclosing Party may reasonably request, upon the receiving Party's discovery of any loss or compromise of the disclosing Party's Confidential Information.

16.2 **Use of Name**. Except as expressly provided herein, neither Party shall mention or otherwise use the name, logo, or trademark of the other Party or any of its Affiliates (or any abbreviation or adaptation thereof) in any publication, press release, marketing and promotional material, or other form of publicity without the prior written approval of such other Party in each instance. The restrictions imposed by this Section 16.2 shall not prohibit either Party from making any disclosure identifying the other Party that is required by applicable Law.

16.3 **Publications.**

16.3.1 Regeneron shall have the exclusive right to publish or publicly disclose the results of, or information regarding, activities conducted with respect to the Product in the Territory except that ZLAB shall have the right to publish the results of clinical trials performed pursuant to the Territory Development Plan and, to the extent such results have already been published by Regeneron, the results of clinical trials performed pursuant to the GT Operational Plan, in each case, with the prior written approval of Regeneron in accordance with this Section 16.3. If Regeneron desires to publish or publicly disclose the results of, or information regarding, activities conducted with respect to the Product in the Territory, ZLAB shall cooperate fully with Regeneron and shall provide such assistance as is reasonably requested by Regeneron with respect thereto, including with respect to any application or approval necessary in the Territory. If ZLAB desires to publish the results of a clinical trial performed pursuant to the Territory Development Plan or GT Operational Plan (to the extent set forth in the first sentence of this Section 16.3.1), ZLAB shall provide Regeneron with a draft of such proposed abstract, manuscript or summary of presentation that covers such results at least […***…] prior to submission or disclosure, as applicable, for Regeneron's approval. ZLAB shall incorporate any reasonable comments of Regeneron with respect thereto. If Regeneron informs ZLAB that such proposed abstract, manuscript or summary of presentation, in Regeneron's reasonable judgment, could be expected to have an adverse effect on any patentable invention owned by or licensed to, in whole or in part, Regeneron, or could be expected to disclose any Information that is Confidential Information of Regeneron, ZLAB shall delay or prevent such publication as follows: (a) with respect to a patentable invention, such publication shall be delayed sufficiently long (not to exceed […***…]) to permit the timely preparation and filing of a patent application; and (b) with respect to Information that is Confidential Information of Regeneron, such Information shall be deleted from the publication upon Regeneron's request. For clarity, ZLAB shall not publish any publication or public disclosure with respect to the Product that has not been approved by Regeneron].

16.3.2 Authorship of any joint publication will be determined following the guidelines set forth by the International Committee of Medical Journals Editors (ICMJE) (all listed authors must meet ICMJE criteria and all persons that meet these criteria must be listed as authors). Any publication by a Party shall include recognition of the contributions of the other Party according to standard practice for assigning scientific credit, either through authorship or acknowledgement, as may be appropriate.

16.4 **Public Announcement.** The Parties will mutually agree on the contents of a joint press release with respect to the execution of this Agreement, which press release shall be issued by the Parties on or around the Effective Date. Neither Party shall issue any other public announcement, press release, or other public disclosure regarding this Agreement or its subject matter without the other Party's prior written consent (except, with respect to […***…] issuance, any public announcement, press release, or other public disclosure regarding […***…], which […***…]), except for any such disclosure that is, in the opinion of the disclosing Party's counsel, required by applicable Law or the rules of a stock exchange on which the securities of the disclosing Party are listed (or to which an application for listing has been submitted) and except that a Party may, once a press release or other public written statement is approved in writing by both Parties, make subsequent public disclosure of the information contained in such press release or other public written statement without the further approval of the other Party. In the event a Party is, in the opinion of its counsel, required by applicable Law or the rules of a stock exchange on which its securities are listed (or to which an application for listing has been submitted) to make such a public disclosure, such Party shall submit the proposed disclosure in writing to the other Party as far in advance as reasonably practicable (and in no event less than […***…] prior to the anticipated date of disclosure) so as to provide a reasonable opportunity to comment thereon. Without limiting the foregoing, the Parties acknowledge that either or both Parties may be obligated to file a copy of this Agreement with the United States Securities and Exchange Commission or its equivalent in the Territory; *provided* that a Party who is so obligated shall promptly give notice to the other Party thereof and the Parties shall cooperate with each other and use reasonable efforts to obtain confidential treatment of confidential, including trade secret, information in accordance with applicable Law. The filing Party shall provide the non-filing Party with an advance copy of this Agreement marked to show provisions for which the filing Party intends to seek confidential treatment and shall reasonably consider the non-filing Party's timely comments thereon and cooperate with such non-filing Party in seeking such confidential treatment and, upon the written request of the non-filing Party, shall request an appropriate extension of the term of the confidential treatment period. For the avoidance of doubt, each Party shall be responsible for its own legal and other costs in connection with any filing governed by the terms of this Section 16.4.

ARTICLE XVII
INDEMNITY

17.1 **Indemnity.**

17.1.1 ZLAB shall defend, indemnify and hold harmless Regeneron, its Affiliates and its and their respective officers, directors, employees, Sublicensees/Distributors and agents ("**Regeneron Indemnitees**") from and against all claims, demands, liabilities, taxes or other charges of Governmental Authorities, damages, penalties, fines, costs and expenses, including reasonable attorneys' or experts' fees and costs or amounts paid to settle (collectively, "**Damages**"), arising from or occurring as a result of a Third Party's claim, action, suit, judgment or settlement (a "**Third Party Claim**") against a Regeneron Indemnitee that is due to or based upon:

(a) the gross negligence, willful misconduct, recklessness, bad faith, fraud, intentional wrongful acts or omissions or violations of applicable Law by ZLAB or its Affiliates (or its or their respective Representatives (including Subcontractors) or other Persons working on its or their behalf) in the performance of this Agreement or any Ancillary Agreement, including in connection with its Development, Packing/Labeling or Commercialization of the Product;

(b) material breach by ZLAB (or conduct or omission by any of its Affiliates or its or their respective Representatives (including Subcontractors) or other Persons working on its or their behalf, which if performed or failed to be performed by ZLAB would be a material breach by ZLAB) of the terms of, or the representations and warranties made by it in, this Agreement;

(c) the Development, Packing/Labeling or Commercialization of the Product in the Field in or for the Territory by or on behalf of ZLAB or its Affiliates (or its or their respective Representatives (including Subcontractors) or other Persons working on its or their behalf) (other than with respect to […***…] to the extent that […***…], in which case […***…] shall control);

(d) […***…] or […***…];

except in each case ((a), (b), (c) and (d)), to the extent that Damages arise out of the gross negligence, willful misconduct, recklessness, bad faith, fraud, or intentional wrongful acts, or omissions or violations of applicable Law committed by Regeneron or its Affiliates (or its or their respective Representatives, Sublicensees/Distributors or other Persons working on its or their behalf) in the performance of this Agreement or the material breach by Regeneron (or conduct or omission by any of its Affiliates or its or their Representatives, Sublicensees/Distributors or other Persons working on its or their behalf, which if performed or failed to be performed by Regeneron would be a material breach by Regeneron) of the terms of this Agreement.

17.1.2 Regeneron shall defend, indemnify and hold harmless ZLAB, its Affiliates and its and their respective officers, directors, employees, Subcontractors and agents ("**ZLAB Indemnitees**") from and against all Damages arising from a Third Party Claim against a ZLAB Indemnitee that is due to or based upon:

(a) the gross negligence, willful misconduct, recklessness, bad faith, fraud, intentional wrongful acts or omissions or violations of applicable Law by Regeneron or its Affiliates (or its or their respective Representatives, Sublicensees/Distributors or other Persons working on its or their behalf) in the performance of this Agreement or any Ancillary Agreement, including in connection with the Development, Manufacture or Commercialization of the Product;

(b) material breach by Regeneron (or conduct or omission by any of its Affiliates or its or their respective Representatives, Sublicensees/Distributors or other Persons working on its or their behalf, which if performed or failed to be performed by Regeneron would be a material breach by Regeneron) of the terms of, or the representations and warranties made by it in, this Agreement […***…];

(c) the Development or Commercialization of the Product (i) inside the Field in the Territory (other than as required under this Agreement), (ii) outside of the Field in the Territory or (iii) inside or outside of the Field in the ROW, in each case ((i), (ii) and (iii)), by or on behalf of Regeneron or its Affiliates (or its or their respective Representatives, Sublicensees/Distributors or other Persons working on its or their behalf, but excluding ZLAB and its Affiliates (and its and their respective Representatives (including Subcontractors) and other Persons working on its or their behalf)) (other than with respect to […***…] to the extent that […***…], in which case […***…] shall control);

except in each case ((a), (b) and (c)), to the extent that Damages arise out of the gross negligence, willful misconduct, recklessness, bad faith, fraud, or intentional wrongful acts, or omissions or violations of applicable Law committed by ZLAB or its Affiliates (or its or their respective Representatives (including Subcontractors) or other Persons working on its or their behalf) in the performance of this Agreement or the material breach by ZLAB (or conduct or omission by any of its Affiliates or its or their respective Representatives (including Subcontractors) or other Persons working on its or their behalf, which if performed or failed to be performed by ZLAB would be a material breach by ZLAB) of the terms of this Agreement.

17.2 **Indemnity Procedure.**

17.2.1 **Notice of Claim**. The Party entitled to indemnification under this Article XVII (an "**Indemnified Party**") shall notify the Party potentially responsible for such indemnification (the "**Indemnifying Party**") within […***…] of being notified of any claim or claims asserted or threatened against the Indemnified Party that could give rise to a right of indemnification under this Agreement ("**Indemnification Claim Notice**"); *provided* that the failure to give such Indemnification Claim Notice shall not relieve the Indemnifying Party of its indemnity obligation hereunder except to the extent that such failure materially prejudices the Indemnifying Party. Each Indemnification Claim Notice must contain a description of the claim and the nature and amount of Damages (to the extent that the nature and amount of such Damages are known at such time).

17.2.2 **Control of Defense**.

(a) If the Indemnifying Party has acknowledged in writing to the Indemnified Party the Indemnifying Party's responsibility for indemnifying the Indemnified Party for a Third Party Claim under Section 17.1, the Indemnifying Party shall have the right to defend, at its sole cost and expense, such Third Party Claim by all appropriate proceedings, which proceedings shall be prosecuted diligently by the Indemnifying Party to a final conclusion or settled at the discretion of the Indemnifying Party; *provided* that the Indemnifying Party may not enter into any compromise or settlement unless (i) such compromise or settlement includes as an unconditional term thereof, the giving by each claimant or plaintiff to the Indemnified Party of a release from all liability in respect of such claim; and (ii) the Indemnified Party consents to such compromise or settlement, which consent shall not be unreasonably withheld, conditioned or delayed unless such compromise or settlement (A) involves any admission of legal wrongdoing by the Indemnified Party, (B) involves any payment by the Indemnified Party that is not indemnified hereunder, (C) involves the imposition of any equitable relief against the Indemnified Party, (D) includes […***…], (E) materially affects the Indemnified Party's rights, interests or obligations (including […***…] or, in the case of […***…]), or (F) in the case of […***…]. Upon assuming the defense of a Third Party Claim, the Indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel selected by the Indemnifying Party and approved by the Indemnified Party (which approval shall not be unreasonably conditioned, withheld or delayed).

(b) If the Indemnifying Party has acknowledged in writing to the Indemnified Party the Indemnifying Party's responsibility for indemnifying the Indemnified Party for a Third Party Claim under Section 17.1 but does not does not elect to assume control of the defense of such claim or if a good faith and diligent defense is not being or ceases to be materially conducted by the Indemnifying Party, the Indemnified Party shall have the right, at the expense of the Indemnifying Party, upon prior written notice to the Indemnifying Party of its intent to do so, to undertake the defense of such claim for the account of the Indemnifying Party (with counsel reasonably selected by the Indemnified Party and approved by the Indemnifying Party, such approval not to be unreasonably withheld, conditioned or delayed); *provided* that the Indemnified Party shall keep the Indemnifying Party apprised of all material developments with respect to such Third Party Claim and promptly provide the Indemnifying Party with copies of all correspondence and documents exchanged by the Indemnified Party and the opposing party(ies) to such litigation.

(c) In the event that the Indemnifying Party does not acknowledge in writing to the Indemnified Party the Indemnifying Party's responsibility for indemnifying the Indemnified Party for a Third Party Claim under Section 17.1 and Indemnified Party undertakes the defense of such Third Party Claim, the Indemnified Party shall do so at its own cost and expense, and if it is ultimately determined that the Indemnifying Party has an obligation to indemnify, defend or hold harmless the Indemnified Party from and against such Third Party Claim (or any part thereof), the Indemnifying Party shall reimburse the Indemnified Party for any and all reasonable and verifiable costs and expenses (including attorneys' fees and costs of suit) and any other Damages incurred by the Indemnified Party in accordance with this Article XVII in its defense of such Third Party Claim (or such part).

(d) If the Indemnifying Party has acknowledged in writing to the Indemnified Party the Indemnifying Party's responsibility for indemnifying the Indemnified Party for a Third Party Claim under Section 17.1, the Indemnified Party shall not admit any liability with respect to, or settle, compromise or dispose of, such Third Party Claim without the prior written consent of the Indemnifying Party, such consent not to be unreasonably withheld, conditioned or delayed, and the Indemnifying Party shall not be liable for any settlement or other disposition of Damages by an Indemnified Party that is reached without the written consent of the Indemnifying Party.

17.2.3 **Right to Participate in Defense**. Without limiting Section 17.2.2, the Indemnified Party shall be entitled to participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 17.2 and shall bear its own costs and expenses with respect to such participation; *provided* that the Indemnifying Party shall bear such costs and expenses if (a) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (b) the Indemnifying Party has failed to assume the defense and employ counsel in accordance with Section 17.2.2 (in which case the Indemnified Party shall control the defense) or (c) the interests of the Indemnified Party and any of the Indemnified Party's indemnitees, on the one hand, and the Indemnifying Party, on the other hand, with respect to such Third Party Claim are sufficiently adverse to prohibit the representation by the same counsel of all such Persons under applicable Law, ethical rules or equitable principles (in which case, the Indemnified Party shall control its defense).

17.2.4 **Cooperation**. Regardless of whether the Indemnifying Party assumes the defense of any Third Party Claim pursuant to this Section 17.2, the Indemnified Party shall, and shall use reasonable efforts to cause each indemnitee to, reasonably cooperate in the defense or prosecution thereof and, if the Indemnifying Party assumes the defense of any such claim, the Indemnified Party shall, and shall use reasonable efforts to cause each indemnitee to, furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals, in each case, as may be reasonably requested in connection therewith. Such cooperation shall include access upon reasonable notice during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Third Party Claim and making Indemnified Parties and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and to the extent the Indemnified Party is entitled to indemnification pursuant to this Article XVII, the Indemnifying Party shall reimburse the Indemnified Party for all its reasonable and verifiable costs and expenses in connection with providing such assistance.

17.3 **Insurance.** During the Term and for a minimum period of […***…] thereafter and for an otherwise longer period as may be required by applicable Law, each of Regeneron and ZLAB will procure and maintain insurance consistent with industry practice or required by applicable Law, including by means of self-insurance, where applicable. Such insurance shall insure against liability arising from this Agreement on the part of Regeneron or ZLAB, respectively, or any of their respective Affiliates (or, with respect to ZLAB, its Subcontractors) due to injury, disability or death of any person or persons, or property damage arising from activities performed by such Party or its Affiliates (or, with respect to ZLAB, its Subcontractors) in connection with this Agreement. Any insurance proceeds received by a Party in connection with any Damages shall be retained by such Party and shall not reduce any obligation of the other Party under Section 17.1 with respect to such Damages.

ARTICLE XVIII
FORCE MAJEURE

18.1 Neither Party will be held liable or responsible to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in fulfilling or performing any term of this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party including pandemics, epidemics, quarantines or other public health crises, embargoes, acts of terrorism, acts of war (whether war be declared or not), insurrections, strikes, riots, civil commotions or acts of God ("**Force Majeure**"). Such excuse from liability and responsibility shall be effective only to the extent and duration of the event(s) causing the failure or delay in performance, and only if the affected Party has not caused such event(s) to occur. The affected Party will notify the other Party of such Force Majeure circumstances as soon as reasonably practical and will use Commercially Reasonable Efforts to mitigate the effects of such Force Majeure circumstances.

18.2 If […***…] is not able to […***…] in accordance with this Agreement or any Ancillary Agreement because […***…], or […***…] in connection with a pandemic, epidemic or other public health crisis, […***…] shall not be required to […***…] and will not be held liable or responsible to […***…] nor be deemed to have defaulted under or breached this Agreement for such failure […***…]. In such event, […***…] shall […***…] in accordance with […***…], unless otherwise mutually agreed by the Parties.

ARTICLE XIX
TERM AND TERMINATION

19.1 **Term/Expiration of Term.** The "**Term**" of this Agreement shall commence on the Effective Date and, unless this Agreement is earlier terminated in its entirety in accordance with the terms of this Article XIX, shall expire upon such time as, […***…], none of ZLAB or its Affiliates or its or their Subcontractors performs any Development or Commercialization activities for the Product in the Field anywhere in the Territory under this Agreement for […***…] and such inactivity is […***…].

19.2 **Termination For Material Breach.** Upon and subject to the terms and conditions of this Section 19.2, this Agreement shall be terminable by a Party in its entirety, upon written notice to the other Party, if such other Party commits a material breach under this Agreement or any Ancillary Agreement. Such notice of termination shall set forth in reasonable detail the facts underlying or constituting the alleged breach (and specifically referencing the provisions of this Agreement or Ancillary Agreement alleged to have been breached), and the termination that is the subject of such notice shall be effective […***…] after the date such notice is given unless the breaching Party shall have cured such breach within such […***…] period (or, if such material breach, by its nature, is a curable breach but such breach is not curable within such […***…] period, such longer period not to exceed […***…] unless otherwise agreed by the Parties, so long as the breaching Party is using diligent efforts to cure such breach, in which event if such breach has not been cured, such termination shall be effective on the earlier of the expiration of such […***…] period or such time as the breaching party ceases to use diligent efforts to cure such breach). Notwithstanding the foregoing, in the case of a breach of a payment obligation hereunder or under an Ancillary Agreement, the […***…] period referred to in the immediately preceding sentence shall instead be […***…] days (and the immediately preceding parenthetical clause in the immediately preceding sentence shall not apply). Any breach of this Agreement or an Ancillary Agreement related to […***…] shall be a material breach of this Agreement. If the allegedly breaching Party has a bona fide good faith dispute as to the other Party's right to terminate based on the existence, materiality or cure of the alleged breach and such disputing Party initiates good faith negotiations regarding such dispute pursuant to Section 10.3.1 within […***…] of first receipt of notice of termination pursuant to this Section 19.2 and, within […***…] of first receipt of notice of termination pursuant to this Section 19.2, either initiates litigation pursuant to Section 10.3.2 […***…] then such termination shall not be effective until such dispute is resolved in accordance with Article X; *provided* that the disputing Party diligently pursues resolution of the dispute.

19.3 **Termination for Insolvency.** Either Party shall have the right to terminate this Agreement in its entirety, by and effective immediately, upon written notice to the other Party, if, at any time, the other Party or any Affiliate that controls such other Party (a) files in any court or agency pursuant to any statute or regulation of any state or country, a petition in bankruptcy or insolvency or for reorganization or for an arrangement or for the appointment of a receiver or trustee of the Party or of its assets, (b) proposes a written agreement of composition or extension of its debts, (c) is served with an involuntary petition against it, filed in any insolvency proceeding, and such petition is not dismissed within ninety (90) days after the filing thereof, (d) proposes or becomes a party to any dissolution or liquidation, or (e) makes an assignment for the benefit of creditors.

19.4 **Additional Termination Rights of Regeneron.**

19.4.1 Regeneron shall have the right to terminate this Agreement […***…].

19.4.2 Regeneron shall have the right to terminate this Agreement in its entirety in accordance with […***…].

19.4.3 Subject to […***…], Regeneron shall have the right to terminate this Agreement in its entirety upon […***…] written notice to ZLAB if ZLAB or any of its Affiliates or its or their Subdistributors (a) […***…], or (b) […***…]; *provided* that such […***…] shall be tolled for any period during which ZLAB is actively and in good faith complying with, and such termination shall not become effective at the end of such […***…] period if ZLAB fully complies with, the provisions of […***…] with respect to […***…], as applicable.

19.4.4 Regeneron shall have the right to terminate this Agreement in its entirety, effective […***…] after written notice to ZLAB, if ZLAB or its Affiliates or its or their Subdistributors […***…].

19.4.5 In the event that ZLAB or any of its Affiliates or its or their Subcontractors, anywhere in the Territory, institutes, prosecutes, or otherwise participates in (or in any way aids any Third Party in instituting, prosecuting, or participating in), at law or in equity or before any administrative or regulatory body, including the U.S. Patent and Trademark Office or its foreign counterparts, any claim, demand, action, or cause of action for declaratory relief, damages, or any other remedy, or for an enjoinment, injunction, or any other equitable remedy, including any interference, re-examination, opposition, or any similar proceeding, alleging that any claim in a Regeneron Patent is invalid, unenforceable, or otherwise not patentable or would not be infringed by ZLAB's (or its Affiliate's or Subcontractor's) activities (other than as a defense or counterclaim against Regeneron in a litigation initiated by or on behalf of Regeneron in which Regeneron asserts that ZLAB's (or its Affiliate's or Subcontractor's) activities conducted pursuant to and in accordance with this Agreement infringe a Patent owned or controlled by Regeneron), Regeneron shall have the right to immediately terminate this Agreement in its entirety, including the rights of any Subcontractors upon written notice to ZLAB; *provided* that if such action is instituted by ZLAB's Subcontractor, Regeneron shall not have the right to terminate this Agreement if ZLAB promptly terminates its subcontract agreement with such Subcontractor.

19.4.6 Regeneron shall have the unilateral right to terminate this Agreement in its entirety, effective […***…] after written notice to ZLAB, if […***…] or any term in this Agreement relating to […***…] (or any portion thereof) is challenged, directly or indirectly, by ZLAB or any of its Affiliates as being in violation of public policy or invalid, illegal, or unenforceable at law or in equity in any jurisdiction; *provided* that responding in good faith to any lawfully issued subpoena or court order that requires ZLAB or its Affiliates to provide documents or testimony will not give rise to a right to terminate under this Section 19.4.6; *provided, further,* that ZLAB shall use reasonable efforts to give Regeneron advance notice of such required disclosure in sufficient time to enable Regeneron to seek to quash or limit such subpoena or order or to request that ZLAB do so, if applicable; and *provided, further,* that ZLAB provides all reasonable cooperation to assist Regeneron to quash or limit such subpoena or order and in any event shall limit such disclosure to only that information is required by such lawfully issued subpoena or court order.

19.4.7 Not later than […***…] following the earlier of (a) […***…] and (b) […***…], […***…] shall provide written notice to […***…] and, unless […***…], Regeneron shall have the right to terminate this Agreement immediately on written notice to ZLAB given at any time during the period commencing on earlier of the dates described in clauses (a) and (b) above and ending […***…] after the later of […***…] and […***…] if […***…] or […***…].

19.4.8 Regeneron shall have the right to terminate this Agreement in its entirety in the event that a court in the Territory, a Regulatory Authority or other Governmental Authority of competent jurisdiction in the Territory or a change in applicable Law in the Territory requires […***…] or […***…], or otherwise […***…]. In the event that Regeneron terminates this Agreement pursuant to this Section 19.4.8, and thereafter Regeneron […***…], Regeneron shall […***…] (except that […***…]); *provided* that, if […***…], then […***…]. For clarity, the foregoing shall survive the termination of this Agreement.

19.4.9 In the event that this Agreement is terminated pursuant to Section 19.4.7 or Section 19.4.8, then Regeneron shall […***…] agreed by the Parties; *provided* that if the Parties are unable to agree […***…], such dispute shall be a […***…] resolved in accordance with […***…].

19.5 **Additional Termination Rights of ZLAB.** ZLAB shall have the right to terminate this Agreement in its entirety (a) for any or no reason: (i) if written notice to Regeneron is provided prior to […***…], upon […***…] prior written notice to Regeneron and (ii) if written notice to Regeneron is provided after […***…], upon […***…] prior written notice to Regeneron; *provided* that, in each case ((i) and (ii)), Regeneron shall have the right, at any time after receipt of ZLAB's termination notice, to terminate one or more of ZLAB's obligations hereunder or elect to shorten the applicable Termination Notice Period on an obligation-by-obligation or Region-by-Region basis, and (b) in accordance with […***…].

19.6 **Effect of Expiration or Termination.**

19.6.1 Except as otherwise noted in this Section 19.6, during the Termination Notice Period, the Parties shall continue to Develop, Manufacture (with respect to ZLAB, solely Pack/Label) and Commercialize the Product in the Field in the Territory in accordance with Development Plans and Territory Commercialization Plan, and the terms of **Schedule 19.6** shall apply. During the Termination Notice Period, Regeneron shall […***…]; *provided* that Regeneron shall not […***…].

19.6.2 Upon expiration or termination of this Agreement in its entirety for any reason, the provisions of **Schedule 19.6** shall apply (including during any applicable Termination Notice Period) with respect to the Product, and except as set forth in this Article XIX or to the extent required by ZLAB to fulfill its obligations pursuant to **Schedule 19.6**, all rights granted by Regeneron to ZLAB hereunder with respect to the Product shall automatically terminate, and revert to Regeneron. During any Termination Notice Period and following the termination of this Agreement, ZLAB shall, as reasonably requested by Regeneron, smoothly and orderly transition the Development, Pack/Label and Commercialization of the Product to Regeneron or Regeneron's designee(s) (and Regeneron shall cooperate with respect thereto) with as little disruption as possible, in accordance with accepted pharmaceutical industry norms and ethical practices, including any then on-going clinical trials hereunder with respect to the Product.

19.7 **Survival of Obligations.** Except as otherwise provided in this Article XIX or **Schedule 19.6**, upon expiration or termination of this Agreement, the rights and obligations of the Parties hereunder shall terminate, and this Agreement shall cease to be of further force or effect to the extent of such termination; *provided* that notwithstanding any expiration or termination of this Agreement:

19.7.1 subject to […***…], neither ZLAB nor Regeneron shall be relieved of any obligations (including payment obligations) of such Party arising prior to such expiration or termination;

19.7.2 subject to the provisions of this Article XIX, including **Schedule 19.6** to the extent applicable, the obligations of the Parties with respect to the protection and nondisclosure of Confidential Information (including […***…] Information) in accordance with Section 7.4 and Article XVI (Confidentiality), as well as other provisions that by their nature are intended to survive any such expiration or termination (including Article I (Definitions) (to the extent required to give effect to the other surviving provisions), Article VII (except as provided below with respect to specific Sections, solely as […***…] with respect to […***…] thereunder as they relate to activities performed during the Term or as […***…] set forth in **Schedule 19.6**), Article X (other than Section 10.2), Article XIV (Books, Records and Inspections; Audits and Adjustments) (with respect to costs and expenses incurred, or payments owed with respect to activities performed, during the Term and thereafter pursuant to **Schedule 19.6**), Article XVII (Indemnity) and Article XX (Miscellaneous), and Sections […***…]) shall survive and continue to be enforceable; and

19.7.3 such termination and this Article XIX shall be without prejudice to any rights or remedies a party may have for breach of this Agreement.

ARTICLE XX
MISCELLANEOUS

20.1 **Governing Law; Submission to Jurisdiction.** This Agreement shall be governed by and construed in accordance with the Laws of […***…], excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction. […***…], each Party hereby irrevocably and unconditionally consents to the exclusive jurisdiction of the courts of […***…] for any action, suit or proceeding (other than appeals therefrom) arising out of or relating to this Agreement, waives any objections to such jurisdiction and venue and agrees not to commence any action, suit or proceeding relating to this Agreement except in such courts. Each Party further agrees that service of any process, summons, notice or document delivered by reputable international overnight courier service to its address set forth in Section 20.3 shall be effective service of process for any action, suit or proceeding brought against it under this Agreement in any such court.

20.2 **Waiver.** Waiver by a Party of a breach hereunder by the other Party shall not be construed as a waiver of any subsequent breach of the same or any other provision. No delay or omission by a Party in exercising or availing itself of any right, power or privilege hereunder shall preclude the later exercise of any such right, power or privilege by such Party. No waiver shall be effective unless made in writing with specific reference to the relevant provision(s) of this Agreement and signed by a duly authorized representative of the Party granting the waiver.

20.3 **Notices.** All notices, instructions and other communications required or permitted hereunder or in connection herewith shall be in writing, shall be sent to the address of the relevant Party set forth on **Schedule 20.3** attached hereto and shall be (a) delivered personally or (b) sent via a reputable international overnight courier service. Any such notice, instruction or communication shall be deemed to have been delivered (i) upon receipt if delivered by hand or (ii) three (3) Business Day after it is sent via a reputable international overnight courier service. Either Party may change its address by giving notice to the other Party in the manner provided above. This Section 20.3 is not intended to govern the day-to-day business communications necessary between the Parties in performing their obligations under the terms of this Agreement.

20.4 **Entire Agreement.** This Agreement contains the complete understanding of the Parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating to the subject matter hereof (including the Existing Confidentiality Agreement).

20.5 **Amendments.** No provision in this Agreement shall be supplemented, deleted or amended except in a writing executed by an authorized representative of each of ZLAB and Regeneron.

20.6 **Severability.**

20.6.1 If, under applicable Law, any provision hereof other than […***…] is in violation or public policy or is invalid, illegal or unenforceable at law or in equity, or otherwise directly or indirectly affects the validity, legality or enforceability of any other material provision(s) of this Agreement in any jurisdiction ("**Modified Clause**"), then, it is mutually agreed that this Agreement shall endure and that the Modified Clause shall be enforced in such jurisdiction to the maximum extent permitted under applicable Law in such jurisdiction; *provided* that the Parties shall consult and use all reasonable efforts to agree upon, and hereby agree and consent to, any valid, legal and enforceable modification of this Agreement as may be necessary to avoid any unjust enrichment of either Party and to match the intent of this Agreement as closely as possible, including the economic benefits and rights contemplated herein.

20.6.2 […***…].

20.6.3 […***…].

20.6.4 For clarity, the court may not reform any provision of this Agreement without the consent of each Party.

20.7 **Registration and Filing of this Agreement.** To the extent that a Party concludes in good faith that it is required to file or register this Agreement or a notification thereof with any Governmental Authority in accordance with applicable Law, such Party may do so subject to the provisions of Section 16.4. The other Party shall promptly cooperate in such filing or notification and shall promptly execute all documents reasonably required in connection therewith. The Parties shall promptly inform each other as to the activities or inquiries of any Governmental Authority relating to this Agreement, and shall promptly cooperate to respond to any request for further information therefrom.

20.8 **Assignment.** Except as otherwise expressly provided herein, neither this Agreement nor any of the rights or obligations hereunder may be assigned by either ZLAB or Regeneron without (a) the prior written consent of Regeneron in the case of any assignment by ZLAB or (b) the prior written consent of ZLAB in the case of an assignment by Regeneron, except that (i) Regeneron may, without the prior written consent of ZLAB, assign this Agreement (in whole or in part) to, or perform any or all of its obligations and exercise any or all of its rights under this Agreement through, an Affiliate, Sublicensees/Distributors or research or collaboration partner of Regeneron, or any other Person that obtains rights to the Product anywhere in the ROW, (ii) ZLAB may perform its obligations hereunder through Subcontractors pursuant to Section 4.3 and (iii) subject to […***…], each Party may assign this Agreement in whole to any Third Party acquirer in connection with a Change of Control; *provided* that the assigning Party shall remain primarily liable hereunder with respect to any assignment under this clause (iii) with respect to obligations and liabilities relating to the period prior to such assignment, and in each case ((i), (ii) and (iii)), so long as such Affiliate or Third Party agrees in writing to be bound by the terms of this Agreement. Any attempted assignment in violation hereof shall be void.

20.9 **Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.

20.10 **Affiliates.** Regeneron may, and to the extent it is in the best interests of the Product in the Field in the Territory shall, perform its obligations under this Agreement through one or more of its Affiliates. Notwithstanding anything to the contrary in this Agreement, ZLAB shall not have the right to perform any Development, Pack/Label or Commercialization activities with respect to the Product, or any other obligation under this Agreement, through an Affiliate (or delegate any other responsibilities under this Agreement to an Affiliate), without Regeneron's prior written consent in accordance with Section 4.3. Each Party absolutely, unconditionally and irrevocably guarantees to the other Party the prompt and timely performance when due and at all times thereafter of the responsibilities, liabilities, covenants, warranties, agreements and undertakings of its Affiliates pursuant to this Agreement. Without limiting the foregoing, no Party shall cause or permit any of its Affiliates to commit any act (including any act or omission) which such Party is prohibited hereunder from committing directly.

20.11 **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement may be executed by exchange between the Parties of electronically transmitted signatures (via facsimile, PDF format via e-mail or other electronic means) and such signatures shall be deemed to bind each Party as if they were original signatures.

20.12 **Third Party Beneficiaries.** Except as provided below in this Section 20.12, none of the provisions of this Agreement shall be for the benefit of or enforceable by any Third Party, including any creditor of either Party. No Third Party shall obtain any right under any provision of this Agreement or shall by reason of any such provision make any claim in respect of any debt, liability or obligation (or otherwise) against either Party. Notwithstanding the foregoing, Article XVII is intended to benefit, in addition to the Parties, the other Regeneron Indemnitees and ZLAB Indemnitees as if they were parties hereto, but this Agreement is only enforceable by the Parties.

20.13 **Relationship of the Parties.** Each Party shall bear its own costs and expenses incurred in the performance of its obligations hereunder without charge or expense to the other Party except as expressly provided for in this Agreement. Neither ZLAB nor Regeneron shall have any responsibility for the hiring, termination or compensation of the other Party's employees or for any employee compensation or benefits of the other Party's employees. No employee or representative of a Party shall have any authority to bind or obligate the other Party to this Agreement for any sum or in any manner whatsoever, or to create or impose any contractual or other liability on the other Party without said Party's approval. For all purposes, and notwithstanding any other provision of this Agreement to the contrary, Regeneron's legal relationship under this Agreement to ZLAB, and ZLAB's legal relationship under this Agreement to Regeneron, shall be that of an independent contractor. Nothing in this Agreement shall be construed to establish a relationship of partners or joint ventures between the Parties or any of their respective Affiliates.

20.14 **Limitation of Damages.** IN NO EVENT SHALL REGENERON OR ZLAB BE LIABLE FOR SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF PROFITS) SUFFERED BY THE OTHER PARTY, REGARDLESS OF THE THEORY OF LIABILITY (INCLUDING CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE) AND REGARDLESS OF ANY PRIOR NOTICE OF SUCH DAMAGES EXCEPT TO THE EXTENT ANY SUCH DAMAGES ARE PAID AS A RESULT OF GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BREACHES OF CONFIDENTIALITY IN ARTICLE XVI, BREACHES OF […***…] OR TO A THIRD PARTY AS PART OF A THIRD PARTY CLAIM THAT IS COVERED BY THE INDEMNIFICATION OBLIGATIONS IN ARTICLE XVII.

20.15 **Construction.**

20.15.1 The use of words in the singular or plural, or with a particular gender, shall not limit the scope or exclude the application of any provision of this Agreement to such person or persons or circumstances as the context otherwise permits. The words "will" and "shall" shall have the same meaning and, unless the context otherwise requires, the use of the word "or" is used in the inclusive sense (and/or). The term "including," "include," or "includes" as used herein shall mean including, without limiting the generality of any description preceding such term, irrespective of whether such term is used with "without limitation" or "without limiting" throughout this Agreement. Whenever this Agreement refers to a number of days, unless otherwise specified, such number refers to calendar days. The use of the words "necessary" or "required" in the context of obtaining an CTA or Regulatory Approval, such as "necessary for Regulatory Approval" or "required for Regulatory Approval", or the use of the word "required" in the context of the requirements of a Regulatory Authority, such as "required by a Regulatory Authority", shall mean what a person skilled in the relevant art would reasonably construe to be "necessary" for Regulatory Approval or "required" for a CTA or Regulatory Approval or by a Regulatory Authority in the applicable circumstances. Whenever this Agreement refers to a decision that must be agreed by the Parties, such agreement must be evidenced in writing between the Parties, irrespective of whether the applicable provisions provides for such agreement to be in writing throughout this Agreement. Whenever this Agreement refers to a Party's right to review documents, submissions or other information or materials, such review shall include the right of such Party to comment on such documents, submissions and other information and materials (which comments will be considered by the other Party in good faith).

20.15.2 The captions of this Agreement are for convenience or reference only and in no way define, describe, extend or limit the scope of intent of this Agreement or in the intent of any provision contained in this Agreement. Unless otherwise specified, (a) the references in this Agreement to any Article, Section, Schedule or Exhibit means references to such Article, Section, Schedule or Exhibit of this Agreement, (b) references in any Section to any clause are references to such clause of such Section and (c) unless the context otherwise requires, references to any agreement, instrument or other document in this Agreement refer to such agreement, instrument or other document as originally executed or, if subsequently varied, replaced or supplemented from time to time, so varied, replaced or supplemented and in effect at the relevant time of reference thereto.

20.15.3 Whenever a provision of this Agreement requires an approval or consent by a Party to this Agreement within a specified time period and notification of such approval or consent is not delivered within such time period, then, unless otherwise specified, the Party whose approval or consent is required shall be conclusively deemed to have withheld its approval or consent.

20.15.4 This Agreement has been prepared jointly and the provisions contained herein shall not be construed or interpreted for or against any Party to this Agreement because such Party drafted or caused such Party's legal representative to draft any provision contained herein.

20.15.5 In the event of any conflict between this Agreement and the Schedules or Exhibits hereto, this Agreement shall prevail.

20.16 **Further Assurance**. Each Party shall duly execute and deliver, or cause to be duly executed and delivered, such further instruments and do and cause to be done such further acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary or as the other Party may reasonably request in connection with this Agreement or to carry out more effectively the provisions and purposes hereof, or to better assure and confirm unto such other Party its rights and remedies under this Agreement.

20.17 **English Language**.

20.17.1 This Agreement, and all other related agreements, including the Ancillary Agreements, shall be written and executed in, and all other communications under or in connection with this Agreement, and all other related agreements, including the Ancillary Agreements, shall be in, the English language. Any translation into any other language shall not be an official version thereof, and in the event of any conflict in interpretation between the English version and such translation, the English version shall control.

20.17.2 For any regulatory or other materials or Information that a Party is required to provide to the other Party under this Agreement, if such materials or Information are not originally received or prepared in the English language, then the Party required to provide such materials or Information shall […***…] and, […***…] (except where […***…], in which case […***…]), and if […***…], such Party shall also […***…].

{Remainder of page intentionally left blank; signature page follows}

IN WITNESS WHEREOF, ZLAB and Regeneron have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

ZAI LAB (SHANGHAI) CO., LTD.

By /s/ Samantha (Ying) Du
Name: Samantha (Ying) Du
Title: Chief Executive Officer

REGENERON IRELAND DESIGNATED ACTIVITY COMPANY

By /s/ Muriel O' Byrne
Name: Muriel O'Byrne
Title: Vice President, Head - EU Regulatory Affairs & European Business Office

[…*…]**

SCHEDULE 1.106
Manufacturing Cost

"**Manufacturing Cost**" as used in this Agreement shall be determined as provided in this **Schedule 1.106** […***…]. For purposes of this **Schedule 1.106**, […***…].

[…***…]

SCHEDULE 1.138
Existing Regeneron Patents

[…*…]**

SCHEDULE 5.2
Territory Development Plan Requirements

[…***…]

SCHEDULE 5.3

Initial Global Trial

[…***…]

SCHEDULE 15.3
Regeneron Disclosure Schedule

[…***…]

SCHEDULE […***…]
[…***…]

[…***…]

SCHEDULE 19.6

Termination Arrangements

1. The grant of rights to ZLAB provided in Section 4.1, Section 4.2 and Section 11.4 shall terminate.

2. Each Party shall promptly collect and return, and cause its Affiliates and its and their Subcontractors to collect and return, to the other Party or, at the other Party's request, destroy and delete all documents (including any computer records and electronic files) containing Confidential Information (including […***…] Information (in the case of […***…]) and other trade secrets) of the other Party or any of its Affiliates or its or their Subcontractors (including any archival […***…]) and shall immediately cease, and cause its Affiliates and its and their Subcontractors to cease, all further use of any such Confidential Information (including […***…] Information (in the case of […***…]) and other trade secrets); *provided* that […***…] shall have the right to retain […***…] and […***…]. In addition, at Regeneron's request and option, ZLAB shall, and shall cause its Affiliates and Subcontractors to, either (a) destroy or (b) collect and transfer to Regeneron (or its designee(s)), in either case ((a) or (b)), any remaining inventory of Promotional Materials, sales training materials and Product inventory; *provided* that (i) if Regeneron requests that ZLAB destroy such Product inventory, ZLAB shall, and shall cause its Affiliates and Subcontractors to, destroy such Product inventory in accordance with Regeneron's instructions and ZLAB shall certify such destruction to Regeneron in writing and (ii) if Regeneron requests the collection and transfer of such Product inventory, Regeneron shall […***…]. Notwithstanding the foregoing, each Party may retain one (1) copy of any Confidential Information ([…***…]) to the extent required by applicable Law; *provided* that such retained copies will continue to be subject to the terms and conditions of this Agreement, including obligations of confidentiality and non-use/non-disclosure in accordance herewith; *provided*, *further*, that any such Confidential Information covered by an exclusion set forth in Section 16.1.2 shall not be subject to the foregoing confidentiality and non-use/non-disclosure obligations.

3. Upon notice of termination of this Agreement (or during any applicable Termination Notice Period), ZLAB shall use Commercially Reasonable Efforts to provide all cooperation and assistance to Regeneron (or its designee(s)) reasonably requested by Regeneron to enable Regeneron (or its designee(s)) to assume with as little disruption as reasonably possible, the continued Development, Packing/Labeling and Commercialization of the Product in the Field for the Territory. Such cooperation and assistance shall be provided in a prompt and timely manner (having regard to the nature of the cooperation or assistance requested) and shall include, if and to the extent requested by Regeneron and, except as set forth below, at Regeneron's cost and expense (unless this Agreement is terminated by ZLAB pursuant to […***…] or by Regeneron pursuant to […***…], in which case such activities shall be at ZLAB's cost and expense for the reasonable FTE Costs and Out-of-Pocket Costs incurred by ZLAB in connection therewith), the following:

(a) Subject to the remainder of this clause (a), ZLAB shall continue to act as the agent of Regeneron in the preparation, submission and maintenance of any Registration Filing, Regulatory Approval or other submission or communication to a Regulatory Authority with respect to the Product in the Field in the Territory in accordance with Article VII and shall continue to perform its obligations under Article VII until Regeneron is able to designate a replacement agent and such responsibilities are transferred to such replacement agent; *provided* that Regeneron shall use good faith efforts to designate a replacement promptly. ZLAB shall transfer and assign to Regeneron (or its designee(s)) any Regulatory Documentation made, obtained or otherwise held by ZLAB or its Affiliates or any of its or their Subcontractors relating to the Product; *provided* that if under applicable Law any such Regulatory Documentation is not immediately transferable in the Territory (or such transfer would materially delay the Development or Commercialization of the Product in the Territory), ZLAB shall provide Regeneron (or its designee(s)) with all benefit of such Regulatory Documentation and such assistance and cooperation as necessary or reasonably requested by Regeneron to timely transfer such Regulatory Documentation, as applicable, to Regeneron or its designee(s) or, at Regeneron's option, to enable Regeneron (or its designee(s)) to obtain a substitute for such Regulatory Documentation without disruption to Regeneron's Development, Manufacture or Commercialization of the Product. ZLAB shall not submit any filing or have any communication with any Regulatory Authority regarding the Product without the prior written consent of Regeneron and shall make such filings and have such communications with any Regulatory Authority regarding the Product as requested by Regeneron and for Regeneron's (or its designee's/designees') benefit (to the extent not prohibited by applicable Law). In the event any Regulatory Documentation necessary for the Development, Manufacture or Commercialization of the Product is not assigned from ZLAB to Regeneron (or its designee(s)) pursuant to this Section 3(a) of this **Schedule 19.6**, ZLAB hereby consents and grants to Regeneron (or its designee(s)) the exclusive (even as to ZLAB and its Affiliates) right to access and reference through multiple tiers (without any further action required on the part of ZLAB, whose authorization to file this consent with any Regulatory Authority is hereby granted) any such item.

(b) with respect to any clinical trials or other Development activities with respect to the Product that Regeneron determines should be terminated, unless the continued conduct of such clinical trial or other Development activity is required by the applicable Regulatory Authority or applicable Law or the termination of such clinical trial or other Development activity would be inconsistent with standards of ethical conduct of human clinical trials, ZLAB shall wind-down such activities in a smooth, orderly and efficient manner in compliance with applicable Law and with due regard for patient safety and the rights of any subjects that are participants in any such clinical trials, and take any actions that Regeneron deems reasonably necessary or appropriate to avoid any human health or safety problems or that is otherwise required by applicable Law.

(c) subject to Section 3(b) of this **Schedule 19.6**, unless expressly prohibited by any Regulatory Authority, at Regeneron's written request, transition and transfer control to Regeneron (or its designee(s)) of all clinical trials being conducted under this Agreement by or on behalf of ZLAB with respect to the Product as of the effective date of termination and continue to conduct such clinical trials for up to six (6) months to enable such transfer to be completed without interruption of any such clinical trial unless such transfer is expressly prohibited by the applicable Regulatory Authority or applicable Law or would be inconsistent with standards of ethical conduct of human clinical trials, in which case ZLAB shall continue to conduct such clinical trial to completion at Regeneron's direction; *provided* that Regeneron shall use Commercially Reasonable Efforts to assume control of such clinical trial but, for clarity, Regeneron shall not have any obligation to continue to conduct any clinical trial unless (i) required by the applicable Regulatory Authority or applicable Law or (ii) ceasing to conduct such clinical trial would be inconsistent with standards of ethical conduct of human clinical trials.

(d) To the extent ZLAB owns the Product Trademark(s) in accordance with Section 11.3, ZLAB shall assign and transfer to Regeneron (or its designee(s)) ZLAB's entire right, title and interest in and to the Product Trademark(s) (including, for clarity, any accompanying logos, slogans, trade names, domain names, trade dress or other indicia of origin) for the Product and Promotional Materials (including any copyrights thereto) relating to the Product; *provided* that nothing herein is intended to convey any rights in or to ZLAB's corporate name and logos or any trade names except for the limited rights set forth herein.

(e) ZLAB shall provide to Regeneron (or its designee(s)) […***…] consistent with ZLAB's regular business practices, to the extent […***…], including […***…], or […***…].

(f) To the extent fully assignable to Regeneron (or its designee), ZLAB shall assign to Regeneron (or its designee(s)) any applicable Subcontractor agreements that are specific and solely attributable to the Product and other material service provider contracts that are specific and solely attributable to significant services to be performed by Third Parties to the extent related to the Development, Packing/Labeling or Commercialization of the Product in the Field for the Territory, as reasonably requested by Regeneron. With respect to any Subcontractor agreements or other material service provider contracts that (i) otherwise relate to the Product, but are not specific and solely attributable to the Product or (ii) are specific and solely attributable to the Product but are not fully assignable to Regeneron (or its designee), ZLAB shall use Commercially Reasonable Efforts to partially assign to Regeneron (or its designee(s)) such agreement with respect to the Product or, if such partial assignment is not possible, ZLAB shall use Commercially Reasonable Efforts to obtain for Regeneron (or its designee(s)) substantially all of the practical benefit and burden under such agreement to the extent applicable to the Product, including by (A) entering into appropriate and reasonable alternative arrangements on terms agreeable to Regeneron and (B) subject to the consent and control of Regeneron, enforcing, at Regeneron's cost and expense and for the account of Regeneron, any and all rights of ZLAB, or its Affiliate or its or their Subcontractor, as applicable, against the other party thereto arising out of the breach or cancellation thereof by such other party or otherwise.

4. Without limitation of the generality of the foregoing, the Parties shall use Commercially Reasonable Efforts to complete the transition of the Development, Packing/Labeling and Commercialization of the Product in the Field in the Territory hereunder to Regeneron (or its designee(s)) as soon as is reasonably possible.

5. For the avoidance of doubt, except as expressly provided in this Agreement, Regeneron shall not be required to provide ZLAB any consideration in exchange for the transition of the Product pursuant to the provisions of this **Schedule 19.6**.

6. Without limitation of any of the foregoing in this **Schedule 19.6**, ZLAB shall duly execute and deliver, or cause to be duly executed and delivered, such instruments and shall do and cause to be done such acts and things, including the filing of such assignments, agreements, documents, and instruments, as may be necessary under, or as Regeneron may reasonably request in connection with, or to carry out more effectively the purpose of, or to better assure and confirm unto Regeneron its rights under Section 19.6 and this **Schedule 19.6**.

7. Except as otherwise set forth in this **Schedule 19.6**, all costs and expenses incurred by a Party with respect to the transition activities under this **Schedule 19.6** shall be at such Party's sole cost and expense.

SCHEDULE 20.3

Notices

(a) If to ZLAB:

Zai Lab (Shanghai) Co., Ltd.
4560 Jinke Rd, Building 1, 4/F, Pudong, Shanghai, China, 201210
Attention: President

Copy (which shall not constitute notice) to:

Zai Lab (Shanghai) Co., Ltd.
4560 Jinke Rd, Building 1, 4/F, Pudong, Shanghai, China, 201210
Attention: Head of Business Development

and

Zai Lab (Shanghai) Co., Ltd.
4560 Jinke Rd, Building 1, 4/F, Pudong, Shanghai, China, 201210
Attention: Head of Alliance Management

(b) If to Regeneron:

Regeneron Ireland Designated Activity Company
Europa House
Harcourt Street
Dublin 2, Ireland
Attention: Director

Copy (which shall not constitute notice) to:

Regeneron Pharmaceuticals, Inc.
777 Old Saw Mill River Road
Tarrytown, New York, 10599
Attention: Corporate Secretary

and

Regeneron Pharmaceuticals, Inc.
777 Old Saw Mill River Road
Tarrytown, New York, 10599
Attention: SVP, Strategic Alliances

EXHIBIT A

Development Inventory Report and Commercialization Inventory Report

(See attached)

EXHIBIT B

Supplemental Purchase Price Calculation

(See attached)

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED WITH [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

Execution Version

LICENSE AGREEMENT

This **License Agreement** (this "**Agreement**") is made as of July 6, 2020 (the "**Effective Date**"), by and between **Turning Point Therapeutics, Inc**., a corporation organized and existing under the laws of Delaware ("**TPTX**"), located at 10628 Science Center Drive, Suite 200, San Diego, California 92121, United States of America, and **Zai Lab (Shanghai) Co., Ltd.**, an exempted company organized and existing under the laws of P.R. of China, located at 4F, Bldg 1, Jinchuang Plaza, 4560 Jinke Rd, Shanghai, China, 201210 ("**Zai**"). TPTX and Zai are referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, TPTX is a biopharmaceutical company designing and developing novel small molecule, targeted oncology therapies, and TPTX own or control rights to the Licensed Compounds and Products (as defined herein);

WHEREAS, Zai is a pharmaceutical company having experience in the development and commercialization of pharmaceutical products in the Territory (as defined herein); and

WHEREAS, Zai wishes to develop and commercialize the Products in the Territory; and

WHEREAS, TPTX wishes to grant to Zai, and Zai wishes to be granted, an exclusive license to Develop and Commercialize (each as defined herein) Products in the Field in the Territory (each as defined herein) in accordance with the terms and conditions set forth below.

AGREEMENT

NOW, **THEREFORE**, in consideration of the foregoing premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

Unless specifically set forth to the contrary herein, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below:

1.1. "**Acquired Party**" shall have the meaning set forth in Section 2.6(b)(ii).

1.2. "**Acquirer**" shall have the meaning set forth in Section 2.6(b)(i).

1.3. "**Adverse Event**" means any unwanted or harmful medical occurrence in a patient or subject who is administered a Product, whether or not considered related to such Product, including any undesirable sign (including abnormal laboratory findings of clinical concern).

1.4. "**Affiliate**" means, with respect to a specified Person, any entity that directly or indirectly controls, is controlled by or is under common control with such Person. As used in this Section 1.4, "control" (and, with correlative meanings, the terms "controlled by" and "under common control with") means, in the case of a corporation, the ownership of more than fifty percent (50%) of the outstanding voting securities thereof or, in the case of any other type of entity, an interest that results in the ability to direct or cause the direction of the management and policies of such entity or the power to appoint more than fifty percent (50%) of the members of the governing body of the entity or, where ownership of more than fifty percent (50%) of such securities or interest is prohibited by law, ownership of the maximum amount legally permitted.

1.5. "**Agreement**" shall have the meaning set forth in the preamble to this agreement.

1.6. "**Alliance Manager**" shall have the meaning set forth in Section 3.1.

1.7. "**Anti-Corruption Laws**" shall have the meaning set forth in Section 11.5(a)(i).

1.8. "**Applicable Laws**" means all statutes, ordinances, regulations, rules or orders of any kind whatsoever of any Governmental Authority that may be in effect from time to time and applicable to the relevant activities contemplated by this Agreement.

1.9. "**Authorized Regulatory Agent**" means a local entity (a) authorized by TPTX or any of its Affiliates, where TPTX, its Affiliate or its third party contractor research organization is the license holder of imported drug product, to exclusively (even as to TPTX and its Affiliates but in accordance with terms and conditions hereunder) manage the work associated with obtaining any Regulatory Approval or product registration in the Territory; and (b) which possesses and maintains valid licenses or permits in the Territory if such licenses or permits are required for such local entity to engage in the relevant activities in the Territory.

1.10. "**Business Day**" means a day other than Saturday, Sunday or any day on which banks located in the state of California or Shanghai, the PRC are authorized or obligated to close. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

1.11. "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31st, June 30th, September 30th and December 31st.

1.12. "**Calendar Year**" means each twelve (12) month period commencing on January 1st.

1.13. "**cGMP**" means all applicable current Good Manufacturing Practices including, as applicable, (a) the principles detailed in the U.S. Current Good Manufacturing Practices, 21 C.F.R. Parts 4, 210, 211, 601, 610 and 820, (b) European Directive 2003/94/EC and Eudralex 4, (c) the principles detailed in the ICH Q7 guidelines, and (d) the equivalent Applicable Laws in any relevant country or region, each as may be amended and applicable from time to time.

1.14. "**Claims**" shall have the meaning set forth in Section 12.1.

1.15. "**Clinical Development Plan**" shall have the meaning set forth in Section 5.2.

1.16. "**Clinical Trial**" means any clinical testing of a Product in human subjects.

1.17. "**CMOs**" means Third Party contractor manufacture organizations.

1.18. "**Change of Control**" means, with respect to a Party, that: (a) any Third Party acquires directly or indirectly the beneficial ownership of any voting security of such Party, or if the percentage ownership of such Third Party in the voting securities of such Party is increased through stock redemption, cancellation, or other recapitalization, and immediately after such acquisition or increase such Third Party is, directly or indirectly, the beneficial owner of voting securities representing more than fifty (50%) of the total voting power of all of the then outstanding voting securities of such Party; (b) a merger, consolidation, recapitalization, or reorganization of such Party is consummated which results in shareholders or equity holders of such Party immediately prior to such transaction, no longer owning at least fifty (50%) of the outstanding voting securities of the surviving entity (or its parent entity) immediately following such transaction; or (c) there is a sale or transfer to a Third Party of all or substantially all of such Party's consolidated assets taken as a whole, through one or more related transactions.

1.19. "**Combination Product**" means a Product that combines a Licensed Compound with one (1) or more other clinically or pharmacologically active ingredients (which term excludes, for clarity excipients, controlled-release compositions, materials to increase bioavailability, solubility or stability, or delivery means) in a single formulation or final package presentation for sale as a single unit (including separate unit doses so configured). The Licensed Compound portion of any Combination Product shall be deemed the "**Licensed Component**" and the other clinically or pharmacologically active ingredients of such Combination Product the "**Other Component**".

1.20. "**Commercialization**" or "**Commercialize**" means all activities directed to marketing, distribution, promoting or selling of pharmaceutical products (including importing and exporting activities in connection therewith), but excluding activities directed to Manufacturing.

1.21. "**Commercialization Plan**" means the written plan for the Commercialization of the Product in the Territory, as updated in accordance with this Agreement.

1.22. "**Commercially Reasonable Efforts**" means with respect to a Party, the use of diligent, good faith efforts and resources, in an active and ongoing program, as normally used by such Party for a product discovered or identified internally or in-licensed from a Third Party that is important to such Party's overall strategy or objectives, which product is at a similar stage in its development or product life and is of similar market potential and intellectual property protection but in the event such Party is Zai, not considering the obligations (including financial) to TPTX or the rights of TPTX hereunder; provided, however, that in no event shall such efforts and resources be less than those a similarly situated biopharmaceutical company would apply to the development, manufacture, or commercialization of a similarly situated product. Commercially Reasonable Efforts requires that a Party, at a minimum, […***…].

1.23. "**Competing Activities**" shall have the meaning set forth in Section 2.6(b)(i).

1.24. "**Competing Product**" means any product that […***…].

1.25. "**Confidential Information**" means all confidential information of the Disclosing Party or its Affiliates, regardless of its form or medium as provided to the Receiving Party or its Affiliates in connection with this Agreement; provided that, Confidential Information shall not include any information that the Receiving Party can show by competent written evidence: (a) was already known to the Receiving Party at the time it was disclosed to the Receiving Party by the Disclosing Party without an obligation of confidentiality and not through a prior disclosure by the Disclosing Party, (b) was or becomes generally known to the public through no act or omission of the Receiving Party in violation of the terms of this Agreement, (c) was lawfully received by the Receiving Party from a Third Party without restriction on its disclosure and without, to the reasonable knowledge of the Receiving Party, a breach by such Third Party of an obligation of confidentiality to the Disclosing Party, or (d) was independently developed by the Receiving Party without use of or reference to the Confidential Information of the Disclosing Party. All Improvements shall be the Confidential Information of TPTX, and TPTX shall be the Disclosing Party and Zai shall be the Receiving Party with respect thereto. The terms of this Agreement that are not publicly disclosed through a press release or by filings to financial regulatory authorities and all Joint Inventions and Joint Patents shall be the Confidential Information of both Parties. All confidential information disclosed by a Party pursuant to the Confidentiality Agreement shall be deemed to be such Party's Confidential Information.

1.26. "**Confidentiality Agreement**" means the Confidentiality Agreement between the Parties dated as of […***…].

1.27. "**Control**" or "**Controlled**" means, with respect to any Know-How, Patents or other intellectual property rights, that a Party has the legal authority or right (whether by ownership, license or otherwise, after taking into account the provisions of this Agreement regarding ownership of Improvements, but without taking into account any license granted by one Party to the other Party pursuant to this Agreement) to grant a license, sublicense, access or right to use (as applicable) under such Know-How, Patents, or other intellectual property rights, on the terms and conditions set forth herein, in each case without breaching the terms of any agreement with a Third Party.

1.28. "**Deficient Site**" shall have the meaning set forth in Section 5.7.

1.29. "**Develop**" or "**Development**" or "**Developing**" means preclinical and clinical drug or biological development activities, including test method development, toxicology, formulation, quality assurance/quality control development, statistical analysis, preclinical and clinical studies and regulatory affairs, and regulatory activities, including filing for, obtaining and maintaining approval and registration, but excluding activities directed to Manufacturing.

1.30. "**Development Milestone Event**" shall have the meaning set forth in Section 9.2(a).

1.31. "**Development Milestone Payment**" shall have the meaning set forth in Section 9.2(a).

1.32. "**Disclosing Party**" shall have the meaning set forth in Section 10.1(a).

1.33. "**Dispute**" shall have the meaning set forth in Section 15.1.

1.34. "**Effective Date**" shall have the meaning set forth in the preamble in this Agreement.

1.35. "**Executive Officers**" shall have the meaning set forth in Section 3.2(f).

1.36. […***…]

1.37. "**Expiration Date**" shall have the meaning set forth in Section 14.1(a).

1.38. "**Field**" means all human therapeutic indications.

1.39. "**First Commercial Sale**" means, with respect to any Product, the first arm's length sale of such Product to a Third Party in a region of the Territory by Zai, its Affiliate(s) or Sublicensee(s) for use or consumption in such region following Regulatory Approval. Sales prior to receipt of marketing and pricing approvals, such as so-called "treatment IND sales," "named patient sales" and "compassionate use sales" and any sales to any government, foreign or domestic, including purchases for immediate sale or stockpiling purposes, are not a First Commercial Sale in that region.

1.40. "**FTE**" means the equivalent of the work of a full-time individual for a twelve (12) month period.

1.41. "**FTE Rate**" means a rate of US$[…***…] per FTE per year, to be pro-rated on an hourly basis of US$[…***…] per FTE per hour, based on […***…] hours per year for an FTE and is subject to adjustments […***…].

1.42. "**Fully Burdened Manufacturing Costs**" means the cost of Manufacturing the Product. Fully Burdened Manufacturing Costs shall be a "standard cost" per unit (calculated annually), comprised of the following elements calculated in accordance with GAAP: […***…]; provided, however, that […***…] and […***…]. To the extent that Products are sourced from one or more CMOs by TPTX, Fully Burdened Manufacturing Costs shall be the actual invoiced price paid by a Party to such CMO(s) for the manufacture and supply of a Product[…***…].

1.43. "**GAAP**" means the United States generally accepted accounting principles, consistently applied.

1.44. "**GCP**" means all applicable Good Clinical Practice standards for the design, conduct, performance, monitoring, auditing, recording, analyses and reporting of Clinical Trials, including, as applicable (a) as set forth in the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use Harmonized Tripartite Guideline for Good Clinical Practice (CPMP/ICH/135/95) and any other guidelines for good clinical practice for trials on medicinal products in the Territory, (b) the Declaration of Helsinki (2004) as last amended at the 52nd World Medical Association in October 2000 and any further amendments or clarifications thereto, (c) U.S. Code of Federal Regulations Title 21, Parts 50 (Protection of Human Subjects), 56 (Institutional Review Boards) and 312 (Investigational New Drug Application), as may be amended from time to time, and (d) the equivalent Applicable Laws in the region in the Territory, each as may be amended and applicable from time to time and in each case, that provide for, among other things, assurance that the clinical data and reported results are credible and accurate and protect the rights, integrity, and confidentiality of trial subjects.

1.45. "**Generic Product**" means, with respect to a Product in a region in the Territory, after Regulatory Approval of such Product in such region, any other therapeutic drug product designated for human use which (a) contains the same active ingredient as such Product, (b) is approved for use pursuant to a Regulatory Approval process in such country that is based on the indications and conditions of use on a product meeting the standards set forth in the foregoing (a), whether or not such Regulatory Approval was based upon data generated by the Party independently or was obtained using an abbreviated, expedited or other process, and (c) is authorized for sale or sold in the region (or is commercially available in the same region via import from another region) as the Product by or on behalf of a Third Party that has not obtained rights to, and did not purchase, such product or its active pharmaceutical ingredients from Zai or any of its Affiliates or Sublicensees.

1.46. "**Generic Competition**" means, with respect to a particular Product in a region in the Territory, after a Generic Product is first launched in such region, […***…].

1.47. "**Global Development Plan**" shall have the meaning set forth in Section 5.4(a).

1.48. "**Global Study**" means a clinical study designed to obtain Regulatory Approvals for the Products in multiple jurisdictions through the conduct of a Clinical Trial in multiple medical institutions, countries, regions, territories and conducted as part of one (1) unified Clinical Trial or separately but concurrently in accordance with a common Clinical Trial protocol.

1.49. "**GLP**" means all applicable Good Laboratory Practice standards, including, as applicable, as set forth in the then current good laboratory practice standards promulgated or endorsed by the U.S. Food and Drug Administration as defined in 21 C.F.R. Part 58, or the equivalent Applicable Laws in the region in the Territory, each as may be amended and applicable from time to time.

1.50. "**Governmental Authority**" means any court, commission, authority, department, ministry, official or other instrumentality of, or being vested with public authority under any law of, any country, region, state or local authority or any political subdivision thereof, or any association of countries.

1.51. "**GSP**" means all applicable Good Supply Practice standards, including, as applicable, as set forth in the then current good supply practice standards promulgated or endorsed by the FDA as defined in Good Supply Practice for Pharmaceutical Products or the equivalent Applicable Laws in the region in the Territory, each as may be amended and applicable from time to time.

1.52. "**ICC Rules**" shall have the meaning set forth in Section 15.4(a).

1.53. "**Improvement**" means any improvement, modification, or enhancement to any Licensed Technology invented, discovered, generated or made (a) solely by either Party, its Affiliates or its or its Affiliates' employees, agents or independent contractors or (b) jointly by both Parties, their Affiliates or their and their Affiliates' employees, agents or independent contractors, in each case, during the Term in the performance of any activity contemplated under this Agreement (including Global Studies and Local Studies) or otherwise in the exercise of its (their) rights or the carrying out of its (their) obligations under this Agreement, including all rights, title and interest in and to the intellectual property rights therein.

1.54. "**IND**" means an investigational new drug application or equivalent application filed with the applicable Regulatory Authority, which application is required to commence Clinical Trials in the applicable jurisdiction.

1.55. "**Indemnifying Party**" shall have the meaning set forth in Section 12.3.

1.56. "**Indemnitee**" shall have the meaning set forth in Section 12.3.

1.57. "**Indication**" means a separate and distinct disease or condition, or sign or symptom of a disease or medical condition. For clarity, different lines of treatment or the treatment of separate stages or forms of the same disease or medical condition shall not constitute separate Indications.

1.58. "**Invention**" means any process, method, composition of matter, article of manufacture, discovery or finding, patentable or otherwise, that is invented, discovered or generated as a result of a Party (or the Parties jointly) exercising its (their) rights or carrying out its (their) obligations under this Agreement, including all rights, title and interest in and to the intellectual property rights therein.

1.59. "**JDC**" shall have the meaning set forth in Section 3.3(a).

1.60. "**Joint Global Study**" shall have the meaning set forth in Section 5.4(b).

1.61. "**Joint Invention**" shall have the meaning set forth in Section 13.1(b).

1.62. "**Joint Patent**" shall have the meaning set forth in Section 13.1(b).

1.63. "**JSC**" shall have the meaning set forth in Section 3.2(a).

1.64. "**Know-How**" means any proprietary scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, including databases, safety information, practices, methods, techniques, specifications, formulations, formulae, knowledge, know-how, skill, experience, test data including pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data, stability data, studies and procedures, and manufacturing process and development information, results and data.

1.65. "**Licensed Component**" shall have the meaning set forth in Section 1.19.

1.66. "**Licensed Compound**" means repotrectinib (known as TPX-0005), a small, macrocyclic TKI of ROS1, TRK and ALK, including any salt, metabolite, prodrugs, free-base, hydrate, solvate, polymorph, racemate, isotope, stereoisomer enantiomer thereof.

1.67. "**Licensed Know-How**" means any and all Know-How Controlled by TPTX or its Affiliates as of the Effective Date or during the Term, including TPTX's joint ownership interest in any Know-How within the Joint Inventions, that is necessary or reasonable useful for the Development, packaging or labelling, or Commercialization of the Product in the Field in the Territory, except to the extent excluded pursuant to Section 5.4(d). Notwithstanding the foregoing, in the event a Change of Control of TPTX occurs after the Effective Date, Know-How Controlled by any Affiliate of TPTX that was not an Affiliate of TPTX immediately prior to such Change of Control transaction shall not be Licensed Know-How except to the extent such Know-How falls within the definition of Licensed Know-How in the immediately preceding sentence and (a) is also Controlled by TPTX or its Affiliate existing immediately prior to such transaction or (b) is generated or used by such Affiliate in the Development, packaging or labelling or Commercialization of the Licensed Compound or Product after such transaction.

1.68. "**Licensed Patents**" means the Patents in the Territory Controlled by TPTX or its Affiliates as of the Effective Date or during the Term, including TPTX's joint ownership interest in any Joint Patents in the Territory, that (a) claim the Licensed Compound or the Product (including the composition of matter, formulation, or method of packaging or labelling or use thereof); and (b) are necessary or reasonably useful for the Development, packaging or labelling, or Commercialization of the Product in the Field in the Territory, except to the extent excluded pursuant to Section 5.4(d). Schedule 1.68 contains a list of all Licensed Patents as of the Effective Date. Notwithstanding the foregoing, in the event a Change of Control of TPTX occurs after the Effective Date, Patents Controlled by any Affiliate of TPTX that was not an Affiliate of TPTX immediately prior to such Change of Control transaction shall not be Licensed Patents except to the extent any such Patent falls within the definition of Licensed Patents in the immediately preceding sentence and (i) is also Controlled by TPTX or its Affiliate existing immediately prior to such transaction or (ii) claims any Invention generated or used by such Affiliate in the Development, packaging or labelling or Commercialization of the Product after such transaction.

1.69. "**Licensed Technology**" means the Licensed Know-How and Licensed Patents.

1.70. "**Local Study**" means any Clinical Trial for any Product in the Field and which (a) Zai determines to conduct and is conducted by or on behalf of Zai in the Territory, and (b) does not include clinical sites in any country or jurisdiction outside the Territory.

1.71. "**Losses**" shall have the meaning set forth in Section 12.1.

1.72. "**Manufacture**" or "**Manufacturing**" or "**Manufactured**" means all operations involved in the manufacturing, filling and finishing, quality control testing (including in-process, release and stability testing, if applicable), storage, releasing, packaging and labeling.

1.73. "**Manufacturing Technology**" shall have the meaning set forth in Section 7.3.

1.74. "**Manufacturing Technology Transfer**" shall have the meaning set forth in Section 7.3.

1.75. "**Milestone Events**" means Development Milestone Events and Net Sales Milestone Events.

1.76. "**Milestone Payments**" means Development Milestone Payments and Net Sales Milestone Payments.

1.77. "**Net Sales**" means the gross price billed or invoiced on sales of the Product by Zai, its Affiliates, or Sublicensees to a Third Party that is not a Sublicensee in the Territory, less (without duplication) usual and customary:

(a) cash, trade or quantity discounts actually granted and deducted solely on account of sales of the Product, but excluding early payment discounts;

(b) rebates actually paid to individual or group purchasers of the Product that are solely on account of the purchase of such Product;

(c) credits issued for the Product recalled or not accepted by customers or other refunds, allowances and chargebacks actually granted and related to the Product;

(d) (i) freight expense (actual), including insurance, to the extent it is not charged to or reimbursed by the customer, (ii) early payment discounts, (iii) bad debt written off under GAAP, with reasonable collection efforts and added back if collected; and

(e) Taxes (including, but not limited to sales, value added, consumption and similar taxes; but excluding income taxes) actually incurred, paid or collected and remitted to the relevant tax authority for the sale of the Product; provided that any amount of such taxes refunded, recovered or credited back by the relevant tax authority shall be included in Net Sales.

Each of the amounts set forth above shall be determined from the books and records of Zai, its Affiliate or Sublicensee, maintained in accordance with GAAP or in the case of Sublicensees, such similar accounting principles, consistently applied, and any amounts that are deducted from Net Sales pursuant to one subsection may not be deducted pursuant to another subsection (i.e., a deduction may only be taken once).

The transfer of a Product to an Affiliate, Sublicensee, or other Third Party (i) in connection with the Development or testing of a Product (including the conduct of clinical studies), (ii) for purposes of distribution as promotional samples, (iii) for indigent or similar public support or compassionate use programs, or (iv) by and between Zai and its Affiliates or Sublicensees shall not, in any case, be considered a Net Sale of a Product under this Agreement. Subject to the foregoing, any sales income received by Zai, its Affiliates or Sublicensees for Products prior to or after Regulatory Approval shall be Net Sales and subject to the Royalty Payments under Section 9.4(a).

Net Sales shall also include and be deemed to have been made with respect to any Products used by Zai or any Affiliate, for its own commercial purposes, or transferred to any Third Party for less than what the transferee is then charging in normal arms-length sales transactions; and Net Sales in all such cases shall be deemed to have been made at the prices therefor at which such Products are then being sold to the customers of such user or transferor (or of Zai, if an Affiliate is a user but not a seller) in arms-length sales transactions. For clarity, in the event the Product is sold in an arms-length transaction to a governmental agency, a group purchase entity or any other entity having the bargaining power to negotiate the purchase price below normal retail price in transactions of lesser volume, Net Sales shall be calculated based on the actual price negotiated and agreed to for such agency or entity and not be based on the price charged in other arms-length sales transactions.

To the extent that Zai or any of its Affiliates, or Sublicensees, provides to the purchasing Third Party discounts or allowances that are applicable to purchases of the Product and one or more other products (such as in a “bundled sale” arrangement), such discounts and allowances shall be allocated between the Product (for purposes of the deductions used in calculating Net Sales as above) and such other products in an equitable and commercially reasonable manner that does not unfairly or inappropriately bias the level of discounting against the Product (as compared to the other products).

If Zai or any of its Affiliates, or Sublicensees, sells a Product as a Licensed Component of a Combination Product in the Territory in any Calendar Quarter, then Net Sales shall be calculated by multiplying the Net Sales of the Combination Product during such Calendar Quarter by the fraction A/(A+B), where A is the average Net Sales per unit sold of the Licensed Component when sold separately in the Territory during such Calendar Year (calculated by determining the Net Sales of the Licensed Component during such Calendar Quarter in accordance with the definition of Net Sales set forth herein and dividing such Net Sales by the number of units of the Licensed Component during such Calendar Quarter) and B is the average Net Sales per unit sold of the Other Component(s) included in the Combination Product when sold separately during such Calendar Quarter (calculated by determining the Net Sales of such Other Component(s) sold during such Calendar Quarter by applying the definition of Net Sales set forth herein as if it applied to sales of such Other Component(s) and dividing such Net Sales by the number of units of such Other Component(s) sold during such Calendar Quarter). In each case, A and B shall be adjusted on a pro rata basis to account for dosing differences between the amounts of Licensed Component and Other Component(s) included in the Combination Product relative to the amounts of Licensed Component and Other Component(s) included in the separately sold product.

For purposes of calculating the average Net Sales per unit sold of a Licensed Component and Other Component(s) of a Combination Product, any of the deductions described herein that apply to such Combination Product shall be allocated among sales of the Licensed Component and sales of the Other Component(s) included in such Combination Product as follows: (1) deductions that are attributable solely to the Licensed Component or one of the Other Component(s) shall be allocated solely to Net Sales of the Licensed Component or such Other Component, as applicable, and (2) all other deductions shall be allocated among sales of the Licensed Component and sales of the Other Component(s) in proportion to Zai’s and TPTX’s mutual agreement of the fair market value of the Licensed Component and the Other Component(s).

In the event that no separate sales of the Licensed Component or any Other Component(s) included in a Combination Product are made by Zai or its Affiliates, or Sublicensees, during a Calendar Quarter in which such Combination Product is sold, the average Net Sales per unit sold in the above described equation shall be replaced with Zai's and TPTX's mutual written agreement of the fair market value of the Licensed Component and each of the Other Component(s) included in such Combination Product.

1.78. "**Net Sales Milestone Event**" shall have the meaning set forth in Section 9.3(a).

1.79. "**Net Sales Milestone Payment**" shall have the meaning set forth in Section 9.3(a).

1.80. "**NMPA**" means the National Medical Products Administration, formerly known as the China Food and Drug Administration, and local or provincial counterparts thereto, and any successor agency(ies) or authority thereto having substantially the same function.

1.81. "**Other Component**" shall have the meaning set forth in Section 1.19.

1.82. "**Party**" or "**Parties**" shall have the meaning set forth in the preamble to this Agreement.

1.83. "**Patent Prosecution**" means the responsibility and authority for (a) preparing, filing and prosecuting applications (of all types) for any Patent (including any decision whether to file a further divisional application), (b) managing any interference, opposition, re-issue, reexamination, invalidation proceedings, revocation, nullification, or cancellation proceeding relating to the foregoing, (c) deciding to abandon Patent(s), (d) listing in regulatory publications (as applicable), (e) patent term extension, and (f) settling any interference, opposition, revocation, nullification or cancellation proceeding.

1.84. "**Patents**" means (a) all national, regional and international patents and patent applications, including any provisional patent application, (b) any patent application claiming priority from such patent application or provisional patent applications, including divisions, continuations, continuations-in-part, additions, (c) any patent that has issued or in the future issues from any of the foregoing patent applications, including any utility or design patent or certificate of invention, and (d) re-issues, renewals, extensions, substitutions, re-examinations or restorations, registrations and revalidations, and supplementary protection certificates and equivalents to any of the foregoing.

1.85. "**Person**" means any individual, sole proprietorship, corporation, joint venture, limited liability company, partnership, limited partnership, limited liability partnership, trust or any other private, public or governmental entity.

1.86. "**Pharmacovigilance Agreement**" shall have the meaning set forth in Section 6.9(a).

1.87. "**PRC**" means the People's Republic of China, which for the purposes of this Agreement shall exclude Hong Kong, Macau, and Taiwan.

1.88. "**Prime Rate**" means for any day a per annum rate of interest equal to the "prime rate," as published in the "Money Rates" column of The Wall Street Journal, from time to time, or if for any reason such rate is no longer available, a rate equivalent to the base rate on corporate loans posted by at least percent (70%) of the ten largest U.S. banks.

1.89. "**Product**" means any pharmaceutical preparation containing the Licensed Compound as an active ingredient, in any formulation or dosage form.

1.90. "**Product Infringement**" shall have the meaning set forth in Section 13.4(a).

1.91. "**Product Marks**" shall have the meaning set forth in Section 8.4.

1.92. "**Product Specifications**" means the specifications of the Product to be agreed by the Parties in the Supply Agreement.

1.93. "**Public Official**" shall have the meaning set forth in Section 11.5(d).

1.94. "**Quality Agreement**" shall have the meaning set forth in Section 7.2.

1.95. "**Receiving Party**" shall have the meaning set forth in Section 10.1(a).

1.96. "**Regulatory Approval**" means, with respect to a Product in a region or a country, the approvals from the necessary Governmental Authority to import, market and sell such Product in such region (but excluding pricing approvals and reimbursement approvals).

1.97. "**Regulatory Approval Application**" means a New Drug Approval Application or Biologics License Application (each, as defined in the U.S. Federal Food, Drug and Cosmetic Act (21 U.S.C. §301 et seq.), as amended from time to time) in the U.S., or any corresponding application for approval to market or sell a product in any country, region or jurisdiction in the Territory.

1.98. "**Regulatory Authority**" means any applicable Governmental Authority responsible for granting Regulatory Approvals for Products, including the NMPA, and any corresponding national or regional regulatory authorities.

1.99. "**Regulatory Submissions**" means any filing, application, or submission with any Regulatory Authority, including authorizations, approvals or clearances arising from the foregoing, including Regulatory Approvals, and all correspondence or communication with or from the relevant Regulatory Authority, as well as minutes of any material meetings, telephone conferences or discussions with the relevant Regulatory Authority, in each case, with respect to a Product.

1.100. "**Remedial Action**" shall have the meaning set forth in Section 6.11.

1.101. "**Replacement Site**" shall have the meaning set forth in Section 5.7.

1.102. "**Retained Rights**" shall have the meaning set forth in Section 2.2.

1.103. "**Royalty Payment**" shall have the meaning set forth in Section 9.4(a).

1.104. "**Royalty Term**" shall have the meaning set forth in Section 9.4(b).

1.105. "**Sole Invention**" shall have the meaning set forth in Section 13.1(b).

1.106. "**Sublicensee**" means a Third Party or Zai's Affiliate who was granted a sublicense by Zai under the licenses granted in Section 2.1. For clarity, a Third Party who was granted a sublicensee by a Sublicensee shall also be deemed a Sublicensee.

1.107. "**Supply Agreement**" shall have the meaning set forth in Section 7.2.

1.108. "**Tax**" or "**Taxes**" means any present or future taxes, levies, imposts, duties, charges, assessments or fees of any nature (including any interest thereon). For the avoidance of doubt, Taxes includes VAT.

1.109. "**Term**" shall have the meaning set forth in Section 14.1(a).

1.110. "**Territory**" means the PRC, Hong Kong, Macau, and Taiwan (which for purposes of this Agreement shall each be deemed a region).

1.111. "**Third Party**" means an entity other than (a) Zai and its Affiliates or (b) TPTX and its Affiliates.

1.112. […***…]

1.113. […***…]

1.114. "**TPTX**" shall have the meaning set forth in the preamble of this Agreement.

1.115. "**TPTX Acquirer**" shall have the meaning set forth in Section 8.7.

1.116. "**TPTX Acquirer ROFN**" shall have the meaning set forth in Section 8.7.

1.117. "**TPTX Acquirer ROFN Exercise Notice**" shall have the meaning set forth in Section 8.7.

1.118. "**TPTX Acquirer ROFN Negotiation Period**" shall have the meaning set forth in Section 8.7.

1.119. "**TPTX Indemnitee(s)**" shall have the meaning set forth in Section 12.1.

1.120. "**TPTX Pipeline Product**" means each of […***…].

1.121. "**TPTX Product Marks**" shall have the meaning set forth in Section 8.4.

1.122. "**Transition Period**" shall have the meaning set forth in Section 14.9(b)(iv).

1.123. "**U.S. Dollars**" or "**$**" means United States dollars, the lawful currency of the United States.

1.124. "**Upfront Payment**" shall have the meaning set forth in Section 9.1.

1.125. "**Valid Claim**" means (a) a claim of an issued and unexpired Patent included within the Licensed Patents (including any Patent covering an Improvement and any Joint Patents in the Territory) that (i) covers the Licensed Compound or the Product (including the composition of matter, formulation, or method of packaging or labelling or use thereof) in the Territory that (ii) has not been permanently revoked or held unenforceable or invalid by a decision of a court or other governmental agency of competent jurisdiction, which decision is not appealable or is not appealed within the time allowed for appeal, and has not been abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, disclaimer or otherwise or (b) a claim of a pending patent application included within the Licensed Patents (including any Patent covering an Improvement and any Joint Patent) in the Territory that (1) would cover the Licensed Compound or Product (including the composition of matter, formulation, or method of packaging or labelling or use thereof) in the Territory if such claim was to issue, (2) has not been pending for more than […***…] years from its earliest priority date, and (3) (A) has not been cancelled, withdrawn or abandoned or (B) finally rejected by an administrative agency action from which no appeal can be taken or that has not been appealed within the time allowed for appeal.

1.126. "**VAT**" means value-added taxes or other similar taxes.

1.127. "**Withholding Income Taxes**" shall have the meaning set forth in Section 9.8(b).

1.128. "**Withholding Taxes**" shall have the meaning set forth in Section 9.8(b).

1.129. "**Withholding VAT Taxes**" shall have the meaning set forth in Section 9.8(a).

1.130. "**Zai**" shall have the meaning set forth in the preamble of this Agreement.

1.131. "**Zai Indemnitee(s)**" shall have the meaning set forth in Section 12.2.

1.132. "**Zai IP**" means any and all Know-How and Patents Controlled by Zai or its Affiliates (a) as of the Effective Date or (b) at any time during the Term that are, in each case, (i) not Improvements and (ii) necessary or reasonably useful for the Development, Manufacture, use or Commercialization of the Licensed Compound or any Product.

1.133. "**Zai Patents**" shall have the meaning set forth in Section 13.3(b).

1.134. "**Zai ROFN**" shall have the meaning set forth in Section 2.7.

1.135. "**Zai ROFN Exercise Notice**" shall have the meaning set forth in Section 2.7.

1.136. "**Zai ROFN Exercise Period**" shall have the meaning set forth in Section 2.7.

1.137. "**Zai ROFN Expiration**" shall have the meaning set forth in Section 2.7.

1.138. "**Zai ROFN Negotiation Period**" shall have the meaning set forth in Section 2.7.

1.139. "**Zai ROFN Offer Notice**" shall have the meaning set forth in Section 2.7.

ARTICLE 2

LICENSES; NON-COMPETE; ZAI ROFN

2.1. License Grant to Zai. Subject to the terms and conditions of this Agreement, TPTX hereby grants to Zai, during the Term, (a) an exclusive, royalty-bearing license, with the right to grant sublicenses (solely in accordance with Section 2.3), under the Licensed Technology to Develop, register, use, sell, offer for sale, import and otherwise Commercialize the Products in the Field in the Territory; and (b) a non-exclusive, royalty-bearing license, with the right to grant sublicenses (solely in accordance with Section 2.3), under the Licensed Technology to package or have packaged, and label or have labeled the Products in the Field in and outside the Territory, solely to support the Development, use, sale, offer for sale, import or other Commercialization of the Products in the Field in the Territory. For clarity, (i) the licenses granted by TPTX to Zai under this Section 2.1 shall not include any right or license to any product containing any of TPTX's proprietary compounds other than the Licensed Compound, and (ii) the licenses granted under this Section 2.1 do not include any right to Manufacture or to have Manufactured the Licensed Compound or Products, except for Zai's non-exclusive right to package and label the Licensed Compound and Product in accordance with Section 2.1(b).

2.2. TPTX Retained Rights. Notwithstanding anything to the contrary in this Agreement, TPTX hereby expressly retains, on behalf of itself (and its Affiliates, other licensees, and sublicensees) (a) all rights under the Licensed Technology to fulfill, either itself, its Affiliates or through subcontractors, TPTX's obligations under this Agreement; (b) the exclusive rights to Develop, Manufacture or have Manufactured (subject to Zai's non-exclusive right to package and label the Licensed Compound and Product outside the Territory in accordance with Section 2.1(b)), use, sell, offer for sale, import and otherwise Commercialize the Licensed Compound and Products outside the Territory; and (c) (i) subject to and in accordance with Section 5.4, […***…] (including through the conduct of Global Studies by TPTX pursuant to Section 5.4) (the "**Retained Rights**"); provided that upon Zai's reasonable request, TPTX shall perform any research activity that is necessary or reasonably useful for the Development of or obtaining the Regulatory Approval for the Product in the Territory in accordance with the Clinical Development Plan or as otherwise proposed by Zai and thereafter approved by the JDC at Zai's cost. In the event that TPTX wishes to exercise its Retained Rights […***…]. For the avoidance of doubt, the Retained Rights shall exclude the right under the Licensed Technology to Commercialize the Licensed Compound or Products in the Field in the Territory during the Term, and TPTX, its Affiliates and licensees of rights to the Licensed Compound or Products (other than Zai and its Affiliates and Sublicensees) shall not undertake such Commercialization of the Licensed Compound or Products in the Field in the Territory without Zai's express prior written consent.

2.3. Right to Sublicense.

(a) **General**. Zai shall have the right to grant sublicenses under the licenses granted in Section 2.1 to: (i) its Affiliates without TPTX's consent or approval; and (ii) any Third Party only with TPTX's prior written consent (not to be unreasonably withheld, delayed or conditioned). Zai remain primarily responsible for all of its obligations under this Agreement that have been delegated or sublicensed to any Sublicensee and shall be liable for (1) its Sublicensee's conduct that is prohibited under this Agreement, and (2) its Sublicensee's breach of this Agreement which shall be deemed a breach of this Agreement as if Zai had itself conducted the action or inaction that contributed to the breach of this Agreement; provided that Zai shall have the right to cure, if curable, such breach on behalf of such Sublicensee within […***…] days following the receipt of notice of such breach.

(b) **Restrictions**. Zai shall not grant a sublicense to any Third Party that has been debarred or disqualified by any Governmental Authority or is subject to any proceedings, sanctions or fines under any Anti-Corruption Law. Zai shall ensure, prior to engaging any Third Party as a Sublicensee that such Third Party is subject to written agreements containing terms and conditions that: (i) require each such Sublicensee to protect and keep confidential any Confidential Information of the Parties, including in accordance with ARTICLE 10; (ii) provide TPTX with the right to audit (either by itself or through Zai or Zai's designee) the books and records of each such Sublicensee in accordance with this Agreement (including pursuant to Sections 6.10, 9.6(b), 9.6(d), and 11.5(a)(iv)); (iii) do not impose any payment obligations or liability on TPTX; and (iv) are otherwise consistent with the terms of this Agreement. Zai shall provide a copy of the complete executed agreement with each Sublicensee to TPTX; provided that Zai shall be permitted to redact commercially sensitive economic terms of any such agreement which terms are not necessary for TPTX to confirm Zai's compliance with its obligations hereunder.

2.4. License Grant to TPTX. Subject to the terms and conditions of this Agreement, Zai hereby grants to TPTX a perpetual, fully paid-up and royalty free, and sublicenseable (in multiple tiers) license under Zai IP to exercise its Retained Rights, which shall be exclusive with respect to the Retained Rights in Section 2.2(b) and (c)(ii) and non-exclusive with respect to all other Retained Rights.

2.5. No Implied Licenses; Negative Covenant. Except as set forth herein, neither Party shall acquire any license or other intellectual property interest, by implication or otherwise, under any Know-How, trademarks, Patents of the other Party. Each Party shall not, and shall not permit any of its Affiliates or sublicensees to, practice any Patent or Know-How licensed to it by the other Party outside the scope of the licenses granted to it under this Agreement.

2.6. Exclusivity.

(a) **Non-Compete**.

(i) During the Term, except as provided in Section 2.6(b) below or otherwise expressly contemplated under this Agreement, Zai shall not, and shall cause its Affiliates, licensees, Sublicensees to not, engage in (independently or for or with any Third Party) any Development, Manufacture or Commercialization in or outside the Territory of any Competing Product other than the Licensed Compound and Products as permitted under this Agreement.

(ii) During the Term, except as provided in Section 2.6(b) below or otherwise expressly contemplated under this Agreement, TPTX shall not, and shall cause its Affiliates, and its licensees and sublicensees with respect to the Licensed Compound or Products to not, engage in (independently or for or with any Third Party) any Development, Manufacture or Commercialization in the Territory of any Competing Product other than the Licensed Compound and Products as permitted under the Retained Rights, except that TPTX may, and may allow its Affiliates and such licensees and sublicensees, to Manufacture or have Manufactured any Competing Product in the Territory solely to support the Development, Manufacture, use sale, offer for sale, import and other Commercialization of any Competing Product outside of the Territory.

(b) **Change of Control; Acquisition**.

(i) **Change of Control of a Party**. In the event that a Party or any of its Affiliates undergoes a Change of Control with a Third Party (an "**Acquirer**"), the restrictions set forth in Section 2.6(a) shall not apply to (1) any activities that would otherwise constitute a breach of Section 2.6(a), including a Competing Product that is being Developed, Manufactured, registered or Commercialized (collectively, "**Competing Activities**"), being performed by the Acquirer or its Affiliates at the closing of the applicable transaction, or (2) any Competing Activities undertaken after the closing of the Change of Control transaction by an Acquirer or its Affiliates (other than such Party or any of its Affiliates existing prior to the closing of such transaction), in each case of (1) and (2) as long as […***…].

(ii) **Acquisition of a Third Party by a Party**. In the event that either Party or any of its Affiliates that is subject to the restrictions set forth in Section 2.6(a) merges or consolidates with, or otherwise acquires a Third Party (whether such transaction occurs by way of a sale of assets, merger, consolidation or similar transaction) (an "**Acquired Party**") that is performing any Competing Activities at the closing of such transaction, the other Party shall have the right to terminate this Agreement with an immediate effect upon written notice to such Party at any time after […***…] months following such closing unless by the end of such […***…] month period, such Party or such Party's Acquired Party has (1) divested, or caused their respective Affiliate to have divested, whether by license or otherwise, its interest in the corresponding Competing Products or (2) terminated the corresponding performance of any Competing Activities with respect to the corresponding Competing Products, and provide the other Party with written confirmation of such divestment or termination. In the event such Party, after receiving such written notice from the other Party, in good faith disputes the existence of such Competing Activities, then such termination shall not become effective unless and until such dispute is resolved with a determination that such Competing Activities exist.

2.7. Zai's Right of First Negotiation. Subject to the terms and conditions of this Agreement, TPTX hereby grants to Zai a right of first negotiation with respect to each TPTX Pipeline Product (the "**Zai ROFN**") as follows: on a TPTX Pipeline Product-by-TPTX Pipeline Product basis, (a) if, at any time during the Term that the Zai ROFN is in effect, TPTX seeks to license to a Third Party the right to Commercialize such TPTX Pipeline Product in a territory that primarily includes one or more regions in the Territory, then TPTX shall promptly provide Zai with written notice (the "**Zai ROFN Offer Notice**"); (b) Zai shall thereafter have […***…] days following the date of Zai's receipt of such Zai ROFN Offer Notice (the "**Zai ROFN Exercise Period**") to exercise the Zai ROFN by providing TPTX with written notice of its intent to obtain a license to such TPTX Pipeline Product in the Territory (the "**Zai ROFN Exercise Notice**"); (c) if Zai delivers such Zai ROFN Exercise Notice prior to the expiration of the Zai ROFN Exercise Period, Zai shall have the exclusive right to negotiate with TPTX, and the Parties shall negotiate in good faith, for a period up to […***…] days from the date of the Zai ROFN Exercise Notice (or any additional period of time if mutually agreed in writing by the Parties) (the "**Zai ROFN Negotiation Period**") the terms and conditions of such license; and (d) if (i) Zai does not provide TPTX with a Zai ROFN Exercise Notice prior to the expiration of the Zai ROFN Exercise Period or (ii) Zai provides TPTX with a Zai ROFN Exercise Notice prior to the expiration of the Zai ROFN Exercise Period and the Parties fail to enter into a definite agreement regarding the terms and conditions with respect to such license prior to the expiration of the Zai ROFN Negotiation Period, (1) the Zai ROFN shall automatically expire on the applicable expiration date (the "**Zai ROFN Expiration**"), which, with respect to the Zai ROFN Exercise Period, shall be the last day of the Zai ROFN Exercise Period, and with respect to the Zai ROFN Negotiation Period, shall be the last day of the Zai ROFN Negotiation Period; and (2) TPTX shall be free to enter into a license agreement with a Third Party for the Commercialization of such TPTX Pipeline Product. Notwithstanding anything to the contrary, (v) if TPTX provides Zai with the Zai ROFN Offer Notices for two (2) TPTX Pipeline Products pursuant to this Section 2.7, the Zai ROFN shall automatically expire, the third product would no longer be deemed a TPTX Pipeline Product and TPTX shall not have any further obligations to Zai under this Section 2.7 with respect to such third product, (w) the Zai ROFN shall automatically expire, and TPTX shall not have any further obligations to Zai under this Section 2.7, upon the closing of a Change of Control of TPTX if the Zai ROFN Offer Notice has not been delivered or, if delivered, the Zai ROFN has not been exercised prior to such closing, (x) the Zai ROFN only applies to the TPTX Pipeline Products and not to any other TPTX compounds or products, (y) the Zai ROFN only applies if the intended territory primarily includes one or more regions in the Territory, but not to any license that is worldwide or for an intended territory primarily comprised of regions outside the Territory even if it also includes one or more regions in the Territory, and upon the grant by TPTX of such a license that includes all or any regions within the Territory, the Zai ROFN with respect to such regions shall automatically expire, and TPTX shall not have any further obligations under this Section 2.7 with respect to such regions, and (z) nothing in this Section 2.7 shall prevent TPTX from negotiating or completing any transaction for the sale of all or substantially all of the business or assets of TPTX relating to the Licensed Compound or Products, whether by merger, sale of stock, sale of assets or otherwise, and the Zai ROFN shall not apply to such transaction.

ARTICLE 3

GOVERNANCE

3.1. Alliance Managers. Within […***…] days following the Effective Date, each Party shall appoint (and notify the other Party of the identity of) a representative having the appropriate qualifications (including a general understanding of pharmaceutical Development and Commercialization issues) to act as its alliance manager regarding Development, Manufacture and Commercialization of the Products in the Territory under this Agreement (the "**Alliance Manager**"). The Alliance Managers shall serve as the primary contact points between the Parties regarding the Product Development, Manufacture and Commercialization activities in the Territory contemplated under this Agreement. The Alliance Managers shall (a) facilitate the flow of information; (b) otherwise promote communication, coordination and collaboration between the Parties by providing single point communication for seeking consensus both internally within each Party's respective organization, including facilitating review of external corporate communications, and raising cross-Party or cross-functional disputes in a timely manner; and (c) manage the JSC and JDC meetings by (i) calling meetings of the JSC and JDC; (ii) preparing and issuing minutes of each such meeting within ten (10) Business Days thereafter; and (iii) preparing and circulating an agenda for the upcoming meeting, in each case at the direction of and in consultation with the then-current chairperson. Each Party may replace its Alliance Manager by written notice to the other Party.

3.2. Joint Steering Committee.

(a) **Formation**. Within […***…] days after the Effective Date, the Parties shall establish a joint steering committee (the "**JSC**") to cooperate, coordinate, integrate and monitor the Development and Commercialization of the Products in the Field in the Territory under this Agreement. Each Party shall appoint […***…] representatives (or such other equal number of representatives as agreed by the Parties in writing) to the JSC, each of whom shall be an officer or employee of the applicable Party having sufficient seniority within such Party to make decisions arising within the scope of the JSC's responsibilities. Each Party may replace its JSC representatives upon written notice to the other Party; provided that the Parties shall use reasonable efforts not to make changes to such representatives during the first […***…] months after establishment of the JSC. Upon the JSC's establishment, a representative from Zai shall act as the chairperson of the JSC. Once a year, the role of chairperson shall rotate between the Parties. The chairperson shall not have any greater authority than any other representative of the JSC.

(b) **Role**. The JSC shall (i) provide a forum for the discussion of the Parties' activities under this Agreement; (ii) review and discuss the overall strategy for the Commercialization of the Product in the Field in the Territory; (iii) overseeing the activities of the JDC, resolving any matter as to which the JDC has authority but cannot reach agreement, including approving the Clinical Development Plan or any amendment thereto, as applicable, and reviewing, discussing and approving any changes in the scope or direction of the Development work with Products in the Territory to be performed by Zai under this Agreement that would be a material deviation from the Clinical Development Plan, whether or not approved by the JDC; (iv) review and discuss the Commercialization Plan and amendments thereto; (v) establish subcommittees as necessary or advisable to further the purpose of this Agreement; and (vi) perform such other functions as expressly set forth in this Agreement or allocated to it by the Parties' written agreement.

(c) **Limitation of Authority**. The JSC shall only have the powers expressly assigned to it in this ARTICLE 3 and elsewhere in this Agreement and shall not have the authority to: (i) modify or amend the terms and conditions of this Agreement; (ii) waive either Party's compliance with the terms and conditions of this Agreement; (iii) determine any such issue in a manner that would conflict with the express terms and conditions of this Agreement; (iv) make any decisions related to, or determine, approve or oversee the initiation, suspension, cessation, conduct, strategy, implementation of or other matters related to, any Global Study; or (v) impose any other obligations on either Party without the prior written consent of such Party.

(d) **Meetings**. The JSC shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than once every […***…] months. Each Party may call additional ad hoc JSC meetings as the needs arise with reasonable advance notice to the other Party. Meetings of the JSC may be held in person, by audio or video teleconference; provided that at least […***…] of the JSC shall be held in person unless otherwise agreed by the Parties. In-person JSC meetings shall be held at locations selected alternately by the Parties. Each Party shall be responsible for such Party's expenses of participating in the JSC meetings. No action taken at any JSC meeting shall be effective unless at least […***…] are participating in such JSC meeting.

(e) **Non-Member Attendance**. Each Party may from time to time invite a reasonable number of participants relevant to items on the issued agenda, in addition to its representatives, to attend the JSC meetings in a non-voting capacity; provided that if either Party intends to have any Third Party (including any consultant) attend such a meeting, such Party shall provide prior written notice to the other Party. Such Party shall also ensure that such Third Party is bound by confidentiality and non-use obligations consistent with the terms of this Agreement.

(f) **Decision-Making**. All decisions of the JSC shall be made by unanimous vote, with TPTX's representatives collectively having one (1) vote and Zai's representatives collectively having one (1) vote. If after reasonable discussion and good faith consideration of each Party's view on a particular matter before the JSC, the JSC cannot reach a decision as to such matter within […***…] days after such matter was brought to the JSC for resolution, such matter shall be referred by the Parties' Alliance Managers to the Chief Executive Officer of TPTX (or a senior officer designated by the Chief Executive Officer of TPTX) and the Chief Executive Officer of Zai (or a senior officer designated by the Chief Executive Officer of Zai) (the "**Executive Officers**") for resolution. […***…].

(g) **Exchange of Information**. The Parties shall cooperate to exchange information through the JSC with respect to Product Commercialization and medical affairs activities conducted by each Party and their Affiliates, in the case of Zai its Sublicensees, and in the case of TPTX its licensees of rights to Products outside the Territory to the extent permitted by such licensees.

3.3. Joint Development Committee.

(a) **Formation**. In accordance with Section 3.2(b)(vi), the Parties shall establish a subcommittee to review and oversee the Development of the Product(s) in the Territory and to coordinate the Parties' activities under this Agreement with respect to the Development of such Product(s) (the "**JDC**") within […***…] days after the establishment of the JSC by each Party appointing […***…] representatives (or such other equal number of representatives as agreed by the Parties in writing) to the JDC, each of which shall have sufficient seniority and relevant expertise to make decisions within the scope of the JDC's responsibilities. The JDC may change its size from time to time by mutual consent of the Parties; provided that the JDC shall consist at all times of an equal number of representatives of each Party. Each Party may at any time replace any one or more of its JDC representatives upon written notice to the other Party; provided that the Parties shall use reasonable efforts not to make changes to such representatives during the first […***…] months after establishment of the JDC. A member of the JDC may also be a member of the JSC or any other subcommittee established by the JSC if so desired by the Party who appoints such member.

(b) **Role**. The JDC shall (i) provide a forum for the discussion of the Parties' Product Development activities under this Agreement and status of Regulatory Submissions and Regulatory Approvals in the Territory; (ii) review, discuss and approve the Clinical Development Plan and amendments thereto; (iii) report safety issues of the Products to Regulatory Authorities; (iv) review data generated from the Clinical Trials of the Products in and outside the Territory; and (v) perform such other functions as expressly set forth in this Agreement or allocated to it by the Parties' written agreement.

(c) **Limitation of Authority**. The JDC shall only have the powers expressly assigned to it in this ARTICLE 3 and elsewhere in this Agreement and shall not have the authority to: (i) modify or amend the terms and conditions of this Agreement; (ii) waive either Party's compliance with the terms and conditions of this Agreement; (iii) determine any such issue in a manner that would conflict with the express terms and conditions of this Agreement; (iv) make any decisions related to, or determine, approve or oversee the initiation, suspension, cessation, conduct, strategy, implementation of or other matters related to any Global Study; or (v) impose any other obligations on either Party without the prior written consent of such Party.

(d) **Meetings**. The JDC shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than […***…] until the date when Zai first receives a Regulatory Approval for the Product in the PRC. Thereafter, the JDC shall hold meeting no less frequently than once every […***…] months. JDC meetings shall be held adjacently to JSC meetings to the extent possible. Each Party may call additional ad hoc JDC meetings as the needs arise with reasonable advance notice to the other Party. Meetings of the JDC may be held in person, by audio or video teleconference; provided that at least […***…] of the JDC shall be held in person unless otherwise agreed by the Parties. In-person JDC meetings shall be held at locations selected alternately by the Parties. Each Party shall be responsible for such Party's expenses of participating in the JDC meetings. No action taken at any JDC meeting shall be effective unless at least […***…] representatives of each Party are participating in such JDC meeting.

(e) **Non-Member Attendance**. Each Party may from time to time invite a reasonable number of participants relevant to items on the issued agenda, in addition to its representatives, to attend the JDC meetings in a non-voting capacity; provided that if either Party intends to have any Third Party (including any consultant) attend such a meeting, such Party shall provide prior written notice to the other Party. Such Party shall also ensure that such Third Party is bound by confidentiality and non-use obligations consistent with the terms of this Agreement.

(f) **Decision-Making**. All decisions of the JDC shall be made by unanimous vote, with TPTX's representatives collectively having one (1) vote and Zai's representatives collectively having one (1) vote. If after reasonable discussion and good faith consideration of each Party's view on a particular matter before the JDC, the JDC cannot reach a decision as to such matter within […***…] days after such matter was brought to the JSC for resolution, such matter shall be referred by the Parties' Alliance Managers to the JSC for resolution in accordance with Section 3.2(f).

(g) **Exchange of Information**. The Parties shall cooperate to exchange information through the JDC and otherwise as reasonably requested by the other Party with respect to Product Development activities conducted by each Party and their Affiliates, in the case of Zai its Sublicensees, and in the case of TPTX its licensees of rights to Products outside the Territory to the extent permitted by such licensees. Such exchange shall include summaries of information relating to Product Development activities of each Party, including all Clinical Trials of the Products, IND and Regulatory Approval Application filings for all indications for the Products. For Clinical Trials of a Product that may be used to support Regulatory Approval for such Product in the other Party's territory (including Global Studies), such exchange shall also include all data, results and analyses as reasonably requested by a Party, and the other Party shall have the right to use such data and results for the purpose of obtaining and maintaining Regulatory Approval for the Product in its territory.

3.4. Withdrawal. At any time during the Term and for any reason, TPTX shall have the right to withdraw from participation in the JSC or JDC upon written notice to Zai, which notice shall be effective immediately upon receipt. Following the issuance of a withdrawal notice and subject to this Section 3.4, TPTX's representatives to the applicable committee shall not participate in any meetings of such committee. If, at any time following the issuance of a withdrawal notice, TPTX wishes to resume participation in the applicable committee, TPTX shall notify Zai in writing, and thereafter, TPTX's representatives to such committee shall be entitled to attend any subsequent meeting of such committee and to participate in the activities of, and decision-making by, such committees as provided in this ARTICLE 3 as if a withdrawal notice had not been issued by TPTX. Following TPTX's issuance of a withdrawal notice, unless and until TPTX resumes participation in the applicable committee in accordance with this Section 3.4 (a) all meetings of the applicable committee will be held at Zai's facilities; and (b) TPTX shall have the right to continue to receive the minutes of such committee meetings, but shall not have the right to approve the minutes for any meeting of such committee held after TPTX's issuance of a withdrawal notice.

ARTICLE 4

DEVELOPMENT TECHNOLOGY TRANSFERS

4.1. Access to Licensed Know-How. TPTX shall provide or make available to Zai all Licensed Know-How which exists as of the Effective Date, which provision or access shall occur in a manner and following a reasonable schedule proposed by TPTX and agreed by the JDC (to be completed within […***…] days after the Effective Date or such later time as agreed by the JDC). During the Term, TPTX shall provide or make available Zai with additional Licensed Know-How, to the extent that such Licensed Know-How comes to TPTX's attention (or is reasonably requested by Zai) and has not previously been provided or made available to Zai.

4.2. Assistance by TPTX. At Zai's reasonable request, TPTX shall cooperate with Zai to provide reasonable technical assistance in connection with (a) the transfer to Zai of the Development of Products in the Territory and (b) the seeking of Regulatory Approval for Products in the Territory. Upon Zai's request for any reasonable technical assistance, TPTX shall provide Zai with such reasonable technical assistance […***…]

[…***…].

ARTICLE 5

DEVELOPMENT

5.1. Diligence and Responsibilities. Zai shall be primarily responsible for, and shall use Commercially Reasonable Efforts to conduct, all Development activities of the Products in the Field in the Territory in accordance with the Clinical Development Plan at Zai's sole cost subject to Section 5.4(b). Zai shall perform such obligations under the Clinical Development Plan in a professional manner, and in compliance in all respects with the Clinical Development Plan and the requirements of Applicable Laws, GCP and cGMP. Changes in the scope or direction of the Development work under this Agreement that would be a material deviation from the Clinical Development Plan must be approved by the JSC as set forth in Section 3.2(b); provided that any change with respect to Joint Global Studies shall be consistent with the Joint Global Studies as set forth in the Global Development Plan.

5.2. Clinical Development Plan. The Parties shall undertake the Development of the Products in a collaborative and efficient manner in accordance with this ARTICLE 5. The Development of the Products relating to the Territory under this Agreement shall be governed by a written clinical development plan, as revised from time to time in accordance with this Section 5.2 (the "**Clinical Development Plan**"). The Clinical Development Plan shall include (a) an outline of Clinical Trials to be conducted by Zai in the Territory, including the Local Studies and Joint Global Studies; and (b) the material activities to be performed by the Parties to obtain the Regulatory Approvals for the Products in the Territory and to support the Joint Global Studies. The Clinical Development Plan shall contain in reasonable detail the major Development activities and the projected timelines for conducting such activities, including activities designed to achieve Regulatory Approvals for the Products in the Territory. As of the Effective Date, the Parties have agreed to an initial Clinical Development Plan, which is attached hereto as Schedule 5.2. From time to time, […***…] Zai shall propose updates or amendments, if any, to the Clinical Development Plan in consultation with TPTX and submit such proposed updated or amended plan to the JDC for review, discussion and approval. In accordance with Section 3.3(b), the JDC shall review, discuss and approve any updates or amendments to the Clinical Development Plan; provided […***…].

5.3. Local Study. Zai shall use Commercially Reasonable Efforts, be solely responsible for and have decision-making authority for performance of any Local Study (including handling relevant Regulatory Submissions for any Local Studies in the Territory at its own cost, as applicable, in accordance with ARTICLE 6); provided […***…]

[…***…]. Each Local Study conducted in the Territory shall be conducted in accordance with the Clinical Development Plan, the study protocol approved by any relevant Regulatory Authority, and Applicable Laws in the Territory.

5.4. Global Study.

(a) **General**. TPTX may initiate, suspend, or cease a Global Study for any Product for any Indication. TPTX's global Development of Products will be conducted pursuant to a written development plan, as amended from time to time by TPTX, subject to this Section 5.4 with respect to participation by Zai (the "**Global Development Plan**"). The Global Development Plan in effect as of the Effective Date, a copy of which TPTX has provided to Zai and also attached hereto as Schedule 5.4(a), identifies Global Studies that include clinical sites for Clinical Trials in the Territory (the "**Existing Global Studies**"). If TPTX amends the Global Development Plan after the Effective Date, […***…].

(b) Zai (i) shall participate in the Existing Global Studies by coordinating clinical trial sites in the Territory and enrolling the percentage of the subjects for such Existing Global Studies as specified in the Global Development Plan existing as of the Effective Date, and (ii) may, in its sole discretion, agree to participate in a Global Study presented by TPTX other than any Existing Global Study (each of the Existing Global Studies and any such agreed Global Studies, a "**Joint Global Study**"). The Joint Global Studies that are Existing Global Studies are listed in Schedule 5.4(b). Zai shall be responsible for all activities (if any) associated with conducting each Joint Global Study in the Territory set forth in the Global Development Plan existing as of the Effective Date and each additional Joint Global Study as outlined in the plan for such Joint Global Study as mutually agreed by the Parties and any additional Joint Global Study so agreed between the Parties shall be included in an amendment to the Global Development Plan. Zai shall use Commercially Reasonable Efforts to […***…]

[…***…].

(c) Zai, itself or with or through any other of its Affiliates or Sublicensees, shall, in accordance with […***…]. For any Joint Global Study, Zai shall be responsible for all costs incurred by or on behalf of Zai in the performance of such Joint Global Study in the Territory (except to the extent of assistance provided by TPTX without additional charge in accordance with Section 4.2), and TPTX shall be responsible for all other costs incurred for or in connection with such Joint Global Study.

(d) If Zai elects not to participate in any Global Study presented by TPTX (other than Existing Global Studies in which Zai is participating) by notifying TPTX in writing of such election not to participate (or by failing to notify TPTX in writing of its election to participate) within […***…] days after the date of TPTX's presentation of such Global Study to the JDC, TPTX may conduct such Global Study in the Territory at its sole cost but in conducting such Global Study, the Parties shall coordinate the Parties' Development activities for the Product(s) in the Territory; provided, however, that […***…]

[…***…].

5.5. Development Reports. The status, progress and results of Zai's Development activities under this Agreement shall be discussed at meetings of the JDC. At least […***…] Business Days before each regularly scheduled JDC meeting, Zai shall provide the JDC with a written report detailing its Product Development activities and the results thereof, covering subject matter at a level of detail reasonably requested by TPTX and sufficient to enable TPTX to determine Zai's compliance with its obligations pursuant to Section 5.1 to Section 5.4. Through the JDC, each Party shall keep the other Party reasonably informed on the Development of the Product conducted by or on behalf of such Party. In addition, each Party shall make available to the other Party such additional information about its Development activities with Products as may be reasonably requested by the other Party from time to time. All updates and reports provided by a Party pursuant to this Section 5.5 shall be the Confidential Information of such Party.

5.6. Records. Each Party shall maintain appropriate records in either tangible or electronic form of all significant Development, packaging or labeling, Manufacture (in the case of Zai, after the Manufacturing Technology Transfer), regulatory or Commercialization of a Product, in each case in accordance with its usual documentation and record retention practices. Such records shall be in sufficient detail to properly reflect, in a good scientific manner, all significant work done, and the results of studies and trials undertaken and, further, shall be at a level of detail appropriate for patent and regulatory purposes. Each Party shall document all non-clinical studies and Clinical Trials in formal written study reports according to Applicable Laws and national and international guidelines. Upon a Party's reasonable request, the other Party shall, and shall cause its Affiliates and, in the case of Zai, Sublicensees, to provide to the first Party copies of such records of Development, packaging or labeling, Manufacture (in the case of Zai, after the Manufacturing Technology Transfer), regulatory and Commercialization activities to the extent necessary for the Development, packaging or labeling, Manufacture (in the case of Zai, after the Manufacturing Technology Transfer), and Commercialization of the Product in the other Party's territory, including for regulatory and patent purposes. All such records, reports, information and data of a Party provided to the other Party shall be the Confidential Information of the providing Party.

5.7. Clinical Trial Audits. TPTX or its representatives may conduct an audit of Zai, its Affiliates, or any Sublicensees or subcontractors, and all Clinical Trial sites engaged by Zai or its Affiliates or Sublicensees or subcontractors to perform Zai's obligations under any Clinical Development Plan, in each case, to ensure that the applicable Clinical Trials are conducted in compliance with the Clinical Development Plan, GCP, and Applicable Laws; provided that in the event any such audit of Zai's subcontractors or Clinical Trial sites engaged by Zai or its Affiliates or Sublicensees or subcontractor requires Zai's assistance, Zai shall provide TPTX or its representatives with such assistance, to the extent reasonable, including providing personnel of Zai to be present for such audit and producing any documents or authorizations allowing TPTX or its representatives to conduct such audit, to the extent reasonable. TPTX may conduct such audit no more than […***…] (unless an additional audit is warranted for cause) upon […***…] days' prior written notice to Zai. No later than […***…] days after the completion of such audit, TPTX shall provide Zai with a written summary of TPTX's findings of any deficiencies or other areas of remediation that TPTX identifies during any such audit. Zai shall use Commercially Reasonable Efforts to respond or remediate any such deficiencies within […***…] days following TPTX's receipt of such report. Without limiting the foregoing, Zai shall have the right to be present at any such audit conducted by TPTX pursuant to this Section 5.7 of any Sublicensees, subcontractors or Clinical Trial sites. With respect to any Clinical Trial in a Joint Global Study in the Territory or Local Study, if the Parties acting reasonably and in good faith agree that any deficiencies with respect to a Clinical Trial site identified pursuant to an audit (each, a "**Deficient Site**") may cause a Regulatory Authority to reject or otherwise deem deficient the Clinical Trial data from the conduct of any such Clinical Trial at such Deficient Site, then TPTX shall notify Zai of such Deficient Site and the Parties shall discuss and attempt to agree upon a remediation plan for such Deficient Site. If the Parties cannot agree to such a remediation plan for a Deficient Site, then Zai shall promptly remove such Deficient Site from such Clinical Trial and replace such Deficient Site with a new Clinical Trial site (a "**Replacement Site**") in the Territory, and Zai shall be solely responsible for the costs of such replacement (unless not permitted by Applicable Law or for ethical reasons). Any such Replacement Site shall be compliant in all respects with Applicable Law.

ARTICLE 6

REGULATORY

6.1. Zai's Responsibilities. Zai shall be responsible for (a) all regulatory activities leading up to and including the obtaining of the Regulatory Approval for a Product from the Regulatory Authority on a region-by-region basis in the Territory, at its sole cost and expense, except as set forth in the Global Development Plan and Clinical Development Plan; and (b) hold and maintain all Regulatory Approvals […***…]. Subject to the terms and conditions of this Agreement, TPTX shall […***…] and Zai shall use Commercially Reasonable Efforts to obtain Regulatory Approvals for Products in the Territory in accordance with the Clinical Development Plan and Zai shall be solely responsible for all costs and expenses incurred in connection with performing such activities in the Territory; provided that TPTX shall […***…]. Zai shall keep TPTX promptly informed (and in any event within […***…] hours for any significant matter) of regulatory developments related to the Products in the Territory and shall promptly notify TPTX in writing of any decision by any Regulatory Authority in the Territory regarding a Product.

6.2. Review of Regulatory Submissions. Zai shall provide to TPTX for review and comment drafts of all Regulatory Submissions in the Territory for the Products no later than […***…] days prior to the planned submission. Zai shall incorporate any comments received from TPTX on such Regulatory Submissions where required under any Applicable Laws and shall consider in good faith any other comments received from TPTX on such Regulatory Submissions. In addition, Zai shall notify TPTX of any material Regulatory Submissions for the Products and any other material documents, comments or other correspondences related thereto submitted to or received from any Regulatory Authority in the Territory and shall provide TPTX with copies thereof as soon as reasonably practicable, but in all events within […***…] days after submission or receipt thereof. If any such Regulatory Submission, comment, or correspondence is not in English, then, in addition to a copy thereof in its original language, (a) Zai shall also provide TPTX with an English summary thereof within the corresponding timelines as set forth in this ARTICLE 6 at Zai's cost; and (b) upon TPTX's reasonable request, provide TPTX with an English translation thereof at TPTX's cost.

6.3. Notice of Meetings. Zai shall provide TPTX with notice of any meeting or discussion with any Regulatory Authority in the Territory related to any Product no later than […***…] Business Days after receiving notice thereof. Zai shall lead any such meeting or discussion and TPTX or its designee shall have the right, but not the obligation, to attend and participate in any such meeting or discussion unless prohibited or restricted by Applicable Laws or Regulatory Authority. At Zai's request, TPTX shall reasonably cooperate with Zai in preparing for any such meeting or discussion. If TPTX elects not to attend such meeting or discussion, then Zai shall provide to TPTX a written summary thereof in English promptly following the issuance or approval of the corresponding official minutes by the applicable Regulatory Authority.

6.4. Notice of Regulatory Action. If any Regulatory Authority takes or gives notice of its intent to take any regulatory action with respect to any activity of Zai relating to any Product, then Zai shall notify TPTX of such contact, inspection, or notice or action within […***…] Business Days after receipt of such notice (or, if action is taken without notice, within […***…] Business Days of Zai becoming aware of such action). TPTX shall have the right to review and comment on any responses to Regulatory Authority that pertain to a Product in the Territory.

6.5. TPTX's Responsibilities. TPTX shall reasonably cooperate with Zai in obtaining any Regulatory Approvals for a Product in the Territory by providing, to the extent reasonably requested by Zai, access to Regulatory Approvals, Regulatory Submissions, clinical data, and other data, information, and documentation for the Product outside of the Territory pursuant to ARTICLE 4. In addition, upon Zai's reasonable request, TPTX shall, and shall cause its Affiliates and sublicensees (to the extent permitted in such sublicensees' agreement with TPTX), to provide to Zai copies of such records of Development, Manufacturing, and Commercialization activities to the extent necessary or reasonably useful to obtain Regulatory Approval of the Product in the Territory. […***…].

6.6. No Harmful Actions. If TPTX believes that Zai is taking or intends to take any action with respect to a Product that could have a material adverse impact upon the regulatory status of the Product outside the Territory, TPTX shall have the right to bring the matter to the attention of the JDC and the Parties shall discuss in good faith to resolve such concern. Without limiting the foregoing, unless the Parties otherwise agree: (a) Zai shall not communicate with any Regulatory Authority having jurisdiction outside the Territory, unless so ordered by such Regulatory Authority, in which case Zai shall immediately notify TPTX of such order; and (b) Zai shall not submit any Regulatory Submissions or seek Regulatory Approvals for the Product outside the Territory.

6.7. Notification of Threatened Action. Each Party shall within […***…] notify the other Party of any information it receives regarding any threatened or pending action, inspection or communication by any Third Party, which would reasonably be expected to affect the safety or efficacy claims of any Product or the continued marketing of any Product (as to TPTX's notification obligation, only to the extent it would reasonably be expected to affect the Territory). Upon receipt of such information, the Parties shall consult with each other in an effort to arrive at a mutually acceptable procedure for taking appropriate action with respect to the Territory.

6.8. Right of Reference.

(a) Zai hereby grants to TPTX the right of reference to all Regulatory Submissions pertaining to the Product in the Field submitted by or on behalf of Zai or its Affiliates (and all data contained or referenced therein), with the right to grant further rights of reference to TPTX's licensees with respect to Products. TPTX and its Affiliates (and any licensee to whom it may grant a further right of reference) may use the right of reference to Zai's Regulatory Submissions in the Field solely for the purpose of seeking, obtaining and maintaining the Regulatory Approval of the Products outside the Territory.

(b) TPTX hereby grants to Zai the right of reference to all Regulatory Submissions pertaining to the Product in the Field submitted by or on behalf of TPTX or its Affiliates (to the extent included in the definition of Licensed Know-How) (and all data contained or referenced therein), subject to Section 5.4(d) as to the Licensed Know-How contained therein, with the right to grant further rights of reference to Sublicensees. Zai and its Affiliates (and any Sublicensee to whom it may grant a further right of reference) may use such right of reference to TPTX's Regulatory Submissions in the Field solely for the purpose of seeking, obtaining and maintaining the Regulatory Approval of the Products in Field in the Territory.

6.9. Adverse Events Reporting.

(a) Promptly following the Effective Date, but in no event later than […***…] days thereafter, Zai and TPTX shall develop and agree to the worldwide safety and pharmacovigilance procedures for the Parties with respect to the Products, such as safety data sharing and exchange, Adverse Events reporting and prescription events monitoring in a written agreement (the "**Pharmacovigilance Agreement**"). Such agreement shall describe the coordination of collection, investigation, reporting, and exchange of information concerning Adverse Events or any other safety problem of any significance, and product quality and product complaints involving Adverse Events, sufficient to permit each Party, its Affiliates, licensees or sublicensees to comply with its legal obligations. The Pharmacovigilance Agreement shall be promptly updated if required by changes in legal requirements. Each Party hereby agrees to comply with its respective obligations under the Pharmacovigilance Agreement and to cause its Affiliates, licensees and sublicensees to comply with such obligations. To the extent there is any disagreement between this Section 6.9, Section 6.10, or any related definitions and the Pharmacovigilance Agreement, the Pharmacovigilance Agreement shall control with respect to safety matters and this Agreement shall control with respect to all other matters.

(b) Zai shall be responsible for complying with all Applicable Laws governing Adverse Events in the Territory for all Clinical Trials performed by Zai, including the Local Studies and Joint Global Studies, and TPTX shall be responsible for complying with all Applicable Laws covering Adverse Events (i) in the Territory for all Clinical Trials performed by TPTX for the Global Studies that Zai does not participate in and (ii) outside the Territory for all Clinical Trials.

(c) TPTX shall hold and control the global safety database for all Products and for the exchange by the Parties in English of any information which a Party becomes aware of concerning any Adverse Event experienced by a subject or patient being administered any Product, including any such information received by either Party from any Third Party (subject to receipt of any required consents from such Third Party). It is understood that each Party and its Affiliates, licensees and sublicensees shall have the right to disclose such information if such disclosure is reasonably necessary to comply with Applicable Laws or requirements of any applicable Regulatory Authority.

6.10. Safety and Regulatory Audits. In addition to the audit rights under Section 5.7, upon reasonable notification, TPTX shall be entitled to conduct an audit of safety and regulatory systems, procedures and practices of Zai, including on-site evaluations to the extent permitting such on-site evaluations is in the control of Zai. TPTX may conduct such audit no more than […***…] (unless an additional audit is warranted for cause) upon […***…] days' prior written notice to Zai. With respect to any inspection of Zai or its Affiliates or Sublicensees (including Clinical Trial sites) by any Governmental Authority relating to any Product, Zai shall notify TPTX of such inspection (a) no later than […***…] Business Days after Zai receives notice of such inspection or (b) within […***…] Business Day after the completion of any such inspection of which Zai did not receive prior notice. Zai shall promptly provide TPTX with all information related to any such inspection. Zai shall also permit Governmental Authorities outside of the Territory to conduct inspections of Zai or its Affiliates or Sublicensees (including Clinical Trial sites) relating to the Product, and shall ensure that all such Affiliates or Sublicensees permit such inspections. TPTX shall have the right, but not the obligation (unless required by Applicable Law or any Governmental Authority), to be present at any such inspection. Following any such regulatory inspection related to the Products, Zai shall provide TPTX with (i) an unredacted copy of any finding, notice, or report provided by any Governmental Authority related to such inspection (to the extent related to the Product) within […***…] days of Zai receiving the same, and (ii) in the event that such findings, notice, or report […***…] of any material finding, notice, or report of a Governmental Authority related to such inspection (to the extent related to the Product) within […***…] days after receiving the same. Further details including notification, timing, response and scope of such audits shall be included in the Pharmacovigilance Agreement.

6.11. **Remedial Actions**. Each Party shall notify the other immediately, and promptly confirm such notice in writing, if it obtains information indicating that any Product may be subject to any recall, corrective action or other regulatory action by any Governmental Authority or Regulatory Authority (as to TPTX's notification obligation, only to the extent it would reasonably be expected to affect the Territory) (a "**Remedial Action**"). The Parties shall assist each other in gathering and evaluating such information as is necessary to determine the necessity of conducting a Remedial Action with respect to the Territory. Zai shall have sole discretion with respect to any matters relating to any Remedial Action in the Territory, including the decision to commence such Remedial Action and the control over such Remedial Action; provided that TPTX shall have sole discretion with respect to any matters relating to any Remedial Action in the Territory to the extent related to any Global Study. The cost and expenses of any Remedial Action in the Territory shall be borne solely by the Party with sole discretion; provided, however, that to the extent a Remedial Action in the Territory results primarily from the failure of the Product supplied by TPTX to comply with the Product Specifications, product warranties (as set forth in the Supply Agreement) or any Applicable Law, including cGMP requirements, then TPTX shall reimburse Zai for the reasonable cost and expense of such Remedial Action if this is required and after consultation with TPTX. Each Party shall, and shall ensure that its Affiliates and sublicensees shall, maintain adequate records to permit the Parties to trace the distribution and use of the Product in the Territory.

ARTICLE 7

MANUFACTURING

7.1. Packaging and Labeling. Subject to the terms and conditions of this Agreement, Zai shall (a) have the right to package or label the Products in or outside the Territory, and (b) upon its written notice to TPTX of its exercise of such right, for instances in which it exercises such right, be responsible for, and use Commercially Reasonable Efforts to package or label the Products in or outside the Territory solely for the Development and Commercialization of the Products in the Field in the Territory, at its sole cost and expense.

7.2. Manufacture; Supply of Products. Subject to Section 7.3, TPTX shall be solely responsible (itself or through its Affiliate or CMO) for the Manufacture of the Product for Development and Commercialization by Zai and its Affiliates and Sublicensees in the Territory. Customary terms of forecasting and ordering procedures, Product Specifications, and other operational matters relating to the supply of the Product under this Section 7.2 shall be set forth in a supply agreement to be mutually agreed upon by the Parties within […***…] days following the Effective Date or such longer period as agreed by the Parties (the "**Supply Agreement**"). In connection with such Supply Agreement, the Parties shall enter into a quality agreement governing the Product Specifications and other technical aspects of the Product (the "**Quality Agreement**"). Subject to the terms of this ARTICLE 7, the Supply Agreement and Quality Agreement, TPTX shall, itself or through one or more CMOs, […***…]. The Supply Agreement will include other customary terms for the clinical and commercial supply of pharmaceutical products, including (i) pro rata allocation of Products among TPTX and its Affiliates and licensees (including Zai and its Affiliates and Sublicensees) and (ii) other appropriate remedies, in each case of (i) and (ii), in a manner and under the circumstances mutually agreed by the Parties. Zai or its Affiliates shall (1) obtain and maintain all required export or import licenses or authorizations, and shall serve as importer of record for all Products delivered in or into any region in the Territory pursuant to this Agreement and the Supply Agreement; and (1) be responsible for shipment and insurance from TPTX's or its CMO's facility and all customs' duties, import tariffs, taxes, freight, insurance, inspection costs and the like attributed to or for the transport and importation of the Product in or into any region in the Territory.

7.3. **Manufacturing Technology Transfer**. If Zai […***…]; and (b) […***…], then (1) the Parties would enter into an amendment to this Agreement pursuant to which TPTX would grant to Zai a non-exclusive, sublicenseable (subject to the same terms as a sublicense under Licensed Technology pursuant to Section 2.3) license under Manufacturing Technology to Manufacture and have Manufactured (through a qualified CMO mutually acceptable to the Parties) the Product in the Territory solely for use in Development and Commercialization of the Product in the Field in the Territory, where "**Manufacturing Technology**" means any and all (i) Patents Controlled by TPTX or its Affiliates as of the date of grant of such license or thereafter during the Term that cover the method of manufacture of the Product in the Territory, and (ii) Know-How Controlled by TPTX or its Affiliates as of the date of grant of such license or thereafter during the Term that is used by or on behalf of TPTX for the Manufacture of the Products in the Field in the Territory; provided that, notwithstanding the foregoing, in the event a Change of Control of TPTX occurs after Effective Date, Patents or Know-How Controlled by any Affiliate of TPTX that was not an Affiliate of TPTX immediately prior to such Change of Control transaction shall not be Manufacturing Technology except to the extent such Patents or Know-How falls within the definition of Manufacturing Technology and (A) is also Controlled by TPTX or its Affiliate existing immediately prior to such transaction or (B) is generated or used by such Affiliate in the Manufacture of the Licensed Compound or Product after such transaction; and (2) at Zai's sole cost, TPTX shall (A) transfer all Know-How within the Manufacturing Technology to Zai or its permitted CMO; and (B) provide any and all necessary assistance to Zai or such permitted CMO at Zai's cost (clauses (A) and (B), the "**Manufacturing Technology Transfer**").

ARTICLE 8

COMMERCIALIZATION; MEDICAL AFFAIRS

8.1. General. Zai shall be solely responsible for, and use Commercially Reasonable Efforts to Commercialize and obtain pricing and reimbursement approvals for the Products in the Field in the Territory in accordance with the Commercialization Plan, at its sole cost and expense. Upon Zai's reasonable request, TPTX shall reasonably assist Zai in such Commercialization of the Products […***…]

[…***…].

8.2. Commercialization Plan. The Commercialization Plan shall contain in reasonable detail the significant Commercialization activities and the projected timelines for achieving such activities, including […***…] in the Territories. Zai shall deliver an initial Commercialization Plan to the JSC for review and discussion no later than […***…] of the first Regulatory Approval Application for a Product in the Territory. Thereafter, from time to time, but at least once every […***…] months, Zai shall propose updates or amendments to the Commercialization Plan to reflect changes in such plans, including those in response to changes in the marketplace, relative success of the Products, and other relevant factors influencing such plan and activities, and submit such proposed updated or amended Commercialization Plan to the JSC. In preparing the initial Commercialization Plan and any updates or amendments thereto, Zai shall provide TPTX with an opportunity to comment and Zai shall consider any TPTX's comments in good faith in finalizing the initial Commercialization Plan and any updates or amendments thereto.

8.3. Commercialization Reports. Zai shall update the JSC at each regularly scheduled JSC meeting regarding Zai's Commercialization activities with respect to the Products in the Territory. Each such update shall be in a form to be agreed by the JSC and shall summarize Zai's, its Affiliates' and Sublicensees' significant Commercialization activities with respect to the Products in the Territory, covering subject matter at a level of detail reasonably required by TPTX and sufficient to enable TPTX to determine Zai's compliance with its diligence obligations pursuant to Section 8.1. In addition, Zai shall make available to TPTX such additional information about its Commercialization activities as may be reasonably requested by TPTX from time to time. All updates and reports generated pursuant to this Section 8.3 shall be the Confidential Information of Zai.

8.4. Product Trademarks. Zai may use (pursuant to this Section 8.4) the trademarks Controlled by TPTX in the Territory as TPTX may provide to Zai in writing from time to time (the "**TPTX Product Marks**") and may use the English mark thereof with Chinese phonetic translation below. TPTX hereby grants to Zai, during the Term and subject to the terms and conditions of this Agreement, a royalty-free, exclusive license under TPTX's rights to use such TPTX Product Marks in connection with the Commercialization of the Products in the Field in the Territory in compliance with Applicable Laws and this Agreement. Zai shall comply with TPTX's brand usage guidelines provided to Zai in its use of the TPTX Product Marks. Zai may also brand the Products in the Territory using other trademarks, logos, and trade names specific for the Products that differ from the TPTX Product Marks and do not contain the name of TPTX; provided, however, that (a) prior to such use, Zai shall submit such trademarks, logos and trade names for TPTX's prior written approval (not to be unreasonably withheld, delayed or conditioned), and (b) such trademarks, logos and trademarks shall be deemed owned by Zai (the "**Product Marks**"). Zai shall own all rights in the Product Marks in the Territory and shall register and maintain the Product Marks in the Territory that it determines reasonably necessary.

8.5. Commercialization Assistance. […***…] provide assistance to Zai at Zai's request for the Commercialization activities, including assistance pursuant to Sections 8.1 and 8.4 as requested by Zai.

8.6. No Diversion. Each of TPTX and Zai hereby covenants and agrees that (a) it shall not, and shall ensure that its Affiliates and sublicensees shall not, directly or indirectly, promote, market, distribute, import, sell or have sold the Products, including via internet or mail order, outside its territory; (b) with respect to any country or region outside its territory, it shall not, and shall ensure that its Affiliates and their respective sublicensees shall not: (i) unless otherwise agreed by the Parties in writing, establish or maintain any branch, warehouse or distribution facility for Products in such countries (except, in the event such Party is Zai, Zai shall have the right to maintain one or more warehouses outside the Territory solely to support the packaging and labelling activities of the Products by Zai or its Affiliates outside the Territory and, in the event such Party is TPTX, TPTX shall have the right to maintain one or more warehouses in the Territory solely to support the Retained Rights), (ii) engage in any advertising or promotional activities relating to Products that are directed primarily to customers or other purchaser or users of Products located in such countries, (iii) solicit orders for Products from any prospective purchaser located in such countries, or (iv) sell or distribute Products to any Person in such Party's territory who intends to sell or has in the past sold Products in such countries; (c) if a Party receives any order for any Product from a prospective purchaser reasonably believed to be located in a region or country outside its territory, such Party shall promptly refer that order to the other Party, and such Party shall not accept any such orders; (d) neither Party shall deliver or tender (or cause to be delivered or tendered) Products into a country or region outside its territory; and (e) each Party shall not, and shall ensure that its Affiliates and their respective sublicensees shall not, knowingly restrict or impede in any manner the other Party's exercise of its exclusive rights to Commercialize the Products in the other Party's territory. For the purpose of this Agreement, Zai's territory shall mean the Territory and TPTX's territory shall mean all countries and regions outside the Territory.

8.7. TPTX Acquirer's Right of First Negotiation. Zai hereby grants to TPTX for the benefit of the Third Party that is the acquirer of TPTX in a Change of Control of TPTX (the "**TPTX Acquirer**") a right of first negotiation to co-Commercialize the Products in the Territory (the "**TPTX Acquirer ROFN**") in accordance with this Section 8.7. Following a Change of Control of TPTX, TPTX Acquirer may provide written notice to Zai of its interest in negotiating an agreement with Zai to co-Commercialize the Products in the Territory (the "**TPTX Acquirer ROFN Exercise Notice**"). If TPTX Acquirer delivers such TPTX Acquirer ROFN Exercise Notice, TPTX Acquirer shall have the exclusive right to negotiate with Zai for a period up to […***…] days from the date of the TPTX Acquirer ROFN Exercise Notice (or any additional period of time if mutually agreed in writing by TPTX Acquirer and Zai) (the "**TPTX Acquirer ROFN Negotiation Period**") the terms and conditions of such agreement to co-Commercialize the Products in the Territory. If the TPTX Acquirer ROFN Exercise Notice has not been received by Zai on or prior to the date Zai files the first Regulatory Approval Application for the first Product in the Territory, the TPTX Acquirer ROFN shall automatically expire upon such date, and Zai shall thereafter be free to enter into an agreement with a Third Party for the co-Commercialization of any and all Products in the Territory. If TPTX Acquirer provides Zai with a TPTX Acquirer ROFN Exercise Notice prior to the expiration of the TPTX Acquirer ROFN and Zai and TPTX Acquirer fail to enter into a definitive agreement regarding the terms and conditions with respect to such co-Commercialization of Products in the Territory prior to the expiration of the TPTX Acquirer ROFN Negotiation Period, (i) the TPTX Acquirer ROFN shall automatically expire on the last day of the TPTX Acquirer ROFN Negotiation Period and (ii) Zai shall be free to enter into an agreement with a Third Party for the co-Commercialization of any and all Products in the Territory.

8.8. Medical Affairs. Zai shall be solely responsible, at its sole cost and expense, for conducting medical affairs activities with respect to the Products in the Territory, including communications with key opinion leaders, medical education, symposia, advisory boards (to the extent related to medical affairs or clinical guidance), publications, congress presentations and posters, published manuscripts, activities performed in connection with patient registries and post-approval trials, and other medical programs and communications, including educational grants, research grants (including conducting investigator-initiated studies), and charitable donations to the extent related to medical affairs and not to other activities that do not involve the promotion, marketing, sale, or other Commercialization of the Products, all of which shall be conducted in accordance with Applicable Law. Zai shall update the JSC at each regularly scheduled JSC meeting regarding Zai's medical affairs activities. Each such update shall be in a form to be agreed by the JSC and shall summarize Zai's, its Affiliates' and Sublicensees' significant Commercialization activities with respect to the Products in the Territory, covering subject matter at a level of detail reasonably required by TPTX and sufficient to enable TPTX to determine Zai's compliance with its diligence obligations pursuant to Section 8.1. In addition, Zai shall make available to TPTX such additional information about its Commercialization activities as may be reasonably requested by TPTX from time to time. All updates and reports generated pursuant to this Section 8.3 shall be the Confidential Information of Zai.

ARTICLE 9

PAYMENTS AND MILESTONES

9.1. Upfront Payment. In partial consideration of the licenses and rights granted by TPTX to Zai hereunder, Zai shall pay to TPTX an one-time, irrevocable, non-refundable, non-creditable amount of twenty-five million U.S. Dollars ($25,000,000) (the "**Upfront Payment**") within […***…] days of the Effective Date.

9.2. Development Milestones Payments to TPTX.

(a) In partial consideration of the rights granted herein, when the Product first achieves the Milestone Events set forth below (each such event, a "**Development Milestone Event**"), Zai shall pay to TPTX the following one-time, irrevocable, non-refundable, non-creditable Development milestone payments (each such payment, a "**Development Milestone Payment**") within […***…] days of the achievement of the corresponding Milestone Events.

Development Milestone Event	Development Milestone Payment
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]

[***] = CERTAIN CONFIDENTIAL INFORMATION OMITTED

(b) For the avoidance of doubt, (i) each Development Milestone Payment shall be payable on the first occurrence of the corresponding Development Milestone Event for a Product, whether such Development Milestone Event is achieved through the Development of a Product as a monotherapy or by the Licensed Component of a Combination Product, and (ii) none of the Development Milestone Payments shall be payable more than once. For clarity, any achievement of any event above solely through the Development of the Other Component (and not the Licensed Component) of a Combination Product shall not be deemed an achievement of any Development Milestone Event and shall not trigger any Development Milestone Payment.

9.3. Sales Milestones.

(a) In partial consideration of the rights granted herein, Zai shall pay to TPTX the following one-time, irrevocable, non-refundable, non-creditable milestone payments (each such payment, a "**Net Sales Milestone Payment**") for the achievement of the corresponding Net Sales milestone events set forth below (each such event, a "**Net Sales Milestone Event**") within […***…] days after the end of the Calendar Quarter in which the Net Sales Milestone Event is achieved.

Net Sales Milestone Event	Net Sales Milestone Payment
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]
[…***…]	[…***…]

(b) For the avoidance of doubt (i) each Net Sales Milestone Payment shall be payable on the first occurrence of the corresponding Net Sales Milestone Event, and (ii) none of the Net Sales Milestone Payments shall be payable more than once. If annual Net Sales in a given Calendar Year exceed more than one (1) applicable threshold, then all corresponding Net Sales Milestone Payments shall be payable.

9.4. Royalties.

(a) **Royalty Payment**. During the Royalty Term, Zai shall pay to TPTX tiered royalties as calculated by multiplying the applicable royalty rate set forth in the table below by the corresponding amount of incremental, aggregated Net Sales of all Products in the Territory in a Calendar Year (a "**Royalty Payment**"). The tiered royalty rates on Net Sales shall be as set forth below:

For that portion of annual Net Sales in a Calendar Year	Royalty Rate
[…***…]	[…***…]%
[…***…]	[…***…]%
[…***…]	[…***…]%
[…***…]	[…***…]%

(b) **Royalty Term**. The Royalty Payments payable under this Section 9.4 shall be payable on a Product-by-Product and region-by-region basis from the first occurrence of Net Sales of the applicable Product in such region until the later of: (i) the date the last-to-expire Valid Claim in such region expires; (ii) the expiry of the regulatory exclusivity for such Product in such region; or (iii) the close of business of the day that is exactly ten (10) years after the date of the First Commercial Sale of such Product in such region (the "**Royalty Term**").

(c) **Royalty Reductions**.

(i) During the Royalty Term for a Product in a region in the Territory, subject to Section 9.4(c)(iv), the royalty rate applicable to Net Sales of such Product in such region shall be reduced by […***…] after the expiration of the last-to-expire Valid Claim in such region.

(ii) During the Royalty Term for a Product in a region in the Territory, subject to Section 9.4(c)(iv), the royalty rate applicable to Net Sales of such Product in such region shall be reduced by […***…] starting from the Calendar Quarter in which a Generic Competition with respect to such Product occurs in such region.

(iii) If Zai reasonably determines in good faith after advice of counsel that it is […***…] and enters into such a license, subject to Section 9.4(c)(iv), Zai shall have the right to deduct, from the royalty payment that would otherwise have been due pursuant to this Section 9.4, an amount equal to […***…] of the royalties paid by Zai to such Third Party pursuant to such license on account of the sale of the Product in the Territory; provided that (1) prior to entering into such license, Zai shall […***…]; and (2) in the event […***…], (A) […***…], (B) […***…], and (C) […***…], then the Parties shall […***…] (and, for clarity, […***…]). Within […***…] days following the execution of any such Third Party license, Zai shall provide TPTX with a true and complete copy of such Third Party license. In addition, subject to Section 9.4(c)(iv), Zai shall have the right to deduct, from the royalty payment that would otherwise have been due pursuant to this Section 9.4, an amount equal to […***…].

(iv) Notwithstanding the foregoing, in no event shall the operation of Section 9.4(c)(i) through 9.4(c)(iii), individually or in combination, reduce the royalties payable by Zai to TPTX with respect to the Net Sales of any Product in any region in the Territory in any Calendar Quarter to an amount less than […***…] of the amount that would otherwise have been due pursuant to Section 9.4(a) with respect to such Net Sales.

(d) **Royalty Estimate and Royalty Reports**. Following the First Commercial Sale of a Product for which royalties are due pursuant to this Section 9.4, and continuing for so long as royalties are due hereunder:

(i) Zai shall, within […***…] Business Days after the end of each Calendar Quarter, provide TPTX with a good faith estimate of the royalties due for such Calendar Quarter.

(ii) Zai shall, within […***…] days after the end of each Calendar Quarter, provide TPTX with a royalty report (in a template agreed to by the Parties) showing, on a region-by-region basis:

(1) the gross sales and Net Sales of each Product sold by Zai, its Affiliates and Sublicensees during such Calendar Quarter reporting period and supporting gross-to-net calculations;

(2) the Royalty Payments in United States dollars which shall have accrued hereunder with respect to such Net Sales, with supporting calculations showing the applicable royalty rate applied and any royalty reduction taken; and

(3) the rate of exchange with supporting calculations, determined in accordance with Section 9.5(b), used by Zai in determining the amount of United States dollars payable hereunder.

(e) **Royalty Payment**. After the receipt of each royalty report provided by Zai under Section 9.4(d) above, TPTX shall issue to Zai an invoice for the amount of Royalty Payment set forth therein. Zai shall pay to TPTX the royalties for each Calendar Quarter within […***…] days after the receipt of the invoice from TPTX. If no royalty is due for any Calendar Quarter following commencement of the reporting obligation, Zai shall so report.

9.5. Payment.

(a) **Mode of Payment**. All payments to be made under this Agreement shall be made in U.S. Dollars and shall be paid by electronic transfer in immediately available funds to such bank account in the United States as is designated in writing by TPTX. All payments shall be free and clear of any transfer fees or charges.

(b) **Currency Exchange Rate**. All payments under this Agreement shall be payable in U.S. Dollars. The rate of exchange to be used in computing the amount of currency equivalent in U.S. Dollars for calculating Net Sales in a Calendar Quarter (for purposes of both the royalty calculation and whether a Net Sales milestone has been achieved) shall be made at the average exchange rate as published by the Wall Street Journal for such Calendar Quarter, or such other source as the Parties may agree in writing.

(c) **Payment Timeline**. Except as otherwise provided in this Agreement, all payments to be made by one Party to the other Party under this Agreement shall be due within […***…] days following such Party's receipt of an invoice from the other Party.

9.6. Audits.

(a) Zai shall keep, and shall require its Affiliates and Sublicensees to keep (all in accordance with the GAAP), for a period not less than […***…] years from the end of the Calendar Year to which they pertain, complete and accurate records in sufficient detail to properly reflect Net Sales and to enable any Milestone Payment payable hereunder to be determined.

(b) Upon the written request of TPTX, Zai shall permit, and shall cause its Affiliates and Sublicensees to permit, an independent certified public accounting firm of nationally recognized standing selected by TPTX and reasonably acceptable to Zai, at TPTX's expense, to have access during normal business hours to such records of Zai or its Affiliates as may be reasonably necessary to verify the accuracy of the payments hereunder for any Calendar Year ending not more than […***…]. These rights with respect to any Calendar Year shall […***…] end of any such Calendar Year and shall be limited to once each Calendar Year (provided that the foregoing frequency limit shall not apply if TPTX has cause). TPTX shall provide Zai with a copy of the accounting firm's written report […***…]. If such accounting firm concludes that an underpayment was made, then Zai shall pay the amount due within […***…] days of the date TPTX delivers to Zai such accounting firm's written report so concluding. If such accounting firm concludes that an overpayment was made, then such overpayment shall be credited against any future payment due to TPTX hereunder (if there is no future payment due, then TPTX shall promptly refund such overpayment to Zai). TPTX shall bear the full cost of such audit unless such audit discloses that the additional payment payable by Zai for the audited period is more than […***…] of the amount otherwise paid for that audited period, in which case Zai shall pay the reasonable fees and expenses charged by the accounting firm.

(c) TPTX shall treat all financial information subject to review under this Section 9.6 in accordance with the confidentiality provisions of ARTICLE 10, and, prior to commencing such audit, shall cause its accounting firm to enter into a confidentiality agreement with Zai obligating it to treat all such financial information in confidence pursuant to such confidentiality provisions. Such accounting firm shall not disclose Zai's Confidential Information to TPTX, except to the extent such disclosure is necessary to verify the accuracy of the financial reports furnished by Zai or the amount of payments to or by Zai under this Agreement.

(d) Zai shall include in each relevant sublicense granted by it a provision requiring any Sublicensee to maintain records of sales of Products made pursuant to such sublicense, and to grant access to such records by an accounting firm to the same extent and under the same obligations as required of Zai under this Agreement. TPTX shall advise Zai in advance of each audit of any such Sublicensee with respect to the Net Sales of the Products either by TPTX or its designated auditor under the terms of such Sublicensee agreement. TPTX shall provide Zai with a summary of the results received from the audit and, if Zai so requests, a copy of the audit report. TPTX shall pay the full costs charged by the accounting firm, unless the audit discloses that the additional payments payable to TPTX for the audited period is more than […***…] from the amounts otherwise paid for that audited period, in which case Zai shall pay the reasonable fees and expenses charged by the accounting firm.

9.7. Interest. Each Party shall pay interest on any amounts overdue under this Agreement […***…] from the day payment was initially due; provided, however, that in no case shall such interest rate exceed the highest rate permitted by Applicable Laws. The payment of such interest shall not foreclose a Party from exercising any other rights it may have because any payment is overdue.

9.8. Taxes.

(a) **Withholding VAT Taxes**. […***…] any deduction for any VAT that Zai may be required by Applicable Laws in the Territory to pay to any tax authorities in the Territory. TPTX will use Commercially Reasonable Efforts to assist Zai to minimize and obtain all available exemptions from such VAT, but if applicable, Zai will pay any such VAT to the proper taxing authorities upon receipt of a valid VAT invoice (where such invoice is required under local VAT laws). If Zai is required to deduct or withhold any VAT on any payments payable by Zai under this Agreement (the "**Withholding VAT Taxes**"), Zai will (i) pay such Withholding VAT Tax on behalf of TPTX to the appropriate Governmental Authority, (ii) furnish TPTX with proof of payment of such Withholding VAT Tax within […***…] Business Days following such payment., and (iii) […***…]. Zai will promptly provide to TPTX applicable receipts evidencing payment of such Withholding VAT Taxes and other documentation reasonably requested by TPTX. Upon Zai's request, TPTX shall provide reasonable assistance to Zai for Zai to recover any such Withholding VAT Taxes. For clarity, […***…].

(b) **Withholding Incomes Taxes**. If other than the Withholding VAT Taxes, any deductions or withholdings are required by Applicable Laws in the Territory to be paid to any tax authorities in the Territory from any payment from Zai to TPTX hereunder (including those on any incomes of TPTX) (the "**Withholding Income Taxes**", together with the Withholding VAT Taxes, the "**Withholding Taxes**"):

(i) **Upfront Payment and Development Milestone Payments**. With respect to the Upfront Payment and Development Milestones Payments payable by Zai to TPTX, Zai shall (A) pay Withholding Income Taxes on such payments on behalf of TPTX to the appropriate Governmental Authority in the […***…]; (B) furnish TPTX with proof of payment of such Withholding Income Taxes within […***…] Business Days following such payment; and (C) […***…]. Zai will promptly provide to TPTX applicable receipts evidencing payment of such Withholding Incomes Taxes and other documentation reasonably requested by TPTX. Upon TPTX's request, Zai shall provide reasonable assistance to TPTX for TPTX to recover any such Withholding Income Taxes. […***…].

(ii) **Net Sales Milestone Payments and Royalty Payments**. With respect to the Net Sales Milestone Payments and Royalty Payments payable by Zai to TPTX, Zai shall (A) pay Withholding Income Taxes on such payments on behalf of TPTX to the appropriate Governmental Authority in the Territory; (B) furnish TPTX with proof of payment of such Withholding Income Taxes within […***…] Business Days following such payment; and (C) deduct such Withholding Income Taxes from the payment payable to TPTX. Zai will promptly provide to TPTX applicable receipts evidencing payment of such Withholding Incomes Taxes and other documentation reasonably requested by TPTX. Upon TPTX's request, Zai shall provide reasonable assistance to TPTX for TPTX to recover any such Withholding Income Taxes. For clarity, in the event that TPTX actually recovers any such Withholding Income Taxes from the applicable Governmental Authority to which such Taxes were paid, such recovered Withholding Income Taxes shall be retained by TPTX with no obligation to Zai.

(c) **Cooperation**. Zai shall inform TPTX in writing of any prescribed forms that are necessary to claim a reduced rate or exemption from any Withholding Taxes and if TPTX is entitled under any applicable Tax treaty to a reduction of rate of, or the elimination of, applicable Withholding Tax, TPTX shall use Commercially Reasonable Efforts to deliver to Zai or the appropriate Governmental Authority (with the assistance of Zai to the extent that this is reasonably required) the prescribed forms necessary to reduce the applicable rate of withholding or to relieve Zai of its obligation to withhold such Withholding Taxes, and Zai shall apply the reduced rate of withholding if so permitted by Applicable Laws.

(d) **Assignment**. If TPTX assigns, transfers or otherwise disposes of some or all of its rights and obligations under this Agreement to any Person and if, as a result of such action, the Withholding Taxes required by Applicable Laws with respect to payments under this Agreement is increased, then any amount payable to TPTX's assignee or transferee under this Agreement shall be limited to the amount that would have been payable to TPTX had no such assignment, transfer or disposal occurred. If Zai assigns, transfers or otherwise disposes of some or all of its rights and obligations under this Agreement to any Person and if, as a result of such action, the Withholding Income Taxes required by Applicable Laws with respect to payments under this Agreement is increased, then any amount payable by Zai's assignee or transferee under this Agreement shall be increased to ensure that TPTX receives the amount that would have been payable to TPTX had no such assignment, transfer or disposal occurred and it shall be a condition precedent to any such assignment, transfer or disposal that such assignee or transferee shall assume Zai's withholding and payment obligations as set forth in this Section 9.8.

9.9. Blocked Currency. If by Applicable Laws in a region in the Territory, conversion into Dollars or transfer of funds of a convertible currency to the United States becomes materially restricted, forbidden or substantially delayed, then Zai shall promptly notify TPTX and, thereafter, amounts accrued in such country or region under this ARTICLE 9 shall be paid to TPTX (or its designee) in such country or region in local currency by deposit to an escrow account in a local bank designated by TPTX and to the credit of TPTX, unless the Parties otherwise agree.

ARTICLE 10

CONFIDENTIALITY; PUBLICATION

10.1. Nondisclosure Obligation.

(a) For the Term and […***…] years thereafter, the Party receiving (the "**Receiving Party**") the Confidential Information of the other Party (the "**Disclosing Party**") shall keep confidential and not publish, make available or otherwise disclose any Confidential Information to any Third Party, without the express prior written consent of the Disclosing Party; provided, however, the Receiving Party may disclose the Confidential Information to those of its Affiliates, officers, directors, employees, agents, consultants or independent contractors (including licensees and sublicensees) of such Receiving Party who need to know the Confidential Information in connection with exercising rights or performing obligations as contemplated by this Agreement or any other written agreement between the Parties and are bound by confidentiality and non-use obligations with respect to such Confidential Information consistent with those set forth herein; the Receiving Party shall remain responsible for the compliance by its Affiliates, officers, directors, employees, agents, consultants or independent contractors (including licensees and sublicensees) with such confidentiality and non-use obligations. The Receiving Party shall exercise at a minimum the same degree of care it would exercise to protect its own Confidential Information (and in no event less than a reasonable standard of care) to keep confidential the Confidential Information. The Receiving Party shall use the Confidential Information solely in connection with exercising rights or performing obligations as contemplated by this Agreement or any other written agreement between the Parties.

(b) It shall not be considered a breach of this Agreement if the Receiving Party discloses Confidential Information or either Party discloses the terms and conditions of this Agreement in order to comply with a lawfully issued court or governmental order or with a requirement of Applicable Laws or the rules of any internationally recognized stock exchange; provided that: (i) the Receiving Party gives prompt written notice of such disclosure requirement to the Disclosing Party and cooperates with the Disclosing Party's efforts to oppose such disclosure or obtain a protective order for such Confidential Information, and (ii) if such disclosure requirement is not quashed or a protective order is not obtained, the Receiving Party shall only disclose those portions of the Confidential Information that it is legally required to disclose and shall make a reasonable effort to obtain confidential treatment for the disclosed Confidential Information. To the extent there is any conflict between this ARTICLE 10 and any other agreement related to Confidential Information entered into between the Parties, including the Confidentiality Agreement, the terms of this ARTICLE 10 shall control to the extent of such conflict.

(c) **Scientific Publication**. The JSC shall discuss the publication strategy for the publication of scientific papers, abstracts, meeting presentations and other disclosure of the results of the Clinical Trials carried out under this Agreement, taking into consideration the Parties' interest in publishing the results of the Product Development work in order to obtain recognition within the scientific community and to advance the state of scientific knowledge, and the need to protect Confidential Information, intellectual property rights and other business interests of the Parties. Subject to the immediately preceding sentence, Zai shall provide TPTX with the opportunity to review and comment on any proposed publication that pertains to the Products at least […***…] days prior to its intended submission for publication which shall only be permitted in the Territory and as to data, results and the like with respect to patients or subjects located in the Territory. TPTX shall provide Zai with its comments, if any, within […***…] days after the receipt of such proposed publication. Zai shall consider in good faith the comments provided by TPTX and shall comply with TPTX's request to: (a) remove any and all Confidential Information of TPTX from such proposed publication; and (b) delay the submission for a period up to […***…] days as may be reasonably necessary to seek patent protection for the information disclosed in the proposed publication. Zai agrees to acknowledge the contribution of TPTX and TPTX's employees in all publication as scientifically appropriate. Zai shall have no right to publish outside the Territory (including in any form or media that may be distributed outside the Territory) without TPTX's prior written consent.

10.2. Publicity; Use of Names.

(a) Subject to permitted disclosures under Section 10.1(b) or under Section 10.2(c), each of the Parties agrees not to disclose to any Third Party the terms and conditions of this Agreement without the prior approval of the other Party, except to (i) advisors (including consultants, financial advisors, attorneys and accountants), (ii) bona fide potential and existing investors, acquirers, merger partners or other financial or commercial partners on a need to know basis for the sole purpose of evaluating an actual or potential investment, acquisition or other business relationship, in each case under circumstances that reasonably protect the confidentiality thereof, (iii) to the extent necessary to comply with the terms of agreements with Third Parties, or (iv) to the extent required by Applicable Laws, including securities laws and regulations. Notwithstanding the foregoing, the Parties agree upon the initial press release(s) to announce the execution of this Agreement as contained in Schedule 10.2(a); thereafter, TPTX and Zai may each disclose to Third Parties the information contained in such press release(s) or in any other press releases or disclosures made in accordance with this Section 10.2, without the need for further approval by the other.

(b) The Parties acknowledge the importance of supporting each other's efforts to publicly disclose results and significant developments regarding a Product for use in the Field in the Territory and other activities in connection with this Agreement, beyond what may be strictly required by Applicable Laws and the rules of a recognized stock exchange, and each Party may make such disclosures from time to time with respect to a Product in the case of TPTX, with prior notice to Zai, and in the case of Zai, with the prior written approval of TPTX, which approval shall not be unreasonably withheld, conditioned or delayed. Such disclosures may include achievement of significant events in the Development (including regulatory process) or Commercialization of a Product for use in the Field in the Territory. Unless otherwise requested by the applicable Party, Zai shall indicate that TPTX is the licensor of a Product and Licensed Technology in each public disclosure issued by Zai regarding a Product. When Zai elects to make any public disclosure under this Section 10.2(b) or TPTX elects to make any public disclosure regarding results and significant developments regarding a Product for use in the Field in the Territory under this Section 10.2(b), the disclosing Party shall give the other Party reasonable notice to review and comment on such statement, and, in the case of proposed disclosures by Zai, (i) if TPTX does not notify Zai in writing within […***…] days or such shorter period if required by Applicable Laws of any reasonable objections, as contemplated in this Section 10.2(b), such disclosure shall be deemed approved, and (ii) if TPTX does notify Zai in writing within the time period set forth in clause (i) above, and reasonably determines that such public disclosure would entail the public disclosure of TPTX's Confidential Information or of patentable Inventions upon which patent applications should be filed prior to such public disclosure, such public disclosure shall be delayed for such period as may be reasonably necessary for deleting any such Confidential Information of TPTX, or the drafting and filing of a patent application covering such Inventions; provided that such additional period shall not exceed […***…] days from the proposed date of the public disclosure, and, in any event, TPTX shall work diligently and reasonably to agree on the text of any proposed disclosure in an expeditious manner. The principles to be observed in such disclosures shall be accuracy, compliance with Applicable Laws and regulatory guidance documents, and reasonable sensitivity to potential negative reactions of applicable Regulatory Authorities.

(c) The Parties acknowledge the need to keep investors and others informed regarding such Party's business under this Agreement, including as required by Applicable Laws or the rules of a recognized stock exchange. To the extent a Party is publicly listed or becomes publicly listed, and subject to Section 10.2(b) as applicable, such Party may issue press releases or make disclosures to the SEC or other applicable agency as it determines, based on advice of counsel, as reasonably necessary to comply with laws or regulations or for appropriate market disclosure; provided that each Party shall provide the other Party with advance notice of legally required disclosures to the extent practicable. The Parties shall consult with each other on the provisions of this Agreement to be redacted in any filings made by a Party with the SEC or as otherwise required by Applicable Laws; provided that each Party shall have the right to make any such filing as it reasonably determines necessary under Applicable Laws.

10.3. Equitable Relief. Each Party acknowledges that its breach of this ARTICLE 10 would cause irreparable harm to the other Party, which cannot be reasonably or adequately compensated in damages in an action at law. By reasons thereof, each Party agrees that the other Party shall be entitled, in addition to any other remedies it may have under this Agreement or otherwise, to preliminary and permanent injunctive and other equitable relief to prevent or curtail any actual or threatened breach of the obligations relating to Confidential Information set forth in this ARTICLE 10 by the other Party.

10.4. Prior Confidentiality Agreement. As of the Effective Date, the terms of this ARTICLE 10 shall supersede any prior non-disclosure, secrecy or confidentiality agreement between the Parties (or their Affiliates) relating to the subject of this Agreement, including the Confidentiality Agreement.

ARTICLE 11

REPRESENTATIONS, WARRANTIES, AND COVENANTS

11.1. Representations and Warranties of Each Party. Each Party represents and warrants to the other Party as of the Effective Date that:

(a) it is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including the right to grant the licenses granted by it hereunder;

(b) (i) it has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (ii) it has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder; and (iii) this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms;

(c) it is not a party to any agreement that would prevent it from granting the rights granted to the other Party under this Agreement or performing its obligations under this Agreement; and

(d) all consents, approvals and authorization from all Governmental Authorities or other Third Parties required to be obtained by such Party in connection with execution of this Agreement have been obtained.

11.2. Additional Representations and Warranties of TPTX. TPTX represents and warrants to Zai that as the Effective Date:

(a) TPTX is the sole owner of the Licensed Patents and it has the right under the Licensed Technology to grant the licenses to Zai as purported to be granted pursuant to this Agreement;

(b) there is no agreement between TPTX or its Affiliates with any Third Party pursuant to which TPTX or its Affiliates has in-licensed any Licensed Technology;

(c) Schedule 1.68 sets forth a complete and accurate list all Licensed Patents as of the Effective Date;

(d) neither TPTX nor any of its Affiliates is a party to any license or similar agreement under which it has granted or agreed to grant a license to any Third Party to any Licensed Technology that would conflict with the rights or licenses granted to Zai under this Agreement;

(e) TPTX and its Affiliates and their employees, consultants and contractors involved in the Development of the Licensed Compound and Products are not, and have not been, debarred or disqualified by any Regulatory Authority as of the Effective Date, and have complied in all material respects with all Applicable Laws in connection with the Development of the Licensed Compound and Product;

(f) […***…]; and

(g) no claim or action has been brought against TPTX or, to TPTX's knowledge, threatened in writing to TPTX, by any Third Party alleging that (i) the Licensed Patents are invalid or unenforceable, or (ii) the exploitation of the Licensed Compound or Product infringes the Patents or misappropriates the Know-How of any Third Party; and, to TPTX's knowledge, no interference, opposition, cancellation or other protest proceeding has been filed against a Licensed Patent owned by TPTX.

11.3. Additional Representations and Warranties of Zai. Zai represents and warrants to TPTX that as of the Effective Date:

(a) there are no legal claims, judgments or settlements against or owed by Zai or its Affiliates, or pending or, to Zai's or its Affiliates' actual knowledge, threatened, legal claims or litigation, in each case, relating to antitrust, anti-competition, anti-bribery or corruption violations, including under any Anti-Corruption Laws; and

(b) Zai and its Affiliates are not, and have not been, debarred or disqualified by any Regulatory Authority.

11.4. Covenants of Each Party. Each Party covenants to the other Party that in the course of performing its obligations or exercising its rights under this Agreement, it shall, and shall cause its Affiliates, Sublicensees to, comply with the Clinical Development Plan, all agreements referenced herein, all Applicable Laws, including as applicable, cGMP, GCP, GLP, and GSP standards, and shall not employ or engage any party who has been debarred by any Regulatory Authority, or, to such Party's knowledge, is the subject of debarment proceedings by a Regulatory Authority. Without limiting the foregoing, (a) Zai will conduct its obligations with respect to Joint Global Studies in the Territory under the Global Development Plan in strict adherence with the study design set forth in the protocol for such Joint Global Studies and as set forth in the Global Development Plan, each as may be amended from time to time, and will comply with the statistical analysis plan implemented by TPTX in connection therewith, and (b) Zai will only engage Clinical Trial sites under the Clinical Development Plan that conduct all Clinical Trials in compliance with Applicable Laws, including GCP and the ICH Guidelines, and are approved by the NMPA.

11.5. Compliance with Anti-Corruption Laws.

(a) Notwithstanding anything to the contrary in the Agreement, each Party hereby covenants to each other that:

(i) it shall not, in the performance of this Agreement, perform any actions that are prohibited by local and other anti-corruption laws (collectively "**Anti-Corruption Laws**", including the provisions of the U.S. Foreign Corrupt Practices Act, the U.K. Anti-Bribery Law, and the Anti-Corruption Act of the PRC) that may be applicable to either or both Parties to the Agreement;

(ii) it shall not, in the performance of this Agreement, directly or indirectly, make any payment, or offer or transfer anything of value, or agree or promise to make any payment or offer or transfer anything of value, to a government official or government employee, to any political party or any candidate for political office or to any other Third Party with the purpose of influencing decisions related to either Party or its business in a manner that would violate Anti-Corruption Laws;

(iii) it shall, on request by the other Party, verify in writing that to the best of such Party's knowledge, there have been no violations of Anti-Corruption Laws by such Party or persons employed by or subcontractors used by such Party in the performance of the Agreement, or shall provide details of any exception to the foregoing; and

(iv) it shall maintain records (financial and otherwise) and supporting documentation related to the subject matter of the Agreement in order to document or verify compliance with the provisions of this Section 11.5, and upon request of the other Party, upon reasonable advance notice, shall provide a Third Party auditor mutually acceptable to the Parties with access to such records for purposes of verifying compliance with the provisions of this Section 11.5. Acceptance of a proposed Third Party auditor may not be unreasonably withheld or delayed by either Party. It is expressly agreed that the costs related to the Third Party auditor shall be fully paid by the Party requesting the audit, and that any auditing activities may not unduly interfere with the normal business operations of Party subject to such auditing activities. The audited Party may require the Third Party auditor to enter into a reasonable confidentiality agreement in connection with such an audit.

(b) To its knowledge as of the Effective Date and during the Term, neither Zai nor any of its subsidiaries nor any of their Affiliates, directors, officers, employees, distributors, agents, representatives, sales intermediaries or other Third Parties acting on behalf of Zai or any of its subsidiaries or any of their Affiliates:

(i) has taken or shall take any action in violation of any applicable anticorruption law, including the U.S. Foreign Corrupt Practices Act (15 U.S.C. § 78 dd-1 et seq.); or

(ii) has corruptly, offered, paid, given, promised to pay or give, or authorized or shall corruptly, offer, pay give, promise to pay or give or authorize, the payment or gift of anything of value, directly or indirectly, to any Public Official (as defined in Section 11.5(d) below), for the purposes of:

(iii) has influenced or shall influence any act or decision of any Public Official in his official capacity;

(iv) has induced or shall induce such Public Official to do or omit to do any act in violation of his lawful duty;

(v) has secured or shall secure any improper advantage; or

(vi) has induced or shall induce such Public Official to use his or her influence with a government, governmental entity, or commercial enterprise owned or controlled by any government (including state-owned or controlled veterinary or medical facilities) in obtaining or retaining any business whatsoever.

(c) As of the Effective Date, none of the officers, directors, employees, of Zai or of any of its Affiliates or agents acting on behalf of Zai or any of its Affiliates, in each case that are employed or reside outside the United States, are themselves Public Officials.

(d) For purposes of this Section 11.5, "**Public Official**" means (i) any officer, employee or representative of any regional, federal, state, provincial, county or municipal government or government department, agency or other division; (ii) any officer, employee or representative of any commercial enterprise that is owned or controlled by a government, including any state-owned or controlled veterinary or medical facility; (iii) any officer, employee or representative of any public international organization, such as the African Union, the International Monetary Fund, the United Nations or the World Bank; and (iv) any person acting in an official capacity for any government or government entity, enterprise or organization identified above.

11.6. NO OTHER REPRESENTATIONS OR WARRANTIES. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, ARE MADE OR GIVEN BY OR ON BEHALF OF A PARTY. ALL SUCH REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

ARTICLE 12

INDEMNIFICATION

12.1. By Zai. Zai shall indemnify and hold harmless TPTX, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the "**TPTX Indemnitee(s)**") from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) (individually and collectively, "**Losses**") incurred by them in connection with any claims, demands, actions or other proceedings by any Third Party (individually and collectively, "**Claims**") arising after the Effective Date to the extent arising from (a) the Development, packaging or labeling, Manufacture (after the Manufacturing Technology Transfer), use and Commercialization of the Products in the Territory, (b) the packaging or labeling of the Products outside the Territory, (c) the gross negligence, illegal conduct or willful misconduct of Zai or any of its Affiliates or Sublicensees, (d) Zai's breach of any of its representations, warranties or covenants made in or pursuant to this Agreement or any covenants or obligations set forth in or entered into pursuant to this Agreement, or (e) TPTX holding any Regulatory Approval for any Product for Zai's benefit in accordance with Section 6.1, in each case of clauses (a) through (e) above except to the extent such Losses arise from, are based on, or result from any activity or occurrence for which TPTX is obligated to indemnify the Zai Indemnitees under Section 12.2.

12.2. By TPTX. TPTX shall indemnify and hold harmless Zai, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the "**Zai Indemnitee(s)**") from and against all Losses incurred by them in connection with any Claims to the extent arising from (a) Manufacture, Development, use and Commercialization of the Licensed Compounds and Products outside the Territory or in the Territory with respect to Global Studies or any Manufacturing activities in the Territory, in each such case by TPTX or any of its Affiliates or licensees (other than Zai or its Affiliates or Sublicensees); (b) the gross negligence, illegal conduct or willful misconduct of TPTX or any of its Affiliates or licensees (other than Zai), or (c) TPTX's breach of any of its representations, warranties or covenants made in or pursuant to this Agreement or any covenants or obligations set forth in or entered into pursuant to this Agreement, in each case of clauses (a) through (c) above, except to the extent Losses arise from, are based on, or result from any activity or occurrence for which TPTX is obligated to indemnify the Zai Indemnitees under Section 12.1.

12.3. Defined Indemnification Terms. Either of the Zai Indemnitee or the TPTX Indemnitee shall be an "**Indemnitee**" for the purpose of this ARTICLE 12, and the Party that is obligated to indemnify the Indemnitee under Section 12.1 or Section 12.2 shall be the "**Indemnifying Party**."

12.4. Defense. If any such Claims are made, the Indemnitee shall be defended at the Indemnifying Party's sole expense by counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee; provided that the Indemnitee may, at its own expense, also be represented by counsel of its own choosing. The Indemnifying Party shall have the sole right to control the defense of any such Claim, subject to the terms of this ARTICLE 12.

12.5. Settlement. The Indemnifying Party may settle any such Claim or otherwise consent to an adverse judgment (a) with prior written notice to the Indemnitee but without the consent of the Indemnitee where the only liability to the Indemnitee is the payment of money and the Indemnifying Party makes such payment, or (b) in all other cases, only with the prior written consent of the Indemnitee, such consent not to be unreasonably withheld or delayed.

12.6. Notice. The Indemnitee shall notify the Indemnifying Party promptly of any Claim with respect to which it seeks indemnification under Sections 12.1 or 12.2 and shall reasonably cooperate with all reasonable requests of the Indemnifying Party with respect thereto.

12.7. Permission by Indemnifying Party. The Indemnitee may not settle any such Claim or otherwise consent to an adverse judgment in any such Claim or make any admission as to liability or fault without the express written permission of the Indemnifying Party.

12.8. Insurance. Each Party shall procure and maintain insurance, including product liability insurance, with respect to its activities hereunder and which is consistent with normal business practices of prudent companies similarly situated at all times. Each Party shall provide the other Party with evidence of such insurance upon request and shall provide the other Party with written notice at least […***…] days prior to such Party's decision or receipt of notice from the insurance company, as applicable, with respect to the cancellation, non-renewal or material decrease in the coverage level of such insurance. It is understood that such insurance shall not be construed to create a limit of either Party's liability. Zai shall impose substantially identical obligations on its Affiliates (to the extent not named insureds under Zai's coverages) and Sublicensees.

12.9. LIMITATION OF LIABILITY. SUBJECT TO AND WITHOUT LIMITING (A) THE INDEMNIFICATION OBLIGATIONS OF EACH PARTY WITH RESPECT TO THIRD PARTY CLAIMS UNDER SECTIONS 12.1 OR 12.2, (B) LIABILITY AS A RESULT OF A BREACH OF ARTICLE 10, (C) LIABILITY FOR MISAPPROPRIATION OR INFRINGEMENT OF INTELLECTUAL PROPERTY OWNED OR CONTROLLED BY THE OTHER PARTY, OR (D) LIABILITY FOR BREACH OF COVENANTS UNDER SECTION 2.6, NEITHER PARTY OR ANY OF ITS AFFILIATES SHALL BE LIABLE TO THE OTHER PARTY UNDER ANY CONTRACT, WARRANTY, NEGLIGENCE, TORT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, MULTIPLIED OR CONSEQUENTIAL DAMAGES OR FOR LOST PROFITS (EVEN IF DEEMED DIRECT DAMAGES) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

ARTICLE 13

INTELLECTUAL PROPERTY

13.1. Ownership.

(a) As between the Parties, (i) TPTX shall remain the sole and exclusive owner of all Licensed Technology and (ii) Zai shall remain the sole and exclusive owner of all Zai IP.

(b) Ownership of all Inventions (other than any Invention that is an Improvement) shall be allocated based on inventorship, as determined in accordance with the rules of inventorship under the United States patent laws. All Improvements, whether invented, discovered, generated or made solely by either Party, its Affiliates, or its or its Affiliates' employees, agents or independent contractors or jointly by both Parties, their Affiliates, or their or their Affiliates' employees, agents or independent contractors, shall be the sole property of TPTX and shall be included in the Licensed Technology (if within the scope of such definition) and included in the licenses and rights granted to Zai. A Party shall own all Inventions (in the case of Zai, other than Improvements) that are invented, discovered, generated or made solely by it, its Affiliates, or its or its Affiliates' employees, agents or independent contractors ("**Sole Inventions**"), and (i) TPTX's Sole Inventions shall be included in the Licensed Technology (if within the scope of such definition) and included in the licenses and rights granted to Zai by TPTX hereunder; and (ii) Zai's Sole Inventions (which are not Improvements) shall be included in the Zai IP (if within the scope of such definition) and included in the licenses and rights granted to TPTX by Zai hereunder. The Parties shall jointly own all Inventions (other than Improvements) that are made jointly by a Party, its Affiliate, or its or its Affiliate's employees, agents or independent contractors together with the other Party, its Affiliates, or its or its Affiliate's employees, agents or independent contractors ("**Joint Inventions**"). Patents claiming the Joint Inventions shall be referred to as "**Joint Patents**." Each Party shall own an undivided equal interest in the Joint Inventions and Joint Patents, without a duty of accounting or an obligation to seek consent from the other Party for the exploitation or license of the Joint Inventions or Joint Patents (subject to the licenses granted to the other Party under this Agreement).

(c) Zai shall and hereby does assign to TPTX all right, title and interest in and to all Improvements. Zai shall take (and cause its Affiliates, Sublicensees and their employees, agents, and contractors to take) such further actions reasonably requested by TPTX to effectuate such assignment and to assist TPTX in obtaining Patent and other intellectual property rights protection for the Improvements. Zai shall obligate its Affiliates, Sublicensees and contractors to assign all Improvements to Zai (or directly to TPTX) so that Zai can comply with its obligations under this Section 13.1(c), and Zai shall promptly obtain such assignment.

13.2. Disclosure of Inventions. Each Party shall promptly disclose to the other Party all Inventions, including all invention disclosure or other similar documents submitted to such Party by its or its Affiliates' employees, agents, or independent contractors relating to such Inventions, and shall also promptly respond to reasonable requests from the other Party for additional information relating to such Inventions.

13.3. Patent Prosecution.

(a) **Licensed Patents and Joint Patents in the Territory**. TPTX shall have the first right, but not the obligation, to conduct Patent Prosecution and maintenance of (i) the Licensed Patents in the Territory and (ii) Joint Patents in the Territory, at its sole cost. TPTX shall consult with Zai and keep Zai reasonably informed of the Patent Prosecution or maintenance of the Licensed Patents and Joint Patents in the Territory and shall provide Zai with all material correspondence received from any patent authority in the Territory in connection therewith. In addition, TPTX shall provide Zai with drafts of all proposed material filings and correspondence to any patent authority in the Territory in connection with the Patent Prosecution or maintenance of the Licensed Patents or Joint Patents for Zai's review and comment prior to the submission of such proposed filings and correspondence. TPTX shall consider in good faith Zai's comments on such Patent Prosecution or maintenance but shall have final decision-making authority under this Section 13.3(a). Further, TPTX shall notify Zai of any decision to cease Patent Prosecution or maintenance of any Licensed Patent or Joint Patent in the Territory at least […***…] days before any due date for filing, payment or other action to avoid loss of rights, in which case Zai shall have the right to continue the Patent Prosecution or maintenance of such Licensed Patent or Joint Patent in the Territory at Zai's discretion and expense. If Zai decides to take over Patent Prosecution or maintenance of a Licensed Patent or Joint Patent in such region(s) in the Territory, then TPTX shall promptly deliver to Zai copies of all necessary files related to such Licensed Patent or Joint Patent in such region(s) in the Territory and shall take all actions and execute all documents reasonably necessary for Zai to assume such responsibility. For the avoidance of doubt, Zai's assumption of responsibility for Patent Prosecution or maintenance of any Licensed Patent or Joint Patent in any region(s) in the Territory pursuant to this Section 13.3(a) shall not change the Parties' respective ownership rights with respect to such Licensed Patent or Joint Patent.

(b) **Zai Patents**. Zai shall, at its sole cost and expense, have the sole right, but not the obligation, in the Territory and the first right, but not the obligation, outside the Territory, to conduct the Patent Prosecution and maintenance of any Patents within the Zai IP (the "**Zai Patent**"). Zai shall keep TPTX reasonably informed of the status of all actions taken, and shall consider in good faith TPTX's recommendations with respect to the Zai Patents prosecuted by Zai worldwide. Further, Zai shall notify TPTX of any decision to cease Patent Prosecution or maintenance of any Zai Patent outside the Territory at least […***…] days before any due date for filing, payment or other action to avoid loss of rights, in which case TPTX shall have the right to continue the Patent Prosecution or maintenance of such Zai Patent outside the Territory at TPTX's discretion and expense. If TPTX decides to take over Patent Prosecution or maintenance of a Zai Patent outside the Territory, then Zai shall promptly deliver to TPTX copies of all necessary files related to such Zai Patent outside the Territory and shall take all actions and execute all documents reasonably necessary for TPTX to assume such responsibility. For the avoidance of doubt, TPTX's assumption of responsibility for Patent Prosecution or maintenance of any Zai Patent outside the Territory pursuant to this Section 13.3(b) shall not change the Parties' respective ownership rights with respect to such Licensed Patent or Joint Patent.

(c) **Joint Patents Outside the Territory**. TPTX shall have the sole decision-making authority, at its sole cost and expense, over the Patent Prosecution and maintenance of Joint Patents outside the Territory.

13.4. Enforcement.

(a) Each Party shall notify the other within […***…] Business Days of becoming aware of any alleged or threatened infringement by a Third Party of any of the Licensed Patents (including any Joint Patents in the Territory), which infringement adversely affects or is expected to adversely affect any Product in the Field in the Territory, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Licensed Patents (including any Joint Patents in the Territory) in the Territory (collectively "**Product Infringement**").

(b) Zai shall have the first right to bring and control any legal action in connection with such Product Infringement in the Territory at its own expense as it reasonably determines appropriate. If Zai does not bring such legal action prior to the earlier of: (i) […***…] days following Zai's receipt or delivery of the notice under Section 13.4(a), or (ii) […***…] days before the deadline, if any, set forth in the Applicable Laws for the filing of such actions, or discontinues the prosecution of any such action after filing without abating such infringement, TPTX shall have the right to bring and control any legal action in connection with such Product Infringement at its own expense as it reasonably determines appropriate.

(c) TPTX shall have the exclusive right, but not the obligation, to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Licensed Patents (other than Joint Patents) that is not a Product Infringement, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Licensed Patents (other than Joint Patents), at its own expense as it reasonably determines appropriate.

(d) Zai shall have the first right, but not the obligation, to enforce the Joint Patents in the Territory for any infringement that is not a Product Infringement at its own expense as it reasonably determines appropriate. TPTX shall have the first right, but not the obligation, to enforce the Joint Patents outside the Territory for any infringement at its own expense as it reasonably determines appropriate. If the Party with the first right of enforcement in respect of Joint Patents under this Section 13.4(d) decides not to bring such legal action in any jurisdiction(s) subject to its first right, it shall so inform the other Party promptly and the other Party shall have the right, but not the obligation, to bring and control any legal action in connection with such infringement in such jurisdiction(s) at its own expense as it reasonably determines appropriate.

(e) TPTX shall have the first right to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Zai Patents (other than Joint Patents), which infringement adversely affects or is expected to adversely affect any Product in the Field outside the Territory, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Zai Patents (other than Joint Patents) outside the Territory, at its own expense as it reasonably determines appropriate. If TPTX does not bring such legal action prior to the earlier of: (i) […***…] days following receipt or delivery of notice between the Parties regarding such alleged infringement, or (ii) […***…] days before the deadline, if any, set forth in the Applicable Laws for the filing of such actions, or discontinues the prosecution of any such action after filing without abating such infringement, Zai shall have the right to bring and control any legal action in connection with infringement at its own expense as it reasonably determines appropriate. Except as otherwise provided in this Section 13.4(e), Zai shall have the exclusive right, but not the obligation, to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Zai Patents (other than Joint Patents), and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Zai Patents (other than Joint Patents), at its own expense as it reasonably determines appropriate.

(f) At the request of the Party bringing an action related to Product Infringement or otherwise as described in this Section 13.4, the other Party shall provide reasonable assistance in connection therewith, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action if required by Applicable Laws to pursue such action, at each such Party's sole cost and expense. In connection with an action related to Product Infringement or otherwise as described in this Section 13.4, the Party bringing the action shall not enter into any settlement admitting the invalidity or non-infringement of, or otherwise impairing the other Party's rights in the Licensed Patents, Zai Patents or Joint Patents, as applicable, without the prior written consent of the other Party. The enforcing Party shall keep the non-enforcing Party reasonably informed of the status of any action it brought in connection with such Product Infringement or otherwise as described in this Section 13.4. The non-enforcing Party shall be entitled to attend any substantive meetings, hearings, or other proceedings related to any such action pursued by the enforcing Party. The enforcing Party shall provide the non-enforcing Party with copies of all pleadings and other documents to be filed with the court reasonably in advance and shall consider in good faith reasonable and timely input from the non-enforcing Party during the course of the action.

(g) Any recoveries resulting from enforcement action relating to a claim of Product Infringement or otherwise as described in this Section 13.4 shall be first applied against payment of the enforcing Party's costs and expenses in connection therewith and then the non-enforcing Party's costs and expenses in connection therewith. Any such recoveries in excess of such costs and expenses shall […***…].

13.5. Defense.

(a) Each Party shall notify the other in writing of any allegations it receives from a Third Party that the Development, Manufacture, use, Commercialization or other exploitation of any Licensed Compound or Product or any embodiment of any technology or intellectual property licensed by a Party under this Agreement infringes the intellectual property rights of such Third Party. Such notice shall be provided promptly, but in no event after more than […***…] days following receipt of such allegations. Such written notice shall include a copy of any summons or complaint (or the equivalent thereof) received regarding the foregoing. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties.

(b) As between the Parties, Zai shall have the first right, but not the obligation to control and be solely responsible for the defense of any such suit against Zai, at Zai's sole cost and expense; provided, however, Zai shall not enter into any compromise or settlement relating to such suit that (i) admits the invalidity or unenforceability of any Licensed Patents or Joint Patents; or (ii) requires abandonment of any Licensed Patents or Joint Patents; or (iii) contemplates payment or other action by TPTX or has a material adverse effect on TPTX's business, in all cases ((i) through (iii)), without obtaining the prior written consent of TPTX.

(c) If Zai decides not to bring such legal action subject to its first right, it shall so inform TPTX promptly and TPTX shall have the right to bring and control any such legal action in connection with such infringement in the Territory at its own expense as it reasonably determines appropriate; provided, however, TPTX shall not enter into any compromise or settlement relating to such suit that (i) admits the invalidity or unenforceability of any Licensed Patents or Joint Patents; or (ii) requires abandonment of any Licensed Patents or Joint Patents; or (iii) contemplates payment or other action by Zai or has a material adverse effect on Zai's business, in all cases ((i) through (iii)), without obtaining the prior written consent of Zai.

(d) Upon the defending Party's request and at the defending Party's expense, the non-defending Party shall provide reasonable assistance to the defending Party for such defense and shall join such suit if deemed a necessary party. If the non-defending Party does not join such suit, the defending Party shall keep the non-defending Party reasonably informed of the status of such suit. The non-defending Party shall be entitled to attend any substantive meetings, hearings, or other proceedings related to such suit. The defending Party shall provide the non-defending Party with copies of all pleadings and other documents to be filed with the court reasonably in advance and shall consider in good faith reasonable and timely input from the non-defending Party during the course of the suit.

ARTICLE 14

TERMS AND TERMINATION

14.1. Term and Expiration.

(a) **Term**. The term of this Agreement shall be effective as of the Effective Date, and shall continue in effect until the expiration of the last Royalty Term with respect to any Product in any region in the Territory (the "**Term**", and the date of such expiration with respect to such region, the "**Expiration Date**").

(b) **Expiration of Royalty Term**. On a region-by-region basis, upon the expiration of the Royalty Term for a given Product in a given region, the licenses granted by TPTX to Zai under Section 2.1 of this Agreement in such region with respect to such Product in the Field shall become fully paid-up, perpetual, irrevocable and sublicenseable in multiple tiers.

(c) **Supply after Expiration**. In the event that no Manufacturing Technology Transfer has occurred before […***…] in which the expiration is to occur, the Parties shall discuss in good faith the terms and conditions on which TPTX would supply Products to Zai after the Expiration Date; provided, however, that if the Parties fail to reach such an agreement before […***…].

14.2. Termination for Mutual Agreement. This Agreement may be terminated by the Parties' mutual written agreement.

14.3. Termination for Convenience. Zai shall have the right to terminate this Agreement in its entirety for any or no reason upon […***…] days' written notice to TPTX. Zai shall terminate this Agreement upon […***…] days' written notice to TPTX if it determines that it shall permanently discontinue all Development and Commercialization activities with respect to the Product under this Agreement.

14.4. Termination for Material Breach.

(a) This Agreement may be terminated in its entirety at any time during the Term upon […***…] days' (or […***…] days' with respect to any payment breach) written notice by either Party if the other Party is in material breach of this Agreement and, if such breach is curable, such breach has not been cured within […***…] days (or […***…] days with respect to any payment breach) of such written notice.

(b) Notwithstanding the foregoing, if the alleged breaching Party disputes the existence or materiality of the alleged breach, the other Party shall not have the right to terminate this Agreement unless and until it is determined in accordance with ARTICLE 15 that the alleged breaching Party has materially breached this Agreement and fails to cure such breach within […***…] days after such determination.

14.5. Termination for Insolvency. Each Party shall have the right to terminate this Agreement upon delivery of written notice to the other Party in the event that (a) such other Party files in any court or agency pursuant to any statute or regulation of any jurisdiction a petition in bankruptcy or insolvency or for reorganization under the Chapter 7 of the United States of Bankruptcy Code or other similar Applicable Law or similar arrangement for the benefit of creditors or for the appointment of a receiver or trustee of such other Party or its assets, (b) such other Party is served with an involuntary petition against it in any insolvency proceeding and such involuntary petition has not been stayed or dismissed within ninety (90) days of its filing, or (c) such other Party makes an assignment of substantially all of its assets for the benefit of its creditors.

14.6. Termination for Patent Challenge. Except to the extent the following is unenforceable under the laws of a particular jurisdiction, TPTX may terminate this Agreement in its entirety (a) immediately upon written notice to Zai if Zai or any of its Affiliates or Sublicensees commences a legal, administrative or other action challenging the validity, enforceability or scope of any Licensed Patent or (b) within […***…] day written notice to Zai if Zai or its Affiliates or Sublicensees commences a legal, administrative or other action challenging the validity, enforceability or scope of any Patent (other than any Licensed Patent) owned or Controlled by TPTX or its Affiliates anywhere in the world, unless such action is withdrawn during such […***…]-day period. Notwithstanding the foregoing, if Zai promptly terminates the sublicense agreement of any Sublicensee that commences a legal action challenging the validity, enforceability or scope of any Licensed Patents anywhere in the world, TPTX shall not have the right to terminate this Agreement under this Section 14.6.

14.7. Termination for Acquisition of Third Party by a Party. Each Party shall have the right to terminate this Agreement to the extent permitted under and in accordance with Section **2.6(b)(ii).**

14.8. Election to Terminate. If either Party has the right to terminate under Sections 14.3 through 14.6, it may at its sole option, elect either to (a) terminate this Agreement and pursue any legal or equitable remedy available to it or (b) maintain this Agreement in effect and pursue any legal or equitable remedy available to it.

14.9. Effects of Termination.

(a) Upon the termination of this Agreement for any reason, all rights and licenses granted to Zai herein shall immediately terminate, and all sublicenses of such rights and licenses shall also terminate. Upon termination of this Agreement, if a Sublicensee is then in good standing under its sublicense agreement with Zai, then at TPTX's sole discretion, TPTX may grant to such Sublicensee a direct license under the Licensed Technology that is the same scope as the sublicense granted by Zai on substantially the same terms and conditions set forth in this Agreement, and Section 14.9(b) below shall not apply to such Sublicensee. Termination of this Agreement for any reason shall not release either Party of any obligation or liability which, at the time of such termination, has already accrued to the other Party or which is attributable to a period prior to such termination. Notwithstanding anything herein to the contrary, termination of this Agreement by a Party shall be without prejudice to other remedies such Party may have at law or equity.

(b) Upon termination of this Agreement for any reason, the following additional provisions shall apply:

(i) **Reversion of Rights to TPTX; Extension of License to TPTX**. Any rights and licenses with respect to the Product granted to Zai under this Agreement shall immediately terminate, and all such rights shall revert back to TPTX. In addition, in the event that this Agreement is terminated by the Parties pursuant to Section 14.2, by Zai pursuant to Section 14.3 or by TPTX pursuant to Section 14.4, 14.5, 14.6, or 14.7, the licenses granted by Zai to TPTX pursuant to Section 2.4 shall automatically be extended to include the Territory.

(ii) **Regulatory Materials; Data**. Zai shall, and shall cause its Affiliates and Sublicensees to, […***…], to the maximum extent permitted by Applicable Laws at the time of any such termination to promptly (1) assign all Regulatory Submissions and Regulatory Approvals and pricing and reimbursement approvals of Products to TPTX, and (2) assign all data generated by or on behalf of Zai or its designee while conducting Development or Commercialization activities under this Agreement to TPTX or its designee, including non-clinical and clinical studies conducted by or on behalf of Zai on Products and all pharmacovigilance data (including all Adverse Event database information) on Products.

(iii) **Trademarks**. Zai shall, and shall cause its Affiliates and Sublicensees, to promptly transfer and assign to TPTX, […***…], all Product Marks.

(iv) **Transition Assistance**. Zai shall, and shall cause its Affiliates and Sublicensees, to provide assistance, […***…], as may be reasonably necessary or useful for TPTX or its designee to commence or continue Developing or Commercializing Products in the Territory for a period of at least […***…] days after the effective date of such termination (the "**Transition Period**") to the extent Zai is then performing or having performed such activities, including transferring or amending as appropriate, upon request of TPTX, any agreements or arrangements with Third Party to Develop and Commercialize the Products in the Territory. To the extent that any such contract between Zai and a Third Party is not assignable to TPTX or its designee, then Zai shall reasonably cooperate with TPTX to arrange to continue to and provide such services from such entity.

(v) **Ongoing Clinical Trial**. If at the time of such termination, any Clinical Trials for the Products are being conducted by or on behalf of Zai, then, at TPTX's election on a Clinical Trial-by-Clinical Trial basis: (1) Zai shall, and shall cause its Affiliates and Sublicensees to, (A) continue to conduct such Clinical Trial during the Transition Period or another period of time as determined by TPTX after the effective date of such termination at TPTX's cost, and (B) after such period, to (y) fully cooperate with TPTX to transfer the conduct of all such Clinical Trial to TPTX or its designee or (z) continue to conduct such Clinical Trials, at TPTX's cost, for so long as necessary to enable such transfer to be completed without interruption of any such Clinical Trials and (C) TPTX shall assume any and all liability and costs for such Clinical Trial after the effective date of such termination, and (2) Zai shall, and shall cause its Affiliates and Sublicensees to, […***…], orderly wind down the conduct of any such Clinical Trial which is not assumed by TPTX under clause (1).

(vi) **Inventory**. At TPTX's election and request, Zai shall (1) transfer to TPTX or its designee all inventory of the Product […***…] then in possession or control of Zai, its Affiliates or Sublicensees; provided that TPTX shall pay Zai a price equal to Zai's costs for such Products or (2) (A) continue to use Commercially Reasonable Efforts to Commercialize all inventory of the Products then in possession or control of Zai during the Transition Period and make the corresponding payments, including any milestone payments or royalties to TPTX under this Agreement as though this Agreement had not been terminated and (B) after the Transition Period, transfer to TPTX or its designee any remaining inventory of the Product to TPTX or its designee at a price equal to Zai's costs for such Products.

(vii) **Return of Confidential Information**. At the Disclosing Party's election, the Receiving Party shall return (at Disclosing Party's expense) or destroy all tangible materials comprising, bearing, or containing any Confidential Information of the Disclosing Party relating to the Product that are in the Receiving Party's or its Affiliates' or Sublicensees' possession or control and provide written certification of such destruction (except to the extent any information is the Confidential Information of both Parties or to the extent that the Receiving Party has the continuing right to use the Confidential Information under this Agreement); provided that the Receiving Party may retain one copy of such Confidential Information for its legal archives. Notwithstanding anything to the contrary set forth in this Agreement, the Receiving Party shall not be required to destroy electronic files containing such Confidential Information that are made in the ordinary course of its business information back-up procedures pursuant to its electronic.

(c) **Other Remedies**. Termination or expiration of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, that a Party may have hereunder or that may arise out of or in connection with such termination or expiration.

(d) **Termination by Zai Due to Material Breach**. Upon the termination of this Agreement by Zai pursuant to Section 14.4, 14.5 or 14.7 all of the provisions of Section 14.9(b) shall apply, except that […***…].

14.10. Survival. Termination or expiration of this Agreement shall not affect any rights or obligations of the Parties under this Agreement that have accrued prior to the date of termination or expiration. The following provisions shall survive the termination or expiration of this Agreement for any reason: […***…].

ARTICLE 15

DISPUTE RESOLUTION

15.1. General. The Parties recognize that a claim, dispute or controversy may arise relating to this Agreement or to the breach, enforcement, interpretation or validity of this Agreement (a "**Dispute**"). Any Dispute, including Disputes that may involve the Affiliates of any Party, shall be resolved in accordance with this ARTICLE 15.

15.2. Continuance of Rights and Obligations during Pendency of Dispute Resolution. If there are any Disputes in connection with this Agreement, including Disputes related to termination of this Agreement under ARTICLE 14, all rights and obligations of the Parties shall continue until such time as any Dispute has been resolved in accordance with the provisions of this ARTICLE 15.

15.3. Escalation. Any Dispute shall be referred to the Executive Officers for attempted resolution. In the event the Executive Officers are unable to resolve such Dispute within […***…] days of such Dispute being referred to them, then, upon the written request of either Party to the other Party, the Dispute shall be subject to arbitration in accordance with Section 15.4.

15.4. Arbitration.

(a) If the Parties fail to resolve the Dispute through escalation to the Executive Officers under Section 15.3, and a Party desires to pursue resolution of the Dispute, the Dispute shall be submitted by either Party for final resolution by arbitration under the Rules of Arbitration of the International Chamber of Commerce ("**ICC Rules**"), excepted as modified herein. Any disputes concerning the propriety of the commencement of the arbitration or the scope or applicability of this agreement to arbitrate shall be finally settled by the arbitral tribunal. The arbitration shall be conducted by a tribunal of three (3) arbitrators, each with at least fifteen (15) years of pharmaceutical industry experience. An arbitrator shall be deemed to meet this qualification unless a Party objects within […***…] days after the arbitrator is nominated. Within […***…] days after initiation of arbitration, each Party shall nominate one (1) arbitrator and the two (2) Party-nominated arbitrators shall nominate a third arbitrator, who shall serve as the chairperson of the tribunal, within […***…] days of the second arbitrator's appointment. The seat of arbitration shall be […***…] and the language of the proceedings, including all communications, shall be English.

(b) The Parties agree that any award or decision made by the arbitral tribunal shall be final and binding upon them and may be enforced in the same manner as a judgment or order of a court of competent jurisdiction, and the Parties undertake to carry out any award without delay. The arbitral tribunal shall render its final award or decision within nine (9) months from the date on which the request for arbitration by one of the Parties wishing to have recourse to arbitration is received by the ICC Secretariat. The arbitral tribunal shall resolve the Dispute by applying the provisions of this Agreement and the governing law set forth in Section 16.5.

(c) By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue, at the request of a Party, a pre-arbitral injunction, pre-arbitral attachment or other order to avoid irreparable harm, maintain the status quo, preserve the subject matter of the Dispute, or aid the arbitration proceedings and the enforcement of any award. Without prejudice to such provisional or interim remedies in aid of arbitration as may be available under the jurisdiction of a competent court, the arbitral tribunal shall have full authority to grant provisional or interim remedies and to award damages for the failure of any Party to the dispute to respect the arbitral tribunal's order to that effect.

(d) EACH PARTY HERETO WAIVES: (I) ITS RIGHT TO TRIAL OF ANY ISSUE BY JURY, AND (II) ANY CLAIM FOR ATTORNEY FEES, COSTS AND PREJUDGMENT INTEREST.

(e) The arbitrators will be authorized to award compensatory damages, but will not be authorized to (i) award non-economic damages, (ii) award punitive damages or any other damages expressly excluded under this Agreement, or (iii) reform, modify or materially change this Agreement or any other agreements contemplated hereunder; provided, however, that the damage limitations described in clauses (i) and (ii) will not apply if such damages are statutorily imposed. Each Party shall bear its own attorney's fees, costs, and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the administrator and the arbitrators; provided, however, that the arbitrators shall be authorized to determine whether a Party is the prevailing party, and if so, to award to that prevailing party reimbursement for any or all of its reasonable attorneys' fees, costs and disbursements (including, for example, expert witness fees and expenses, photocopy charges, travel expenses, etc.), or the fees and costs of the administrator and the arbitrators.

(f) Notwithstanding anything in this Section 15.4, in the event of a Dispute with respect to (i) the validity, scope, enforceability or ownership of any Patent or other intellectual property rights, (ii) a matter for which this Agreement assigns decision-making to the Parties or to the JSC or requires the consent of one or both of the Parties, (iii) the necessity of obtaining a Third Party license by Zai in the Territory in accordance with Section 9.4(c)(iii), or (iv) any antitrust, anti-monopoly or competition law or regulation, whether or not statutory, and such Dispute is not resolved in accordance with Section 15.3, such Dispute shall not be submitted to an arbitration proceeding in accordance with this Section 15.4, unless otherwise agreed by the Parties in writing, and instead, either Party may initiate litigation in a court of competent jurisdiction in any country in which such rights apply.

ARTICLE 16

MISCELLANEOUS

16.1. Force Majeure. Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party including embargoes, war, acts of war (whether war be declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, pandemics, epidemics or other acts of God or any other deity (or orders of any Governmental Authority related to any of the foregoing), or acts, omissions or delays in acting by any Governmental Authority. The affected Party shall notify the other Party of such force majeure circumstances as soon as reasonably practical, the JDC shall review and discuss any such matter to the extent related to any Clinical Trials in the Territory, and the affected Party shall promptly undertake all reasonable efforts necessary to cure such force majeure circumstances.

16.2. Assignment. Neither Party may assign this Agreement to a Third Party without the other Party's prior written consent (such consent not to be unreasonably withheld); except that (a) subject to Section 2.6, either Party may make such an assignment without the other Party's prior written consent to a successor to substantially all of the business of such Party to which this Agreement relates (whether by merger, sale of stock, sale of assets, exclusive license or other transaction), and (b) either Party may assign this Agreement to an Affiliate without the other Party's prior written consent for so long as such Affiliate remains an Affiliate of the Party making the assignment. For clarity, each Party may discharge any obligations and exercise any right hereunder through any of its Affiliates and each Party hereby guarantees the performance by its Affiliates of such Party's obligations under this Agreement, and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. This Agreement shall inure to the benefit of and be binding on the Parties' successors and permitted assignees. Any assignment or transfer in violation of this Section 16.2 shall be null and void and wholly invalid, the assignee or transferee in any such assignment or transfer shall acquire no rights whatsoever, and the non-assigning non-transferring Party shall not recognize, nor shall it be required to recognize, such assignment or transfer.

16.3. Severability. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use their best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

16.4. Notices. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to TPTX:

Turning Point Therapeutics, Inc.
Address: 10628 Science Center Drive, Suite 200, San Diego, CA 92121, USA
Attn: […***…]
Email: […***…]

with a copy to:

Cooley LLP
Address: 4401 Eastgate Mall, San Diego, CA 92121, USA
Attn: Kay Chandler
Email: kchandler@cooley.com

If to Zai:

Zai Lab (Shanghai) Co., Ltd.
Address: 4F, Bldg 1, Jinchuang Plaza, 4560 Jinke Rd, Shanghai, China, 201210
Attn: […***…]
Email: […***…]

with a copy to:

Ropes & Gray, LLP
Address: 36/F, Park Place, Nanjing Road West, Shanghai 200040, China
Attn: Arthur Mok; Geoffrey Lin
Email: Arthur.Mok@ropesgray.com; Geoffrey.Lin@ropesgray.com

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such notice shall be deemed to have been given: (a) when delivered if personally delivered; (b) if sent by email, upon electronic confirmation of receipt; (c) on the Business Day after dispatch if sent by nationally-recognized overnight courier; or (d) on the fifth Business Day following the date of mailing if sent by mail.

16.5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, U.S. without reference to any rules of conflict of laws. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement and is expressly and entirely excluded.

16.6. Entire Agreement; Amendments. The Agreement contains the entire understanding of the Parties with respect to the subject matter hereof. All express or implied agreements and understandings, either oral or written, with regard to the subject matter hereof (including the licenses granted hereunder) are superseded by the terms of this Agreement. Neither Party is relying on any representation, promise, nor warranty not expressly set forth in this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representatives of both Parties hereto.

16.7. Headings. The captions to the several Sections hereof are not a part of this Agreement, but are merely for convenience to assist in locating and reading the Sections of this Agreement.

16.8. Independent Contractors. It is expressly agreed that TPTX and Zai shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. TPTX shall report any payments received under the Agreement as payments from Zai. Neither TPTX nor Zai shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

16.9. Waiver. The waiver by either Party of any right hereunder, or the failure of the other Party to perform, or a breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise.

16.10. Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

16.11. Construction. Except where the context expressly requires otherwise, (a) the use of any gender herein shall be deemed to encompass references to either or both genders, and the use of the singular shall be deemed to include the plural (and vice versa), (b) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (c) the word "will" shall be construed to have the same meaning and effect as the word "shall", (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any person shall be construed to include the person's successors and assigns, (f) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Sections, Schedules, or Exhibits shall be construed to refer to Sections, Schedules or Exhibits as described in this Agreement, (h) the word "notice" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee hereunder "agree", "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding e-mail and instant messaging), (j) references to any specific law, rule or regulation, or Section, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof, and (k) the term "or" shall be interpreted in the inclusive sense commonly associated with the term "and/or" where applicable.

16.12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Each Party shall be entitled to rely on the delivery of executed facsimile copies of counterpart execution pages of this Agreement and such facsimile copies shall be legally effective to create a valid and binding agreement among the Parties.

16.13. Language. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement, and any dispute proceeding related to or arising hereunder, shall be in the English language. If there is a discrepancy between any translation of this Agreement and this Agreement, this Agreement shall prevail.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties intending to be bound have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

Turning Point Therapeutics, **Inc**.

By: /s/ Athena Countouriotis

Name: Athena Countouriotis

Title: Chief Executive Officer

Date: July 6, 2020

Zai Lab (**Shanghai**) **Co**., **Ltd**.

By: /s/ Samantha Du

Name: Samantha Du

Title: CEO and Chairperson

Date: July 6, 2020

Schedule 1.68

Licensed Patents

[…***…]	[…***…]	[…***…]	[…***…]	[…***…]	[…***…]

[***] = CERTAIN CONFIDENTIAL INFORMATION OMITTED

Schedule 5.2

Initial Clinical Development Plan

[…***…]

[***] = CERTAIN CONFIDENTIAL INFORMATION OMITTED

Schedule 5.4(a)

Global Development Plan

[…***…]

[***] = CERTAIN CONFIDENTIAL INFORMATION OMITTED

Schedule 5.4(b)

[…***…]

CERTAIN CONFIDENTIAL INFORMATION CONTAINED I THIS DOCUMENT, MARKED WITH [***], HAS BEEN OMITTED BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED.

EXECUTION VERSION

LICENSE AGREEMENT

This **License Agreement** (this "**Agreement**") is made as of December 24, 2020 (the "**Effective Date**"), by and between **Cullinan Pearl Corp.**, a corporation organized and existing under the laws of Delaware ("**Cullinan**"), located at One Main Street, Suite 520, Cambridge, Massachusetts, United States of America, and **Zai Lab (Shanghai) Co., Ltd.**, an exempted company organized and existing under the laws of P.R. of China, located at 4F, Bldg 1, Jinchuang Plaza, 4560 Jinke Rd, Shanghai, China, 201210 ("**Zai**"). Cullinan and Zai are referred to in this Agreement individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, Cullinan is a biopharmaceutical company that is a wholly owned subsidiary of Cullinan Oncology, LLC, a limited liability company organized and existing under the laws of Delaware ("**Cullinan Parent**"), and in conjunction with Taiho Pharmaceuticals, Ltd ("**Taiho**"), Cullinan owns or controls the rights to the Licensed Compound and Products (as defined herein);

WHEREAS, Zai is a pharmaceutical company having experience in the development and commercialization of pharmaceutical products in the Territory (as defined herein); and

WHEREAS, Zai wishes to Exploit the Products in the Field in the Territory (each, as defined herein); and

WHEREAS, Cullinan wishes to grant to Zai, and Zai wishes to be granted, an exclusive license to research, develop, commercialize and manufacture Products in the Field in the Territory in accordance with the terms and conditions set forth below.

AGREEMENT

NOW, **THEREFORE**, in consideration of the foregoing premises and the mutual covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1

DEFINITIONS

Unless specifically set forth to the contrary herein, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below:

1.1. "**Acquired Party**" shall have the meaning set forth in Section 2.8(d)(ii).

1.2. "**Acquirer**" shall have the meaning set forth in Section 2.8(d)(i).

1.3. "**Adverse Event**" means any unwanted or harmful medical occurrence in a patient or subject who is administered a Product, whether or not considered related to such Product, including any undesirable sign (including abnormal laboratory findings of clinical concern).

1.4. "**Affiliate**" means, with respect to a specified Person, any entity that directly or indirectly controls, is controlled by or is under common control with such Person. As used in this Section 1.4, "control" (and, with correlative meanings, the terms "controlled by" and "under common control with") means, in the case of a corporation, the ownership of more than fifty percent (50%) of the outstanding voting securities thereof or, in the case of any other type of entity, an interest that results in the ability to direct or cause the direction of the management and policies of such entity or the power to appoint more than fifty percent (50%) of the members of the governing body of the entity or, where ownership of more than fifty percent (50%) of such securities or interest is prohibited by law, ownership of the maximum amount legally permitted. For the avoidance of doubt, Affiliates of Cullinan shall exclude any investor in Cullinan Oncology, LLC, Cullinan Management, Inc. and Persons controlled by or under common control of Cullinan Oncology, LLC or Cullinan Management, Inc. (other than Cullinan and any Person that is controlled by Cullinan).

1.5. "**Agreement**" shall have the meaning set forth in the preamble to this agreement.

1.6. "**Alliance Manager**" shall have the meaning set forth in Section 3.1.

1.7. "**Anti-Corruption Laws**" shall have the meaning set forth in Section 11.5(a)(i).

1.8. "**Applicable Laws**" means all statutes, ordinances, regulations, rules or orders of any kind whatsoever of any Governmental Authority that may be in effect from time to time and applicable to the relevant activities contemplated by this Agreement.

1.9. "**Authorized Regulatory Agent**" means a local entity (a) authorized by Cullinan or any of its Affiliates, where Cullinan, its Affiliate or its third party contractor research organization is the license holder of imported drug product, to exclusively (even as to Cullinan and its Affiliates but in accordance with terms and conditions hereunder) manage the work associated with obtaining any Regulatory Approval or product registration in the Territory; and (b) which possesses and maintains valid licenses or permits in the Territory if such licenses or permits are required for such local entity to engage in the relevant activities in the Territory.

1.10. "**Breakthrough Designation**" means designation of a drug as a breakthrough therapy by the NMPA.

1.11. "**Business Day**" means a day other than Saturday, Sunday or any day on which banks located in the state of Massachusetts or Shanghai, the PRC are authorized or obligated to close. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified.

1.12. "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31st, June 30th, September 30th and December 31st.

1.13. "**Calendar Year**" means each twelve (12) month period commencing on January 1st.

1.14. "**Cancer Product**" shall have the meaning set forth in Section 1.107.

1.15. "**cGMP**" means all applicable current Good Manufacturing Practices including, as applicable, (a) the principles detailed in the U.S. Current Good Manufacturing Practices, 21 C.F.R. Parts 4, 210, 211, 601, 610 and 820, (b) European Directive 2003/94/EC and Eudralex 4, (c) the principles detailed in the ICH Q7 guidelines, and (d) the equivalent Applicable Laws in any relevant country or Region, each as may be amended and applicable from time to time.

1.16. "**Change of Control**" means, with respect to a Party, that: (a) any Third Party acquires directly or indirectly the beneficial ownership of any voting security of such Party, or if the percentage ownership of such Third Party in the voting securities of such Party is increased through stock redemption, cancellation, or other recapitalization, and immediately after such acquisition or increase such Third Party is, directly or indirectly, the beneficial owner of voting securities representing more than fifty (50%) of the total voting power of all of the then outstanding voting securities of such Party; (b) a merger, consolidation, recapitalization, or reorganization of such Party is consummated which results in shareholders or equity holders of such Party immediately prior to such transaction, no longer owning at least fifty (50%) of the outstanding voting securities of the surviving entity (or its parent entity) immediately following such transaction; or (c) there is a sale or transfer to a Third Party of all or substantially all of such Party's consolidated assets taken as a whole, through one or more related transactions.

1.17. "**Claims**" shall have the meaning set forth in Section 12.1.

1.18. "**Clinical Supply Agreement**" shall have the meaning set forth in Section 7.2.

1.19. "**Clinical Trial**" means any clinical testing of a Product in human subjects.

1.20. "**CMOs**" means Third Party contractor manufacture organizations.

1.21. "**Combination Product**" means a Product that combines a Licensed Compound with one (1) or more other clinically or pharmacologically active ingredients (which term excludes, for clarity excipients, controlled-release compositions, materials to increase bioavailability, solubility or stability, or delivery means) in a single formulation or final package presentation for sale as a single unit (including separate unit doses so configured). The other clinically or pharmacologically active ingredients of such Combination Product shall be deemed the "**Other Component**".

1.22. "**Commercialization**" or "**Commercialize**" means all activities directed to marketing, distribution, promoting or selling of pharmaceutical products (including importing and exporting activities in connection therewith and securing pricing and reimbursement approvals, as necessary).

1.23. "**Commercialization Plan**" means the written plan for the Commercialization of the Product in the Territory, as updated in accordance with this Agreement.

1.24. "**Commercially Reasonable Efforts**" means with respect to a Party, the use of diligent, good faith efforts and resources, in an active and ongoing program, as normally used by such Party for a product discovered or identified internally or in-licensed from a Third Party that is important to such Party's overall strategy or objectives, which product is at a similar stage in its development or product life and is of similar market potential and intellectual property protection but in the event such Party is Zai, not considering the obligations (including financial) to Cullinan or the rights of Cullinan hereunder; provided, however, that in no event shall such efforts and resources be less than those a similarly situated biopharmaceutical company would apply to the development, manufacture, or commercialization of a similarly situated product. Commercially Reasonable Efforts requires that a Party, at a minimum, (a) assign responsibility for such obligations to qualified employees, (b) set annual goals and objectives for carrying out such obligations, and (c) allocate adequate resources designed to meet such goals and objectives, in each case, in order to Exploit (as defined herein) the Product as an active and ongoing program, and obtain Regulatory Approval for the Exploitation of the Product in the Territory in an expeditious manner.

1.25. "**Commercial Supply Agreement**" shall have the meaning set forth in Section 7.4.

1.26. "**Competing Activities**" shall have the meaning set forth in Section 2.8(d)(i).

1.27. "**Competing Product**" means a product, other than any product containing Licensed Compound, [***].

1.28. "**Confidentiality Agreement**" means the Confidentiality Agreement between the Parties dated as of June 6th, 2019.

1.29. "**Confidential Information**" means all confidential information of the Disclosing Party or its Affiliates, regardless of its form or medium as provided to the Receiving Party or its Affiliates in connection with this Agreement; provided that, Confidential Information shall not include any information that the Receiving Party can show by competent written evidence: (a) was already known to the Receiving Party at the time it was disclosed to the Receiving Party by the Disclosing Party without an obligation of confidentiality and not through a prior disclosure by the Disclosing Party, (b) was or becomes generally known to the public through no act or omission of the Receiving Party in violation of the terms of this Agreement, (c) was lawfully received by the Receiving Party from a Third Party without restriction on its disclosure and without, to the reasonable knowledge of the Receiving Party, a breach by such Third Party of an obligation of confidentiality to the Disclosing Party, or (d) was independently developed by the Receiving Party without use of or reference to the Confidential Information of the Disclosing Party. All Sole Inventions by Cullinan shall be the Confidential Information of Cullinan, and Cullinan shall be the Disclosing Party and Zai shall be the Receiving Party with respect thereto. All Sole Inventions by Zai shall be the Confidential Information of Zai, and Zai shall be the Disclosing Party and Cullinan shall be the Receiving Party with respect thereto. The terms of this Agreement that are not publicly disclosed through a press release or by filings to financial regulatory authorities and all Joint Inventions and Joint Patents shall be the Confidential Information of both Parties. All confidential information disclosed by a Party pursuant to the Confidentiality Agreement shall be deemed to be such Party's Confidential Information.

1.30. "**Control**" or "**Controlled**" means, with respect to any Know-How, Patents or other intellectual property rights, that a Party has the legal authority or right (whether by ownership, license or otherwise, after taking into account the provisions of this Agreement regarding ownership of Inventions, but without taking into account any license granted by one Party to the other Party pursuant to this Agreement) to grant a license, sublicense, access or right to use (as applicable) under such Know-How, Patents, or other intellectual property rights, on the terms and conditions set forth herein, in each case without (a) breaching the terms of any agreement with a Third Party or (b) incurring payments to a Third Party, except with respect to any Know-How and Patents in-licensed by Cullinan pursuant to any New Cullinan In-Licenses entered into in accordance with Section 2.9. Notwithstanding the foregoing, with respect to any Know-How or Patents in-licensed by Cullinan pursuant to the Taiho Agreement existing as of the Effective Date, such item will be deemed Controlled by Cullinan without regard to whether Cullinan (or its Affiliates) is required to make any payments thereunder to any Third Party.

1.31. "**Cover**", "**Covering**" or "**Covered**" means that, with respect to a Product under this Agreement, but for a license granted to any Person under any claim included in a Patent, the manufacture, use, sale, offer for sale or importation of such Product, in the Field in the relevant Territory by such Person would infringe such claim, where the reference to "claim" in this definition includes the claims of any pending Patent application as if issued.

1.32. "**Cullinan**" shall have the meaning set forth in the preamble of this Agreement.

1.33. "**Cullinan Indemnitee**(**s**)" shall have the meaning set forth in Section 12.1.

1.34. "**Cullinan Product Marks**" shall have the meaning set forth in Section 8.4.

1.35. "**Develop**" or "**Development**" or "**Developing**" (a) research activities with respect to a product; or (b) preclinical and clinical drug development activities and other development activities with respect to a product, including test method development and stability testing, toxicology, formulation, process development, qualification and validation, quality assurance, quality control, clinical or preclinical trials, statistical analysis and report writing, the preparation and submission of INDs marketing authorization approvals or similar application, regulatory affairs with respect to the foregoing, and all other activities necessary or useful or otherwise requested or required by a Regulatory Authority or as a condition or in support of obtaining or maintaining a Regulatory Approval.

1.36. "**Development Milestone Event**" shall have the meaning set forth in Section 9.2(a).

1.37. "**Development Milestone Payment**" shall have the meaning set forth in Section 9.2(a).

1.38. "**Development Plan**" shall have the meaning set forth in Section 5.2.

1.39. "**Disclosing Party**" shall have the meaning set forth in Section 10.1(a).

1.40. "**Dispute**" shall have the meaning set forth in Section 15.1.

1.41. "**Effective Date**" shall have the meaning set forth in the preamble in this Agreement.

1.42. "**EGFR**" means Epidermal Growth Factor Receptor

1.43. "**Executive Officers**" shall have the meaning set forth in Section 3.2(f).

1.44. "**Exempted Global Study**" shall have the meaning set forth in Section 5.5(d).

1.45. "**Existing Global Study**" shall have the meaning set forth in Section 5.5(a).

1.46. "**Expiration Date**" shall have the meaning set forth in Section 14.1(a).

1.47. "**Exploit**" or "**Exploitation**" shall mean to research, Develop, Commercialize, register, Manufacture, have manufactured, use, have used, import, have imported, market, have marketed, distribute, have distributed, offer for sale, sell or have sold.

1.48. "**FDA"** means the U.S. Food and Drug Administration or its successor.

1.49. "**Field**" means all uses in humans and animals.

1.50. "**First Commercial Sale**" means, with respect to any Product, the first arm's length sale of such Product to a Third Party in a Region of the Territory by Zai, its Affiliate(s) or Sublicensee(s) for use or consumption in such Region following Regulatory Approval. Sales prior to receipt of marketing and pricing approvals, such as so-called "treatment IND sales," "named patient sales" and "compassionate use sales" and any sales to any government, foreign or domestic, including purchases for immediate sale or stockpiling purposes, are not a First Commercial Sale in that Region.

1.51. "**FTE**" means the equivalent of the work of a full-time individual for a twelve (12) month period.

1.52. "**FTE Rate**" means a rate of [***] per FTE per year, to be pro-rated on an hourly basis of [***] per FTE per hour, based on 1,840 hours per year for an FTE and is subject to adjustments on an annual basis as of January 1 of each year, beginning in 2021, by factors which reflect (a) the increase in Cullinan's (or its Affiliate's) costs or (b) any change in the Consumer Price Index for All Urban Consumers (CPI-U) All Items (U.S. city average), as reported by the U.S. Bureau of Labor Statistics, for January 1 of such year when compared to the comparable statistics for January 1 of the preceding year.

1.53. "**Fully Burdened Manufacturing Costs**" means the cost of Manufacturing the Product. Fully Burdened Manufacturing Costs shall be a "standard cost" per unit (calculated annually), comprised of the following elements calculated in accordance with GAAP: (a) direct labor (the actual cost of employees engaged in direct manufacturing activities and quality control and quality assurance activities who are directly employed in manufacturing the Product), (b) direct materials (the actual costs incurred in manufacturing or purchasing materials for manufacture, including freight-in costs, sales and excise taxes imposed thereon and customs duty and charges levied by government authorities, and all costs of packaging components), (c) pro-rata facility costs (meaning rent, property taxes, depreciation of leaseholds, utilities, spare parts, maintenance contracts) for the manufacture of the Product but not including construction nor capital improvement and without regard to idle space, (d) manufacturing equipment depreciation, (e) document control, purchasing, warehouse management (with such allocations to be based on estimated service levels, headcount or square footage occupancy depending on the category), (f) quality assurance/quality control, and (g) indirect charges and overheads reasonable allocable to the provision of the Products. To the extent that Products are sourced from one or more CMOs by Cullinan, Fully Burdened Manufacturing Costs shall be the actual invoiced price paid by Cullinan to such CMO(s) for the manufacture and supply of a Product.

1.54. "**GAAP**" means the United States generally accepted accounting principles, consistently applied.

1.55. "**GCP**" means all applicable Good Clinical Practice standards for the design, conduct, performance, monitoring, auditing, recording, analyses and reporting of Clinical Trials, including, as applicable (a) as set forth in the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use Harmonized Tripartite Guideline for Good Clinical Practice (CPMP/ICH/135/95) and any other guidelines for good clinical practice for trials on medicinal products in the Territory, (b) the Declaration of Helsinki (2004) as last amended at the 52nd World Medical Association in October 2000 and any further amendments or clarifications thereto, (c) U.S. Code of Federal Regulations Title 21, Parts 50 (Protection of Human Subjects), 56 (Institutional Review Boards) and 312 (Investigational New Drug Application), as may be amended from time to time, and (d) the equivalent Applicable Laws in the Region in the Territory, each as may be amended and applicable from time to time and in each case, that provide for, among other things, assurance that the clinical data and reported results are credible and accurate and protect the rights, integrity, and confidentiality of trial subjects.

1.56. "**Generic Competition**" means [***].

1.57. "**Generic Product**" means, with respect to a Product in a Region in the Territory, any pharmaceutical product that (a) is marketed for sale by a Third Party not authorized by Zai in such Region in the Territory, (b) receives Regulatory Approval (with or without pricing or reimbursement approval) in such Region in full or partial reliance on the Regulatory Approval (but not necessarily pricing or reimbursement approval) of the Product, and (c) is determined by a Regulatory Authority to be therapeutically equivalent to and substitutable with the Product, it being acknowledged that the foregoing standard is intended to be generally consistent with the standard set forth in the introduction to the "Orange Book," as amended from time to time, or any analogous or comparable standard in any country outside of the United States.

1.58. "**Global Development Plan**" shall have the meaning set forth in Section 5.5(a).

1.59. "**Global Study**" means a clinical study designed to obtain Regulatory Approvals for the Products in multiple jurisdictions through the conduct of a Clinical Trial in multiple medical institutions, countries, Regions, territories and conducted as part of one (1) unified Clinical Trial or separately but concurrently in accordance with a common Clinical Trial protocol.

1.60. "**GLP**" means all applicable Good Laboratory Practice standards, including, as applicable, as set forth in the then current good laboratory practice standards promulgated or endorsed by the U.S. Food and Drug Administration as defined in 21 C.F.R. Part 58, or the equivalent Applicable Laws in the Region in the Territory, each as may be amended and applicable from time to time.

1.61. "**Governmental Authority**" means any court, commission, authority, department, ministry, official or other instrumentality of, or being vested with public authority under any law of, any country, Region, state or local authority or any political subdivision thereof, or any association of countries.

1.62. "**GSP**" means all applicable Good Supply Practice standards, including, as applicable, as set forth in the then current good supply practice standards promulgated or endorsed by the FDA as defined in Good Supply Practice for Pharmaceutical Products or the equivalent Applicable Laws in the Region in the Territory, each as may be amended and applicable from time to time.

1.63. "**ICC Rules**" shall have the meaning set forth in Section 15.4(a).

1.64. "**Improvement**" means [***].

1.65. "**IND**" means an investigational new drug application, or equivalent application filed with the applicable Regulatory Authority, which application is required to commence Clinical Trials in the applicable jurisdiction.

1.66. "**Indemnifying Party**" shall have the meaning set forth in Section 12.3.

1.67. "**Indemnitee**" shall have the meaning set forth in Section 12.3.

1.68. "**Indication**" means a separate and distinct disease or condition, or sign or symptom of a disease or medical condition. [***].

1.69. "**Invention**" means any process, method, composition of matter, article of manufacture, discovery or finding, patentable or otherwise, that is invented, discovered or generated as a result of a Party (or the Parties jointly) exercising its (their) rights or carrying out its (their) obligations under this Agreement, including all rights, title and interest in and to the intellectual property rights therein.

1.70. "**Joint Global Study**" shall have the meaning set forth in Section 5.5(b).

1.71. "**Joint Invention**" shall have the meaning set forth in Section 13.1(b).

1.72. "**Joint Patent**" shall have the meaning set forth in Section 13.1(b).

1.73. "**JSC**" shall have the meaning set forth in Section 3.2(a).

1.74. "**Know-How**" means any proprietary scientific or technical information, results and data of any type whatsoever, in any tangible or intangible form whatsoever, including databases, safety information, practices, methods, techniques, specifications, formulations, formulae, knowledge, know-how, skill, experience, test data including pharmacological, medicinal chemistry, biological, chemical, biochemical, toxicological and clinical test data, analytical and quality control data, stability data, studies and procedures, and manufacturing process and development information, results and data.

1.75. "**Licensed Compound**" means CLN-081, a tyrosine kinase inhibitor designed to target EGFR exon 20 mutations, including [***].

1.76. "**Licensed Know-How**" means any and all Know-How Controlled by Cullinan or its Affiliates as of the Effective Date or during the Term, including Cullinan's joint ownership interest in any Know-How within the Joint Inventions that is necessary or reasonably useful for the Exploitation of the Licensed Compound(s) or Product(s) in the Field in the Territory. Notwithstanding the foregoing, in the event a Change of Control of Cullinan occurs after the Effective Date, Know-How Controlled by any Affiliate of Cullinan that was not an Affiliate of Cullinan immediately prior to such Change of Control transaction shall not be Licensed Know-How except to the extent such Know-How falls within the definition of Licensed Know-How in the immediately preceding sentence and (a) is also Controlled by Cullinan or its Affiliate existing immediately prior to such transaction or (b) is generated or used by such Affiliate in the Exploitation of the Licensed Compound or Product after such transaction.

1.77. "**Licensed Patents**" means the Patents in the Territory Controlled by Cullinan or its Affiliates as of the Effective Date or during the Term, including Cullinan's joint ownership interest in any Joint Patents in the Territory that (a) contain one or more claims that Cover the Licensed Compound or the Product (including the composition of matter, formulation, manufacture, or method of packaging or labelling or use thereof); and (b) are necessary or reasonably useful for the Exploitation of the Licensed Compound(s) or Product(s) in the Field in the Territory. Schedule 1.76 contains a list of all Licensed Patents as of the Effective Date. Notwithstanding the foregoing, in the event a Change of Control of Cullinan occurs after the Effective Date, Patents Controlled by any Affiliate of Cullinan that was not an Affiliate of Cullinan immediately prior to such Change of Control transaction shall not be Licensed Patents except to the extent any such Patent falls within the definition of Licensed Patents in the immediately preceding sentence and (i) is also Controlled by Cullinan or its Affiliate existing immediately prior to such transaction or (ii) claims any Invention generated or used by such Affiliate in the Exploitation of the Product after such transaction. Additionally, "Licensed Patents" shall exclude (x) any intellectual property rights related to an "other active ingredient" in any combination product that includes the Licensed Compound or (y) any Patents in-licensed from a Third Party unless pursuant to any New Cullinan In-Licenses, in which Zai agrees to be bound by such applicable New Cullinan In-License and pay all milestones, royalties and other payments arising as a result of the grant of the sublicense to, and exercise of the sublicense by, Zai under the applicable New Cullinan In-License, as set forth in Section 2.9.

1.78. "**Licensed Technology**" means the Licensed Know-How and Licensed Patents.

1.79. "**Local Study**" means any Clinical Trial for any Product in the Field and which (a) Zai determines to conduct and is conducted by or on behalf of Zai in the Territory, and (b) does not include clinical sites in any country or jurisdiction outside the Territory.

1.80. "**Losses**" shall have the meaning set forth in Section 12.1.

1.81. "**Mainland China**" means the People's Republic of China, excluding Macau, Hong Kong, and Taiwan.

1.82. "**Manufacture**" or "**Manufacturing**" or "**Manufactured**" means all operations involved in production, synthesis, manufacturing, processing, filling and finishing, quality assurance and quality control testing (including in-process, release and stability testing, if applicable), storage, releasing, packaging, labeling, shipping and holding of product or any intermediate thereof, including process development, process qualification and validation, scale-up, commercial manufacturing and analytic development, product characterization, and stability testing.

1.83. "**Manufacturing Technology**" shall mean any and all (i) Patents Controlled by Cullinan or its Affiliates as of the date of grant of such license or thereafter during the Term that cover the method of manufacture of the Product, and (ii) all Licensed Know-How and other relevant information relating to the then-current process for the Manufacture of any Licensed Compound or Product.

1.84. "**Manufacturing Technology Transfer**" shall have the meaning set forth in Section 7.3.

1.85. "**Milestone Events**" means Development Milestone Events and Net Sales Milestone Events.

1.86. "**Milestone Payments**" means Development Milestone Payments and Net Sales Milestone Payments.

1.87. "**Net Sales**" means [***]:

(a) [***];

(b) [***];

(c) [***];

(d) [***]; and

(e) [***].

Such amounts shall be determined from the books and records of Zai, its Affiliates, or Sublicensees, maintained in accordance with GAAP as consistently applied across its pharmaceutical products generally.

Net Sales on Product provided as part of a non-cash exchange or other than through an arms-length transaction shall mean [***].

[***]

In no event shall any particular amount of deduction identified above be deducted more than once in calculating Net Sales (i.e., no "double counting" of deductions).

The above deductions shall be the only deductions made in Net Sales and only to the extent such deductions are actually taken and documented as attributable to Product, and in all cases in a manner consistent with generally accepted accounting principles (in accordance with GAAP or IFRS, as applicable) consistently employed with respect to external reporting.

[***]

1.88. "**Net Sales Milestone Event**" shall have the meaning set forth in Section 9.3(a).

1.89. "**Net Sales Milestone Payment**" shall have the meaning set forth in Section 9.3(a).

1.90. "**New Cullinan In-Licenses**" has the meaning set forth in Section 2.9(c).

1.91. "**NMPA**" means the National Medical Products Administration, formerly known as the China Food and Drug Administration, and local or provincial counterparts thereto, and any successor agency(ies) or authority thereto having substantially the same function.

1.92. "**Other Component**" shall have the meaning set forth in Section 1.21.

1.93. "**Party**" or "**Parties**" shall have the meaning set forth in the preamble to this Agreement.

1.94. "**Patent Prosecution**" means the responsibility and authority for (a) preparing, filing and prosecuting applications (of all types) for any Patent (including any decision whether to file a further divisional application), (b) managing any interference, opposition, re-issue, reexamination, invalidation proceedings, revocation, nullification, or cancellation proceeding relating to the foregoing, (c) deciding to abandon Patent(s), (d) listing in regulatory publications (as applicable), (e) patent term extension, and (f) settling any interference, opposition, revocation, nullification or cancellation proceeding.

1.95. "**Patents**" means (a) all national, regional and international patents and patent applications, including any provisional patent application, (b) any patent application claiming priority from such patent application or provisional patent applications, including divisions, continuations, continuations-in-part, additions, (c) any patent that has issued or in the future issues from any of the foregoing patent applications, including any utility or design patent or certificate of invention, and (d) re-issues, renewals, extensions, substitutions, re-examinations or restorations, registrations and revalidations, and supplementary protection certificates and equivalents to any of the foregoing.

1.96. "**Peak Closing Price**" shall have the meaning set forth in Section 1.107.

1.97. "**Person**" means any individual, sole proprietorship, corporation, joint venture, limited liability company, partnership, limited partnership, limited liability partnership, trust or any other private, public or governmental entity.

1.98. "**Pharmacovigilance Agreement**" shall have the meaning set forth in Section 6.9(a).

1.99. "**Pivotal Study**" means a phase III Clinical Trial or other registrational Clinical Trial that is designed to demonstrate safety and efficacy with statistical significance for purposes of supporting the preparation and submission of a Regulatory Approval Application seeking Regulatory Approval of the Product(s).

1.100. "**PRC**" means the People's Republic of China, which for the purposes of this Agreement shall exclude Hong Kong, Macau, and Taiwan.

1.101. "**Prime Rate**" means for any day a per annum rate of interest equal to the "prime rate," as published in the "Money Rates" column of The Wall Street Journal, from time to time, or if for any reason such rate is no longer available, a rate equivalent to the base rate on corporate loans posted by at least percent (70%) of the ten largest U.S. banks.

1.102. "Product" means any product that constitutes, incorporates, comprises, or contains the Licensed Compound, whether or not as the sole active ingredient, in all forms, presentations, and formulations (including manner of delivery and dosage).

1.103. "**Product Infringement**" shall have the meaning set forth in Section 13.4(a).

1.104. "**Product Marks**" shall have the meaning set forth in Section 8.4.

1.105. "**Product Specifications**" means the specifications of the Product to be agreed by the Parties in the Supply Agreement.

1.106. "**Public Official**" shall have the meaning set forth in Section 11.5(d).

1.107. "**Qualified Sublicensee**" means [***] sales of prescription pharmaceutical products for the treatment of cancer or for supportive care of cancer patients (a "**Cancer Product**") of at least [***], (ii) that is, or is a Reporting Affiliate of, a publicly traded company that (A) has market capitalization of at least $750 million based on the average share closing price over the last four (4) Calendar Quarters, and (B) has a market capitalization as of market close of the trading day immediately preceding the date of entry into a Transaction that (1) is at least [***], and (2) [***], or (iii) that is approved by Cullinan in writing, provided such approval shall not to be unreasonably withheld, conditioned or delayed in the event that such Third Party is [***]. For purposes of the foregoing, (a) [***]; (b) "**Reporting Affiliates**" shall mean Affiliates with whom Zai is required to consolidate earnings for reporting purposes under GAAP or IFRS; and (c) [***].

1.108. "**Quality Agreement**" shall have the meaning set forth in Section 7.2.

1.109. "**Receiving Party**" shall have the meaning set forth in Section 10.1(a).

1.110. "**Region**" shall mean Mainland China, Hong Kong Special Administration Region, Macao Special Administration Region, and Taiwan.

1.111. "**Regulatory Approval**" means, with respect to a Product in a Region or a country, the approvals from the necessary Governmental Authority to import, market and sell such Product in such Region (but excluding pricing approvals and reimbursement approvals).

1.112. "**Regulatory Approval Application**" means a New Drug Approval Application (as defined in the U.S. Federal Food, Drug and Cosmetic Act (21 U.S.C. §301 et seq.), as amended from time to time) in the U.S., or any corresponding application for approval to market or sell a product in any country, Region or jurisdiction in the Territory (but excluding any application for pricing and reimbursement approvals).

1.113. "**Regulatory Authority**" means any applicable Governmental Authority responsible for granting Regulatory Approvals for Products, including the NMPA, and any corresponding national or Regional regulatory authorities.

1.114. "**Regulatory Submissions**" means any filing, application, or submission with any Regulatory Authority, including authorizations, approvals or clearances arising from the foregoing, including Regulatory Approvals and Regulatory Approval Applications, and all correspondence or communication with or from the relevant Regulatory Authority, as well as minutes of any material meetings, telephone conferences or discussions with the relevant Regulatory Authority, in each case, with respect to a Product.

1.115. "**Remedial Action**" shall have the meaning set forth in Section 6.11.

1.116. "**Reporting Affiliates**" shall have the meaning set forth in Section 1.107.

1.117. "**Retained Rights**" shall have the meaning set forth in Section 2.2.

1.118. "**Royalty Payment**" shall have the meaning set forth in Section 9.4(a).

1.119. "**Royalty Term**" shall have the meaning set forth in Section 9.4(b).

1.120. "**Sublicensee**" means a Third Party or Zai's Affiliate who was granted a sublicense by Zai under the licenses granted in Section 2.1. For clarity, a Third Party who was granted a sublicensee by a Sublicensee shall also be deemed a Sublicensee.

1.121. "**Taiho Agreement**" means that License and Collaboration Agreement by and between Cullinan and Taiho Pharmaceutical, Co., Ltd., effective as of February 4, 2019, [***].

1.122. "**Tax**" or "**Taxes**" means any present or future taxes, levies, imposts, duties, charges, assessments or fees of any nature (including any interest thereon). For the avoidance of doubt, Taxes includes VAT.

1.123. "**Term**" shall have the meaning set forth in Section 14.1(a).

1.124. "**Territory**" means China, Hong Kong, Macau, and Taiwan.

1.125. "**Third Party**" means an entity other than (a) Zai and its Affiliates or (b) Cullinan and its Affiliates.

1.126. "**Transaction**" shall have the meaning set forth in Section 1.107.

1.127. [***].

1.128. "**U.S. Dollars**" or "**$**" means United States dollars, the lawful currency of the United States.

1.129. "**Upfront Payment**" shall have the meaning set forth in Section 9.1.

1.130. "**Upstream License Notice**" shall have the meaning set forth in Section 2.9(a).

1.131. "**Valid Claim**" means (a) a claim of an issued and unexpired Patent included within the Licensed Patents (including any Patent covering an Improvement and any Joint Patents in the Territory) that has not been (i) permanently revoked or held unenforceable, unpatentable or invalid by a decision of a court or other governmental agency of competent jurisdiction, which decision is not appealable or is not appealed within the time allowed for appeal, (ii) abandoned, disclaimed or rendered unenforceable through disclaimer or otherwise, or (iii) abandoned; or (b) a claim of a pending patent application included within the Licensed Patents (including any Patent covering an Improvement and any Joint Patent) in the Territory that has not been pending for more than [***] years from its earliest priority date, and has not been cancelled, withdrawn or abandoned or finally rejected by an administrative agency action from which no appeal can be taken or that has not been appealed within the time allowed for appeal.

1.132. "**VAT**" means value-added taxes or other similar taxes.

1.133. "**Withholding Action**" shall have the meaning set forth in Section 9.8(b).

1.134. "**Withholding VAT Taxes**" shall have the meaning set forth in Section 9.8(c).

1.135. "**Zai**" shall have the meaning set forth in the preamble of this Agreement.

1.136. "**Zai Improvement**" means [***].

1.137. "**Zai Indemnitee(s)**" shall have the meaning set forth in Section 12.2.

1.138. "**Zai IP**" means any and all Know-How and Patents owned or otherwise Controlled by Zai or its Affiliates, from and after the Effective Date that are (a) not Improvements, (b) developed or obtained in connection with the activities of Zai as contemplated by this Agreement, and (c) necessary or reasonably useful for the Exploitation of the Licensed Compound or any Product. Zai IP shall include any Zai Improvements.

1.139. "**Zai Patents**" shall have the meaning set forth in Section 13.3(b).

ARTICLE 2

LICENSES; NON-COMPETE

2.1. License Grant to Zai. Subject to the terms and conditions of this Agreement, Cullinan hereby grants to Zai, during the Term, an exclusive (subject to Section 2.2), royalty-bearing license, with the right to grant sublicenses in multiple tiers (solely in accordance with Section 2.3), under the Licensed Technology and any Improvements discovered or created during the Term, to Exploit the Products in the Field in the Territory. For clarity, it is understood that the foregoing license does not include the right to modify the Licensed Compound and Zai agrees that it shall not, and shall require that its Affiliates and Sublicensees do not, modify the Licensed Compound, except in each case by making pharmaceutically acceptable salts, hydrates and solvates thereof, formulations of any of the foregoing or as expressly authorized in advance by Cullinan in writing.

2.2. Cullinan Retained Rights. Notwithstanding anything to the contrary in this Agreement, Cullinan hereby expressly retains, on behalf of itself (and its Affiliates, other licensees, and sublicensees) (a) all rights under the Licensed Technology to fulfill, either itself, its Affiliates or through subcontractors, Cullinan's obligations under this Agreement, (b) the exclusive rights to Exploit the Licensed Compound and Products outside the Territory, (c) subject to and in accordance with Section 5.5, the non-exclusive rights under the Licensed Technology to conduct the Global Studies, and (d) the non-exclusive rights to Manufacture or have Manufactured the Licensed Compound or Product in the Territory, solely to support (1) the Manufacture, Development and Commercialization of the Licensed Compound and Products outside of the Territory, and (2) the Manufacture, Development and Commercialization of the Product by Zai in the Territory (including through the conduct of Global Studies by Cullinan pursuant to Section 5.5) (the "**Retained Rights**"). In the event that Cullinan wishes to exercise its Retained Rights to Develop, or have Developed, Manufacture, or have Manufactured, the Licensed Compound or Products in the Territory beyond the Development activities being conducted and to be conducted by or on behalf of Cullinan in the Territory as contemplated by the Global Development Plan as in effect on the Effective Date, Cullinan shall notify Zai in writing and the Parties shall discuss and coordinate such Development and Manufacturing activities with Zai's related activities with respect to the Licensed Compound and Products in the Territory; provided that in the event that Zai reasonably considers that any planned or actual exercise of any Retained Rights described in clause (d) by or on behalf of Cullinan in the Territory would lead to any material safety issue with respect to the Licensed Compound or Products in the Territory, upon Zai's written notice to Cullinan, the Parties shall submit such issue to the JSC for resolution in accordance with Section 3.2(f). Zai acknowledges and agrees that the Retained Rights includes the right for Cullinan to grant licenses under clauses (a) through (d) of the Retained Rights to its Affiliates and Third Parties. For the avoidance of doubt, the Retained Rights shall exclude the right under the Licensed Technology to Commercialize the Licensed Compound or Products in the Field in the Territory during the Term, and Cullinan, its Affiliates and licensees of rights to the Licensed Compound or Products (other than Zai and its Affiliates and Sublicensees) shall not undertake such Commercialization of the Licensed Compound or Products in the Field in the Territory without Zai's express prior written consent, which shall be communicated as a notice pursuant to Section 16.4.

2.3. Right to Sublicense.

(a) **General**. Upon Cullinan's prior written consent (not to be unreasonably withheld, delayed or conditioned), Zai shall have the right to grant sublicenses to any Third Party as proposed in writing by Zai under the license and rights granted in Section 2.1 and Section 6.8(b). Zai [***]. Zai shall be liable for (1) its Sublicensee's conduct that is prohibited under this Agreement, and (2) its Sublicensee's breach of this Agreement which shall be deemed a breach of this Agreement as if Zai had itself conducted the action or inaction that contributed to the breach of this Agreement; provided that Zai shall have the right to cure, if curable, such breach on behalf of such Sublicensee within forty (40) days following the receipt of notice of such breach.

(b) **Restrictions**. Zai shall not grant a sublicense to any Third Party that has been debarred or disqualified by any Governmental Authority or is subject to any proceedings, sanctions or fines under any Anti-Corruption Law. Zai shall ensure, prior to engaging any Third Party as a Sublicensee that such Third Party is subject to written agreements containing terms and conditions that: (i) require each such Sublicensee to protect and keep confidential any Confidential Information of the Parties, including in accordance with ARTICLE 10; (ii) provide Cullinan with the right to audit (either by itself or through Zai or Zai's designee) the books and records of each such Sublicensee in accordance with this Agreement (including pursuant to Sections 5.7(a), 6.10, 8.6, 9.6(b), 9.6(d), and 11.5(a)(iv)); (iii) do not impose any payment obligations or liability on Cullinan; and (iv) are otherwise consistent with the terms of this Agreement. Zai shall provide a copy of the complete executed agreement with each Sublicensee to Cullinan; provided that Zai shall be permitted to redact commercially sensitive economic terms of any such agreement which terms are not necessary for Cullinan to confirm Zai's compliance with its obligations hereunder. Zai shall remain primarily responsible for all of its obligations under this Agreement that have been delegated or sublicensed to any Sublicensee, and Cullinan shall have the right to proceed directly against Zai without any obligation to first proceed against such Sublicensee. Cullinan may require that Zai enforce any provisions of any agreement between Zai and a Sublicensee against the applicable Sublicensee.

2.4. License Grant to Cullinan. Subject to the terms and conditions of this Agreement, Zai hereby grants to Cullinan [***] sublicenseable license under Zai IP to exercise its Retained Rights, provided that such license shall be non-exclusive in the Territory.

2.5. No Implied Licenses; Negative Covenant. Except as set forth herein, neither Party shall acquire any license or other intellectual property interest, by implication or otherwise, under any Know-How, trademarks, Patents of the other Party. Each Party shall not, and shall not permit any of its Affiliates or sublicensees to, practice any Patent or Know-How licensed to it by the other Party outside the scope of the licenses granted to it under this Agreement.

2.6. Existing Cullinan In-License. All licenses and other rights granted to Zai under this Agreement (including any sublicense rights) are subject to the rights and obligations of Cullinan under the Taiho Agreement. Zai acknowledges and agrees that [***], as amended from time to time in accordance with Section 11.2(i) and 11.2(j), (as if sublicensees were expressly named in each such provision, to the extent sublicensees are not so named therein).

2.7. Combinations. Notwithstanding any other provision of this Agreement, for purposes of the license grant under Section 2.1 with respect to any Product that is a Combination Product, such license will only include a license with respect to the Licensed Compound component of such Combination Product.

2.8. Exclusivity; Non-Compete; Change of Control.

(a) During the Term, except as provided in Section 2.8(d) below or otherwise expressly contemplated under this Agreement, Cullinan shall not, and shall cause its Affiliates and its licensees and sublicensees with respect to the Licensed Compound or Products to not, engage in (independently or for or with any Third Party) [***].

(b) During the Term, except as provided in Section 2.8(d) below or otherwise expressly contemplated under this Agreement, Zai shall not, and shall cause its Affiliates, licensees and Sublicensees with respect to the Licensed Compound or Products to not, [***].

(c) For clarity, nothing in this Agreement prohibits either Party from conducting, participating in, or funding, directly or indirectly, alone or with any Affiliate or Third Party, [***].

(d) **Change of Control**.

(i) **Change of Control of a Party**. In the event that a Party or any of its Affiliates undergoes a Change of Control with a Third Party (an "**Acquirer**"), the restrictions set forth in Section 2.8(a) shall not apply to (1) any activities that would otherwise constitute a breach of Section 2.8(a), including a Competing Product that is being Exploited in the Territory (collectively, "**Competing Activities**"), being performed by the Acquirer or its Affiliates at the closing of the applicable transaction, or (2) any Competing Activities undertaken after the closing of the Change of Control transaction by an Acquirer or its Affiliates, in each case of (1) and (2) as long as (A) no Licensed Technology or Zai IP (as applicable) or Confidential Information of the other Party (if applicable or related to the Licensed Compound or Product) is used by or on behalf of such Party or Acquirer, as applicable, or their respective Affiliates in connection with any subsequent Exploitation of such Competing Products, and (B) such Party or Acquirer, as applicable, or their respective Affiliates institutes commercially reasonable safeguards to ensure the requirement set forth in the foregoing clause (A) are met, including by creating "firewalls" between the personnel working on such Competing Products and the personnel working on the Products or having access to any Licensed Technology or Zai IP (as applicable) or Confidential Information of the other Party (if applicable or related to the Licensed Compound or Product).

(ii) **Acquisition of a Third Party by a Party.** In the event that a Party or any of its Affiliates merges or consolidates with, or otherwise acquires a Third Party (whether such transaction occurs by way of a sale of assets, merger, consolidation or similar transactions) (an "**Acquired Party**"), the restrictions set forth in Section 2.8(a) shall not apply to (1) any Competing Activities that are being performed by the Acquired Party or its Affiliates at the closing of the applicable transaction, or (2) any Competing Activities undertaken by the Acquired Party, or its Affiliates after the closing of the transaction, in each case of (1) and (2) as long as (A) no Licensed Technology or Zai IP (as applicable) of Confidential Information of the other Party (if applicable or related to the Licensed Compound or Product) is used by or on behalf of such Party or the Acquired Party, as applicable, or their respective Affiliates in connection with any subsequent Exploitation of such Competing Products, and (B) such Party or Acquired Party, as applicable, or their respective Affiliates institutes commercially reasonable safeguards to ensure the requirement set forth in the foregoing clause (A) are met, including by creating "firewalls" between the personnel working on such Competing Products and the personnel working on the Products or having access to any Licensed Technology or Zai IP (as applicable) or Confidential Information of the other Party (if applicable or related to the Licensed Compound or Product).

2.9. New Cullinan In-Licenses.

(a) If, during the Term, Cullinan enters into any agreement with a Third Party pursuant to which it obtains a licensable or sublicensable (in accordance with the terms of this Agreement) right or license from such Third Party to any Patents or Know-How that would, but for the provisions of this Section 2.9 constitute Licensed Technology, then Cullinan shall promptly notify Zai thereof in writing, including by providing a summary description of: (i) such Patents or Know-How; (ii) all payments that Cullinan would be obligated to pay to such Third Party in connection with the grant, maintenance, or exercise of a license or sublicense to or by Zai under such Patents or Know-How; and (iii) all obligations with which Zai would be required to comply as a licensee or sublicensee under such agreement (such notice, an "**Upstream License Notice**").

(b) If, within twenty (20) days after the receipt of an Upstream License Notice, Zai provides Cullinan with written notice indicating interest in obtaining a license or sublicense under such Patents or Know-How, then Cullinan shall promptly provide Zai with a copy of such agreement, which copy may be redacted to exclude terms not relevant to the rights or obligations that Zai would receive or assume if it were to exercise its rights under this Section 2.9 to include such Patents or Know-How as Licensed Technology.

(c) If, within twenty (20) days after receipt of such copy referenced in Section 2.9(b), Zai provides Cullinan with written notice in which: (i) Zai consents to including the applicable Patents or Know-How in the Licensed Technology; and (ii) Zai agrees, subject to Section 2.9(a), to (1) make all payments when due under such agreement to the extent arising out of the grant, maintenance, or exercise of a license or sublicense to or by Zai under such Patents or Know-How and (2) comply with all obligations under such agreement as required to comply as a licensee or sublicensee under such agreement, then (A) such agreement shall be deemed a "**New Cullinan In-License**", (B) any such Patents or Know-How, to the extent otherwise falling within the definition of Licensed Technology, shall be added to Licensed Technology and licensed or sublicensed to Zai under this Agreement, and (C) Zai shall be obligated to make any payments referenced in the foregoing sub-clause (ii). If Zai does not provide such notices required by this Section 2.9, such Patents and Know-How will be excluded from the Licensed Technology pursuant to this Agreement.

(d) Notwithstanding the foregoing in this Section 2.9, with respect to any payment obligation under a New Cullinan In-License that may be triggered by but is not specific to the grant, maintenance, or exercise of a license or sublicense to or by Zai under such Patents or Know-How, Zai shall only be obligated to pay a reasonable allocation of such payment under such New Cullinan In-License, in each case, taking into account, inter alia, the total number of and relative value of the licenses and sublicenses granted by Cullinan with respect to such Patents or Know-How.

ARTICLE 3

GOVERNANCE

3.1. Alliance Managers. Within thirty (30) days following the Effective Date, each Party shall appoint (and notify the other Party of the identity of) a representative having the appropriate qualifications (including a general understanding of pharmaceutical Development and Commercialization issues) to act as its alliance manager with respect to this Agreement (the "**Alliance Manager**"). The Alliance Managers shall serve as the primary contact points between the Parties regarding the activities in the Territory contemplated under this Agreement. The Alliance Managers shall (a) facilitate the flow of information; (b) otherwise promote communication, coordination and collaboration between the Parties by providing single point communication for seeking consensus both internally within each Party's respective organization, including facilitating review of external corporate communications, and raising cross-Party or cross-functional disputes in a timely manner; and (c) manage the JSC meetings by (i) calling meetings of the JSC; (ii) preparing and issuing minutes of each such meeting within ten (10) Business Days thereafter; and (iii) preparing and circulating an agenda for the upcoming meeting, in each case at the direction of and in consultation with the then-current chairperson. Each Party may replace its Alliance Manager by written notice to the other Party.

3.2. Joint Steering Committee.

(a) **Formation**. Within [***] days after the Effective Date, the Parties shall establish a joint steering committee (the "**JSC**") to cooperate, coordinate, integrate and monitor the Development and Commercialization of the Products in the Field in the Territory under this Agreement. Each Party shall appoint [***] representatives (or such other equal number of representatives as agreed by the Parties in writing) to the JSC, each of whom shall be an officer or employee of the applicable Party having sufficient seniority within such Party to make decisions arising within the scope of the JSC's responsibilities. Each Party may replace its JSC representatives upon written notice to the other Party; [***]. The chairperson shall not have any greater authority than any other representative of the JSC.

(b) **Role**. The JSC shall (i) provide a forum for the discussion of the Parties' activities under this Agreement, including the Parties' Product Development activities under this Agreement and status of Regulatory Submissions and Regulatory Approvals, (ii) review, discuss and approve the Development Plan and amendments thereto, (iii) review and discuss the overall strategy for the Commercialization of the Product in the Field in the Territory; (iv) review, discuss and approve the Commercialization Plan and amendments thereto; (v) establish subcommittees as necessary or advisable to further the purpose of this Agreement; (vi) report safety issues of the Products to Regulatory Authorities, (vii) review data generated from the Clinical Trials of the Products in and outside the Territory, and (vii) perform such other functions as expressly set forth in this Agreement or allocated to it by the Parties' written agreement.

(c) **Limitation of Authority**. The JSC shall only have the powers expressly assigned to it in this ARTICLE 3 and elsewhere in this Agreement and shall not have the authority to: (i) modify or amend the terms and conditions of this Agreement; (ii) waive either Party's compliance with the terms and conditions of this Agreement; (iii) determine any such issue in a manner that would conflict with the express terms and conditions of this Agreement; (iv) make any decisions related to, or determine, approve or oversee the initiation, suspension, cessation, conduct, strategy, implementation of or other matters related to, any Global Study; or (v) impose any other obligations on either Party without the prior written consent of such Party.

(d) **Meetings**. The JSC shall hold meetings at such times as it elects to do so, but in no event shall such meetings be held less frequently than [***]. Each Party may call additional ad hoc JSC meetings as the needs arise with reasonable advance notice to the other Party. Meetings of the JSC may be held in person, by audio or video teleconference, unless otherwise agreed by the Parties. In-person JSC meetings shall be held at locations selected alternately by the Parties. Each Party shall be responsible for such Party's expenses of participating in the JSC meetings. No action taken at any JSC meeting shall be effective unless at least one (1) representative of each Party are participating in such JSC meeting. The Alliance Manager appointed by Zai as set forth in Section 3.1 herein, shall prepare the minutes for all JSC meetings, which such minutes shall be approved by the JSC at the subsequent meeting.

(e) **Non-Member Attendance**. Each Party may from time to time invite a reasonable number of participants relevant to items on the issued agenda, in addition to its representatives, to attend the JSC meetings in a non-voting capacity; provided that if either Party intends to have any Third Party (including any consultant) attend such a meeting, such Party shall provide prior written notice to the other Party. Such Party shall also ensure that such Third Party is bound by confidentiality and non-use obligations consistent with the terms of this Agreement.

(f) **Decision-Making**. All decisions of the JSC shall be made by unanimous vote, with Cullinan's representatives collectively having [***] and Zai's representatives collectively having [***]. If after reasonable discussion and good faith consideration of each Party's view on a particular matter before the JSC, the JSC cannot reach a decision as to such matter within [***] days after such matter was brought to the JSC for resolution, such matter shall be referred by a notice sent pursuant to Section 16.4 by the [***] (the "**Executive Officers**") for resolution. If the Executive Officers cannot resolve such matter within [***] after such matter has been referred to them, then the Parties shall be deemed to be deadlocked [***].

(g) **Exchange of Information**. The Parties shall cooperate to exchange information through the JSC and otherwise as reasonably requested by the other Party with respect to Product Development, Commercialization and medical affairs activities conducted by each Party and their Affiliates, in the case of Zai its Sublicensees, and in the case of Cullinan its licensees of rights to Products outside the Territory to the extent permitted by such licensees. Such exchange shall include summaries of information relating to Product Development activities of each Party, including all Clinical Trials of the Products, IND and Regulatory Approval Application filings for all indications for the Products, as well as all summaries of meetings with regulators regarding the Products. For Clinical Trials of a Product that may be used to support Regulatory Approval for such Product in the other Party's territory (including Global Studies), such exchange shall also include all data, results and analyses as reasonably requested by a Party, and the other Party shall have the right to use such data and results for the purpose of obtaining and maintaining Regulatory Approval for the Product in its territory.

ARTICLE 4

DEVELOPMENT TECHNOLOGY TRANSFERS

4.1. Access to Licensed Know-How. Within thirty (30) days following the Effective Date, Cullinan shall transfer to Zai all Licensed Know-How as of the Effective Date, which transfer shall occur in a manner and following a reasonable schedule established by the JSC. During the Term, Cullinan shall provide or make available to Zai additional Licensed Know-How, to the extent that such Licensed Know-How comes to Cullinan's attention (or is reasonably requested by Zai) and has not previously been provided or made available to Zai, to the extent necessary or reasonably useful for Zai to exercise its rights or perform its obligations under this Agreement.

4.2. Assistance by Cullinan. At Zai's reasonable request, Cullinan shall cooperate with Zai to provide reasonable technical assistance as may be necessary in connection with (a) the transfer to Zai of the Development of Products in the Territory and (b) the seeking of Regulatory Approval for Products in the Territory. Upon Zai's request for any reasonable technical assistance, Cullinan shall provide Zai with such reasonable technical assistance up to a total amount of [***] for a period from the Effective Date to December 31, 2021, at no additional cost to Zai (but subject to reimbursement of out-of-pocket travel and accommodation cost incurred by Cullinan at Zai's request). In the event Zai reasonably requests any assistance from Cullinan that would require Cullinan to provide assistance (i) in the Calendar Year 2021 in FTE hours in excess of the amounts described in the preceding sentence or (ii) any time after December 31, 2021, Cullinan shall consider in good faith and in the context of Cullinan's then-current global capacity requirements, whether to provide such assistance to Zai at the FTE Rate (plus reimbursement of out-of-pocket travel and accommodation cost incurred by Cullinan at Zai's request), based on written invoices provided by Cullinan from time to time, and within forty-five (45) days of the receipt of an invoice from Cullinan. For clarity, Cullinan's provision of any and all data or results generated from Clinical Trials conducted by Cullinan to Zai shall not be deemed part of technical assistance provided to Zai by Cullinan. Additionally, (x) Zai shall not be responsible for any costs or expenses incurred by Cullinan, its Affiliates or their respective employees or contractors (A) in conducting any activity that is a part of any Joint Global Study in the Territory, except as provided in Section 5.5(b); or (B) for the normal activities performed by Cullinan's employees and contractors at the JSC or the JDC level, routine communications or activities regarding the Development, Manufacture or Commercialization in the Territory, communications with or between Zai's and/or Cullinan's executive officers and the like, including discussing, updating, and reviewing the Clinical Development Plan and Commercialization Plan, and (y) Cullinan shall not be responsible for any costs or expenses incurred by Zai, its Affiliates or their respective employees or contractors (A) in conducting any activity that is a part of any Local Study in the Territory; or (B) for the normal activities performed by Zai's employees and contractors at the JSC or the JDC level, routine communications or activities regarding the Development, Manufacture or Commercialization in the Territory, communications with or between Zai's and/or Cullinan's executive officers and the like, including discussing, updating, and reviewing the Clinical Development Plan and Commercialization Plan.

ARTICLE 5

DEVELOPMENT

5.1. Diligence and Responsibilities. Zai shall be primarily responsible for, and shall use Commercially Reasonable Efforts to Develop the Products in the Field in the Territory, including the conduct of all Development activities of the Products in the Field in the Territory in accordance with the Development Plan at Zai's sole cost subject to Section 5.5(b). [***]. Zai shall perform such obligations under the Development Plan in a professional manner, and in compliance in all respects with the Development Plan and the requirements of Applicable Laws, GCP and cGMP. Changes in the scope or direction of the Development work under this Agreement that would be a material deviation from the Development Plan must be approved by the JSC as set forth in Section 3.2(b); provided that any change with respect to Joint Global Studies shall be consistent with the Joint Global Studies as set forth in the Global Development Plan.

5.2. Development Plan. The Parties shall undertake the Development of the Product in a collaborative and efficient manner in accordance with this ARTICLE 5. The Development of the Product relating to the Territory under this Agreement shall be governed by a written development plan (the "**Development Plan**"), as revised from time to time in accordance with this Section 5.2. The Development Plan shall include (a) an outline of all material pre-clinical activities and clinical trials to be conducted by Zai in the Territory, including the Local Studies and Joint Global Studies, during the subsequent [***]; and (b) the material activities to be performed by the Parties to obtain the Regulatory Approvals for the Products in the Territory and to support the Joint Global Studies. The Development Plan shall contain in reasonable detail the major Development activities and the projected timelines for conducting such activities, including activities designed to achieve Regulatory Approvals for the Product in the Territory. As soon as practicable, but in no event more than forty-five (45) days following the Effective Date, Zai shall deliver an initial Development Plan which shall be mutually acceptable to the Parties. From time to time, but at least once every [***], Zai shall propose updates or amendments, if any, to the Development Plan in consultation with Cullinan and submit such proposed updated or amended plan to the JSC for review, discussion and approval. In accordance with Section 3.2(b) the JSC shall review, discuss and approve any updates or amendments to the Development Plan.

5.3. Abandoned Development. [***], no Active Development Activities (as defined below) have been conducted by Zai, its Affiliates or permitted Sublicensee within ten (10) months of the Effective Date, and (b) such inactivity was not caused by a Serious Adverse Event or Serious Adverse Drug Reaction (each as defined in the Pharmacovigilance Agreement) reported pursuant to the Pharmacovigilance Agreement, Regulatory Authority or was not due to a force majeure event or Cullinan's failure to supply sufficient quantities of Clinical Supply Product to Zai, then Zai shall be deemed to have abandoned the Development under the applicable Development Plan for the Product therein ("**Abandoned Development**"). If Zai has Abandoned Development, then Cullinan shall have the right to terminate this Agreement in accordance with Section 14.4(a). "Active Development Activities" [***].

5.4. Local Study. Zai shall use Commercially Reasonable Efforts and be solely responsible for performing any Local Study at its sole cost (including handling relevant Regulatory Submissions for any Local Studies in the Territory at its own cost, as applicable, in accordance with ARTICLE 6), as set forth in the Development Plan; provided that such Local Study shall not be reasonably expected to result in any material safety concern or material adverse effect on the Development of the Product outside the Territory or any material violation of any material Applicable Law. Each Local Study conducted in the Territory shall be conducted in accordance with the Development Plan, the study protocol approved by any relevant Regulatory Authority, and Applicable Laws in the Territory.

5.5. Global Study.

(a) **General**. Cullinan may initiate, suspend, or cease a Global Study for any Product for any Indication. Cullinan's global Development of Products will be conducted pursuant to a written development plan, as amended from time to time by Cullinan, subject to this Section 5.5 with respect to participation by Zai (the "**Global Development Plan**"). Cullinan shall provide Zai with a copy of the Global Development Plan within thirty (30) days of the Effective Date, which identifies (i) the first Pivotal Study and (ii) such other Global Studies that include clinical sites for Clinical Trials in the Territory (such other Global Studies, excluding the first Pivotal Study, the "**Existing Global Studies**"). If Cullinan amends the Global Development Plan after the Effective Date, which amendment adds Global Studies to include any clinical sites for Clinical Trials in the Territory beyond the Existing Global Studies, Cullinan shall present to the JSC any such additional Global Study for Zai's potential participation in such Global Study and provide the JSC with a study schematic and rationale for the study prior to initiation of such study for the JSC's review (which such review, for the avoidance of doubt, shall not be required to take place at an official meeting of the JSC); provided, however, that notwithstanding to the contrary herein (including Section 3.2(f)), any amendment to the Global Development Plan to the extent relating to the first Pivotal Study, any Existing Global Study or Joint Global Study that would materially change Zai's obligations in the Territory shall be mutually agreed on by the Parties.

(b) Zai (i) shall, at its sole cost and expense, participate in the first Pivotal Study and use Commercially Reasonable Efforts to coordinate clinical trial sites in the Territory [***] Study, (ii) may, in its sole discretion, participate in Existing Global Studies by coordinating clinical trial sites in the Territory and enrolling the percentage of the subjects for such Existing Global Studies as specified in the Global Development Plan existing as of the Effective Date, and (iii) may, in its sole discretion, agree to participate in such other Global Study presented by Cullinan (each of the Existing Global Studies and any such agreed future Global Studies, a "**Joint Global Study**"). Within thirty (30) days of the Effective Date, Cullinan shall provide Zai with a list of the Joint Global Studies as of such date. Zai shall be responsible for all activities (if any) associated with conducting each Joint Global Study in the Territory set forth in the Global Development Plan existing as of the Effective Date and each additional Joint Global Study as outlined in the plan for such Joint Global Study as mutually agreed by the Parties and any additional Joint Global Study so agreed between the Parties shall be included in an amendment to the Global Development Plan. Zai shall use Commercially Reasonable Efforts to recruit, enroll, treat, and provide follow-up in a timely manner a certain number or percentage (as applicable) of the total number of patients to be treated under the protocol set forth in the Regulatory Submission to the FDA and NMPA (or such increased or decreased number of patients as may be required by a Regulatory Authority inside the Territory) for the Joint Global Study and in accordance with the Global Development Plan, which percentage shall be up to [***] of the total number of subjects for such Joint Global Study; provided that, if the number of subjects for any Joint Global Study that Zai plans to enroll from clinical trial sites in the Territory would exceed [***] of the total number subjects for such Joint Global Study based on the Global Development Plan, [***]. For the first Pivotal Study, following the Effective Date, Cullinan will transition clinical study sites in the Territory to Zai pursuant to an agreed transition plan as contemplated by the Development Plan, and Zai will bear the costs of such study in the Territory after the Effective Date, provided that, only to the extent that subjects are enrolled in such study by Cullinan prior to the Effective Date, Cullinan will reimburse Zai for the costs incurred by or on behalf of Zai for such subjects enrolled in such study prior to the Effective Date on a Calendar Quarterly basis in accordance with a detailed budget for such costs agreed in advance by the Parties.

(c) Zai, itself or with or through any other of its Affiliates or Sublicensees, shall, in accordance with Section 6.1, be the Authorized Regulatory Agent of each Joint Global Study in the Territory. For any Joint Global Study, Zai shall be responsible for all costs incurred by or on behalf of Zai in the performance of such Joint Global Study in the Territory (except to the extent of assistance provided by Cullinan without additional charge in accordance with Section 4.2), and Cullinan shall be responsible for all other costs incurred for or in connection with such Joint Global Study.

(d) If Zai elects not to participate in any Global Study presented by Cullinan (other than the first Pivotal Study and the Existing Global Studies in which Zai is participating) by notifying Cullinan in writing of such election not to participate (or by failing to notify Cullinan in writing of its election to participate) within thirty (30) days after the date of Cullinan's presentation of such Global Study to the JSC, Cullinan may conduct such Global Study in the Territory at its sole cost but in conducting such Global Study, the Parties shall coordinate the Parties' Development activities for the Product(s) in the Territory; provided, however, that (i) Zai shall have access to, and Cullinan shall share with Zai and hereby grants to Zai a right of reference to, any safety data generated from such Global Study; (ii) Cullinan may not conduct any such Global Study in the Territory without Zai's prior written consent if Zai notifies Cullinan in writing within thirty (30) days after the date of Cullinan's presentation of such Global Study to the JSC that (1) such Global Study would be reasonably expected to cause delay in obtaining the Regulatory Approval for the Product in the Territory or (2) Zai reasonably believes that the conduct of such Global Study in the Territory would lead to a safety issue or concern with respect to or have a material adverse effect on the Exploitation of the Licensed Compound or the Product in the Territory; further, provided that in each case of (1) and (2), Zai shall provide its rationale for such belief in writing to Cullinan for discussion by the Parties. Any Know-How or Patents resulting from any Global Study to the extent that (A) Zai could not be reasonably expected to participate in for regulatory, standard of care or similar reasons, where Zai provides its rationale for such expectation in writing to Cullinan, or (B) Cullinan did not present to Zai for Zai's participation (each such Global Study, an "**Exempted Global Study**") shall be included in the license grant to Zai under Section 2.1 without any additional consideration from Zai to Cullinan, except that neither Zai nor any of its Affiliates or Sublicensees may use any such Know-How or Patents from an Exempted Global Study in any Regulatory Submission for any Product in the Territory for the same indication for which the Exempted Global Study was conducted unless Zai notifies Cullinan in writing of such intended use and pays Cullinan an amount equal to [***] of all costs incurred by or on behalf of Cullinan and its Affiliates and licensees in conducting any such Exempted Global Study. Any Know-How (except for safety data) or Patents resulting from any Global Study that (y) is not an Exempted Global Study and (z) Zai has not elected to participate in shall be excluded from Licensed Technology unless Zai notifies Cullinan in writing of Zai's intent to include any such Know-How or Patents in Licensed Technology and pays to Cullinan an amount that is equal [***] of the costs related to such Global Study.

5.6. Development Reports. The status, progress and results of Zai's Development activities under this Agreement shall be discussed at meetings of the JSC. At least [***], Zai shall provide the JSC with a written report detailing its Product Development activities and the results thereof, covering subject matter at a level of detail reasonably requested by the other party and sufficient to enable the other party to determine such Party's compliance with its obligations pursuant to Section 5.1 to Section 5.5. Through the JSC, each Party shall keep the other Party reasonably informed on the Development of the Product conducted by or on behalf of such Party. In addition, Zai shall make available to Cullinan such additional information about its Development activities with Products as may be reasonably requested by Cullinan from time to time. All updates and reports provided by Zai pursuant to this Section 5.6 shall be the Confidential Information of Zai.

5.7. Clinical Trial Audit Rights.

(a) **Clinical Trials**. Each Party shall conduct all Clinical Trials of the Products in compliance with all Applicable Laws, including GCP and regulations promulgated by the NMPA and FDA.

(b) **Conduct of Audits**. Upon [***] prior written notification by Cullinan but no more frequent than once per Calendar Year (except in the event that Cullinan has reasonable cause), and based on an audit scope agreed upon by the Parties, Cullinan or its representatives may conduct an audit of Zai, its Affiliates, or any Sublicensees, subcontractors, and all Clinical Trial sites engaged by Zai or its Affiliates or Sublicensees, subcontractors to perform Zai's obligations under any Development Plan, in each case, to ensure that the applicable Clinical Trials are conducted in compliance with the Development Plan, GCP, and Applicable Laws; provided that in the event any such audit of Zai's subcontractors or Clinical Trial sites engaged by Zai or its Affiliates or Sublicensees, subcontractor requires Zai's assistance, Zai shall provide Cullinan or its representatives with such assistance at Zai's cost, to the extent reasonable, including providing personnel of Zai to be present for such audit and producing any documents or authorizations allowing Cullinan or its representatives to conduct such audit, to the extent reasonable. No later than [***] days after the completion of such audit, Cullinan shall provide Zai with a written summary of Cullinan's findings of any deficiencies or other areas of remediation that Cullinan identifies during any such audit. Zai shall use Commercially Reasonable Efforts to respond or remediate any such deficiencies within thirty (30) days following Cullinan's receipt of such report. Without limiting the foregoing, Zai shall have the right to be present at any such audit conducted by Cullinan pursuant to this Section 5.7 of any Sublicensees, subcontractors, subcontractors or Clinical Trial Sites.

5.8. Records. Each Party shall maintain appropriate records in either tangible or electronic form of (a) all significant Development, Manufacture, and Commercialization events and activities conducted by it or on its behalf related to a Product; and (b) all significant information generated by it or on its behalf in connection with the Development, Manufacture, or Commercialization of a Product, in each case in accordance with its usual documentation and record retention practices. Such records shall be in sufficient detail to properly reflect, in a good scientific manner, all significant work done, and the results of studies and trials undertaken and, further, shall be at a level of detail appropriate for patent and regulatory purposes. Each Party shall document all non-clinical studies and Clinical Trials in formal written study reports according to Applicable Laws and national and international guidelines. Upon a Party's reasonable request, the other Party shall, and shall cause its Affiliates and, in the case of Zai, Sublicensees, to provide to the other Party copies of such records related to the Exploitation of the Product in the other Party's territory, including for regulatory and patent purposes. All such records, reports, information and data of a Party provided to the other Party shall be the Confidential Information of the providing Party.

ARTICLE 6

REGULATORY

6.1. Zai's Responsibilities. Zai shall be responsible for (a) all regulatory activities leading up to and including the obtaining of the Regulatory Approval for a Product from the Regulatory Authority on a Region-by-Region basis in the Territory, at its sole cost and expense, except as set forth in the Global Development Plan and Development Plan; and (b) hold and maintain all Regulatory Approvals for a Product in the Territory, in each case, in the name of Cullinan. Subject to the terms and conditions of this Agreement, Cullinan shall appoint and hereby appoints Zai as its sole Authorized Regulatory Agent to handle all activities with respect to filing for, obtaining and maintaining any Regulatory Approval or product registration for the Product in the Territory and Zai shall use Commercially Reasonable Efforts to obtain Regulatory Approvals and pricing and reimbursement approvals (if applicable) for Products in the Territory in accordance with the Development Plan and Zai shall be solely responsible for all costs and expenses incurred in connection with performing such activities in the Territory; provided that Cullinan shall promptly transfer all Regulatory Approvals and Regulatory Submissions to Zai or its designee when Applicable Laws in the Territory allows Zai to hold such Regulatory Approvals and Regulatory Submissions for the Product in the Territory at Zai's cost. During any period when Cullinan holds such Regulatory Approval and Regulatory Submissions for Zai's benefit, (i) Cullinan shall not be obligated to perform any activities, bear any obligations, or bear any costs, in each case, in addition to the activities set forth in this Agreement due to Cullinan or its Affiliate holding such Regulatory Approval and Regulatory Submissions; (ii) Cullinan shall not assume any liability in connection with Cullinan holding such Regulatory Approval and Regulatory Submissions; (iii) should Cullinan or its Affiliates incur any costs or expenses related to holding or transferring any such Regulatory Approval and Regulatory Submissions, Zai shall reimburse Cullinan or its Affiliates for any and all costs and expenses incurred by Cullinan or its Affiliates in holding or transferring such Regulatory Approval and Regulatory Submissions; and (iv) Zai shall indemnify and hold Cullinan Indemnitees (as defined herein) from and against all Losses to the extent arising from Cullinan holding such Regulatory Approval and Regulatory Submissions in the Territory as set forth in ARTICLE 12. Zai shall keep Cullinan promptly informed (and in any event within forty-eight (48) hours for any significant matter) of regulatory developments related to the Products in the Territory and shall promptly notify Cullinan in writing of any decision by any Regulatory Authority in the Territory regarding a Product.

6.2. Review of Regulatory Submissions. Zai shall provide to Cullinan for review and comment drafts of all material Regulatory Submissions in the Territory for the Products no later than fifteen (15) days prior to the planned submission. Zai shall incorporate any comments received from Cullinan on such Regulatory Submissions where required under any Applicable Laws and shall consider in good faith any other comments received from Cullinan on such Regulatory Submissions. In addition, Zai shall notify Cullinan of any material Regulatory Submissions for the Products and any other material documents, comments or other correspondences related thereto submitted to or received from any Regulatory Authority in the Territory and shall provide Cullinan with copies thereof as soon as reasonably practicable, but in all events within [***] days after submission or receipt thereof. If any such Regulatory Submission, comment, or correspondence is not in English, then, in addition to a copy thereof in its original language, Zai shall also provide Cullinan with an English summary thereof within the corresponding timelines as set forth in this ARTICLE 6 at Zai's cost.

6.3. Notice of Meetings. Zai shall provide Cullinan with notice of any material meeting or discussion with any Regulatory Authority in the Territory related to any Product no later than two (2) Business Days after receiving notice thereof. Zai shall lead any such meeting or discussion and Cullinan or its designee shall have the right, but not the obligation, to attend and participate in any such meeting or discussion unless prohibited or restricted by Applicable Laws or Regulatory Authority. At Zai's request, Cullinan shall reasonably cooperate with Zai in preparing for any such meeting or discussion. If Cullinan elects not to attend such meeting or discussion, then Zai shall provide to Cullinan a written summary thereof in English promptly following the issuance or approval of the corresponding official minutes by the applicable Regulatory Authority.

6.4. Notice of Regulatory Action. If any Regulatory Authority takes or gives notice of its intent to take any regulatory action with respect to any activity of Zai relating to any Product, then Zai shall notify Cullinan of such contact, inspection, or notice or action within [***] Business Days after receipt of such notice (or, if action is taken without notice, within [***] Business Days of Zai becoming aware of such action). Cullinan shall have the right to review and comment on any responses to Regulatory Authority that pertain to a Product in the Territory.

6.5. Cullinan's Responsibilities. Cullinan shall reasonably cooperate with Zai in obtaining any Regulatory Approvals for a Product in the Territory by providing, to the extent reasonably requested by Zai, access to Regulatory Approvals, Regulatory Submissions, clinical data, and other data, information, and documentation for the Product outside of the Territory pursuant to ARTICLE 4 if such information is required in furtherance of such Regulatory Approvals. In addition, upon Zai's reasonable request, Cullinan shall, and shall cause its Affiliates and sublicensees, to the extent permitted in such sublicensees' agreement with Cullinan,, to provide to Zai copies of such records of Development, Manufacturing, and Commercialization activities to the extent necessary or reasonably useful to obtain Regulatory Approval of the Product in the Territory. Zai shall reimburse Cullinan for the costs and expenses incurred by Cullinan to provide reasonable assistance to Zai for such cooperation in accordance with Section 4.2.

6.6. No Harmful Actions. If Cullinan believes that Zai is taking or intends to take any action with respect to a Product that could have a material adverse impact upon the regulatory status of the Product outside the Territory, Cullinan shall have the right to bring the matter to the attention of the JSC and the Parties shall discuss in good faith to resolve such concern. Without limiting the foregoing, unless the Parties otherwise agree: (a) Zai shall not communicate with any Regulatory Authority having jurisdiction outside the Territory, unless so ordered by such Regulatory Authority, in which case Zai shall immediately notify Cullinan of such order; and (b) Zai shall not submit any Regulatory Submissions or seek Regulatory Approvals for the Product outside the Territory.

6.7. Notification of Threatened Action. Each Party shall within one (1) Business Day notify the other Party of any information it receives regarding any threatened or pending action, inspection or communication by any Third Party, which would reasonably be expected to affect the safety or efficacy claims of any Product or the continued marketing of any Product (as to Cullinan's notification obligation, only to the extent it would reasonably be expected to affect the Territory). Upon receipt of such information, the Parties shall consult with each other in an effort to arrive at a mutually acceptable procedure for taking appropriate action with respect to the Territory.

6.8. Right of Reference.

(a) Zai hereby grants to Cullinan the right of reference to (i) all Regulatory Submissions pertaining to the Product in the Field submitted by or on behalf of Zai or its Affiliates (and all data contained or referenced therein), with the right to grant further rights of reference to Cullinan's licensees with respect to Products, and (ii) all data generated relating to the Licensed Compound or Products in the Field, including preclinical data, clinical data, Safety Data and CMC Data contained in or referenced in any Regulatory Submissions pertaining to the Product in the Field submitted by or on behalf of such Party, and all corresponding documentation Controlled by each Party as of the Effective Date or at any time during the Term. Cullinan and its Affiliates (and any licensee to whom it may grant a further right of reference) may use the right of reference to Zai's Regulatory Submissions in the Field solely for the purpose of seeking, obtaining and maintaining the Regulatory Approval of the Products outside the Territory.

(b) Subject to and in accordance with Section 5.5, Cullinan hereby grants to Zai the right of reference to (i) all Regulatory Submissions pertaining to the Product in the Field submitted by or on behalf of Cullinan or its Affiliates (and all data contained or referenced therein), with the right to grant further rights of reference to Sublicensees to the extent permitted pursuant to Section 2.3, and (ii) all data generated relating to the Licensed Compound or Products in the Field, including Safety Data and CMC Data contained in any Regulatory Submissions pertaining to the Product in the Field submitted by or on behalf of such Party, and all corresponding documentation Controlled by Cullinan (including, to the extent permissible pursuant to the Taiho Agreement, a right of reference to such Taiho data that may be necessary or reasonably useful for Zai's Exploitation of the Licensed Compound or Products) as of the Effective Date of or at any time during the Term. Zai and its Affiliates (and any Sublicensee to whom it may grant a further right of reference) may use such right of reference to Cullinan's Regulatory Submissions in the Field solely for the purpose of seeking, obtaining and maintaining the Regulatory Approval of the Products in the Field in the Territory.

6.9. Adverse Events Reporting.

(a) Promptly following the Effective Date, but in no event later than ninety (90) days thereafter, Zai and Cullinan shall develop and agree to the worldwide safety and pharmacovigilance procedures for the Parties with respect to the Products, such as safety data sharing and exchange, Adverse Events reporting and prescription events monitoring in a written agreement (the "**Pharmacovigilance Agreement**"). Such agreement shall describe the coordination of collection, investigation, reporting, and exchange of information concerning Adverse Events or any other safety problem of any significance, and product quality and product complaints involving Adverse Events, sufficient to permit each Party, its Affiliates, licensees or sublicensees to comply with its legal obligations. The Pharmacovigilance Agreement shall be promptly updated if required by changes in legal requirements. Each Party hereby agrees to comply with its respective obligations under the Pharmacovigilance Agreement and to cause its Affiliates, licensees and sublicensees to comply with such obligations. To the extent there is any disagreement between this Section 6.9, Section 6.10, or any related definitions and the Pharmacovigilance Agreement, the Pharmacovigilance Agreement shall control with respect to safety matters and this Agreement shall control with respect to all other matters.

(b) Zai shall be responsible for complying with all Applicable Laws governing Adverse Events in the Territory for all Clinical Trials performed by Zai, including the Local Studies and Joint Global Studies, and Cullinan shall be responsible for complying with all Applicable Laws covering Adverse Events (i) in the Territory for all Clinical Trials performed by Cullinan for the Global Studies that Zai does not participate in and (ii) outside the Territory for all Clinical Trials.

(c) Cullinan shall hold and control the global safety database for all Products and for the exchange by the Parties in English of any information which a Party becomes aware of concerning any Adverse Event experienced by a subject or patient being administered any Product, including any such information received by either Party from any Third Party (subject to receipt of any required consents from such Third Party). It is understood that each Party and its Affiliates, licensees and sublicensees shall have the right to disclose such information if such disclosure is reasonably necessary to comply with Applicable Laws or requirements of any applicable Regulatory Authority.

6.10. Safety and Regulatory Audits. Upon reasonable notification, Cullinan shall be entitled to conduct an audit of safety and regulatory systems, procedures and practices of Zai, including on-site evaluations to the extent permitting such on-site evaluations is in the control of Zai. Cullinan may conduct such audit no more than [***] (unless an additional audit is warranted for cause) upon [***] prior written notice to Zai. With respect to any inspection of Zai or its Affiliates or Sublicensees (including Clinical Trial sites) by any Governmental Authority relating to any Product, Zai shall notify Cullinan of such inspection (a) no later than [***] after Zai receives notice of such inspection or (b) within one (1) Business Day after the completion of any such inspection of which Zai did not receive prior notice. Zai shall promptly provide Cullinan with all information related to any such inspection. Zai shall also permit Governmental Authorities outside of the Territory to conduct inspections of Zai or its Affiliates or Sublicensees (including Clinical Trial sites) relating to the Product, and shall ensure that all such Affiliates or Sublicensees permit such inspections. Cullinan shall have the right, but not the obligation (unless required by Applicable Law or any Governmental Authority), to be present at any such inspection. Following any such regulatory inspection related to the Products, Zai shall provide Cullinan with (i) an unredacted copy of any finding, notice, or report provided by any Governmental Authority related to such inspection (to the extent related to the Product) within two (2) days of Zai receiving the same, and (ii) in the event that such findings, notice, or report is in a language other than English, a written English summary of any material finding, notice, or report of a Governmental Authority related to such inspection (to the extent related to the Product) within [***] after receiving the same. Further details including notification, timing, response and scope of such audits shall be included in the Pharmacovigilance Agreement.

6.11. Remedial Actions. Each Party shall notify the other immediately, and promptly confirm such notice in writing, if it obtains information indicating that any Product may be subject to any recall, corrective action or other regulatory action by any Governmental Authority or Regulatory Authority (as to Cullinan's notification obligation, only to the extent it would reasonably be expected to affect the Territory) (a "**Remedial Action**"). The Parties shall assist each other in gathering and evaluating such information as is necessary to determine the necessity of conducting a Remedial Action with respect to the Territory. Zai shall have sole discretion with respect to any matters relating to any Remedial Action in the Territory, including the decision to commence such Remedial Action and the control over such Remedial Action; provided that Cullinan shall have sole discretion with respect to any matters relating to any Remedial Action in the Territory to the extent related to any Global Study. The cost and expenses of any Remedial Action in the Territory shall be borne solely by the Party with sole discretion; provided, however, that to the extent a Remedial Action in the Territory results primarily from the failure of the Product supplied by Cullinan to comply with the Product Specifications, product warranties (as set forth in the Supply Agreement) or any Applicable Law, including cGMP requirements, then Cullinan shall reimburse Zai for the reasonable cost and expense of such Remedial Action if this is required and after consultation with Cullinan. Each Party shall, and shall ensure that its Affiliates and sublicensees shall, maintain adequate records to permit the Parties to trace the distribution and use of the Product in the Territory.

ARTICLE 7

MANUFACTURING

7.1. Commercial Supply. Subject to the terms and conditions of this Agreement, including Cullinan's Retained Rights, Zai shall have the sole right (and shall solely control, at its discretion) itself or with or through its Affiliates, Sublicensees, or other Third Parties, to Manufacture or have Manufactured the Products for Commercialization in the Field in the Territory. All such commercial Manufacturing shall be at Zai's sole cost and expense. Notwithstanding the foregoing, the Parties agree to cooperate in good faith and, where appropriate and permitted under applicable law, to share such commercial and/or technical data to enable Zai to obtain commercial manufacturing supply of Product for Commercialization in the Territory in accordance with Section 7.3.

7.2. Clinical Supply Manufacture; Supply of Products. Subject to the terms and conditions of this Agreement, the Clinical Supply Agreement, and the Quality Agreement, and until the first Regulatory Approval of the Product in the Field in the Territory, Cullinan shall use Commercially Reasonable Efforts to supply Zai's requirements of Product for use in Clinical Trials in the Territory in accordance with the specifications. In no event shall Cullinan be required to supply to Zai Product having specifications that differ materially from the specifications being used by Cullinan outside the Territory, unless and to the extent the Parties so agree in the Supply Agreement. Customary terms of forecasting and ordering procedures, product specifications, and other operational matters relating to the supply of the Product under this Section 7.2 shall be set forth in a clinical supply agreement to be mutually agreed upon by the Parties within sixty (60) days following the Effective Date or such longer period as agreed by the Parties (the "**Clinical Supply Agreement**"). In connection with such Clinical Supply Agreement, the Parties shall enter into a quality agreement governing the Product Specifications and other technical aspects of the Product (the "**Quality Agreement**"). Such Clinical Supply Agreement and Quality Agreement shall include other customary terms for the clinical supply of pharmaceutical products, including (i) pro rata allocation of Products among Cullinan and its Affiliates and licensees (including Zai and its Affiliates and Sublicensees) and (ii) other appropriate remedies and indemnities, in each case of (i) and (ii), in a manner and under the circumstances mutually agreed by the Parties. Subject to the terms of this ARTICLE 7, the Clinical Supply Agreement, and the Quality Agreement, (A) Cullinan shall, itself or through one or more CMOs, use Commercially Reasonable Efforts to (a) supply Product to Zai EXW (Incoterms 2020) Cullinan (or its CMO) manufacturing facility at [***] of Cullinan's Fully Burdened Manufacturing Costs, and (B) Zai shall (i) obtain and maintain all required export or import licenses or authorizations, and shall serve as importer of record for all Products delivered in or into any Region in the Territory pursuant to this Agreement and the Clinical Supply Agreement, and (ii) be responsible for all customs' duties, import tariffs, taxes, freight, insurance, inspection costs and the like attributed to or for the transport and importation of the Product in or into any Region in the Territory.

7.3. Manufacturing Technology Transfer. At Zai's request, which such request shall not be initiated until after the initiation of the first Pivotal Study in the Territory, the Parties shall (i) cooperate in good faith through the JSC to identify the Manufacturing Technology, and (ii) Cullinan shall (A) transfer, and thereafter continue to transfer, during the Term as may be reasonably requested by Zai and its designees, all data, information and other Know-How within the Manufacturing Technology to Zai or its permitted designee (which designee may be an Affiliate or a Third Party manufacturer, and which Third Party manufacturer may be a backup manufacturer or a second manufacturer of Products), and (B) provide reasonable assistance to Zai or such permitted designee, in each case, in order to enable Zai and its designees to obtain the regulatory or governmental approvals necessary to authorize Zai and its designees to Manufacture the Licensed Compound or Products for commercial supply in the Territory (clauses (A) and (B) together, the "**Manufacturing Technology Transfer**"). Once the Manufacturing Technology Transfer is complete, Cullinan, at its election, will have the right to obtain, and Zai will, and will cause its Affiliates and Sublicensees, to supply, Product to Cullinan on commercially reasonable terms for purposes of Commercializing the Product outside of the Territory.

7.4. Commercial Supply Manufacture; Supply of Products. If Zai notifies Cullinan in writing that it reasonably believes that the Manufacturing Technology Transfer will not be fully completed prior to Zai's anticipated date for first Commercial launch of a Product in the Territory, then Cullinan shall be solely responsible (itself or through its Affiliate or CMO) for the Manufacture of the commercial supply Product for Commercialization by Zai and its Affiliates and Sublicensees in the Territory. Customary terms of forecasting and ordering procedures, product specifications, and other operational matters relating to the supply of the Product under this Section 7.4 shall be set forth in a commercial supply agreement to be mutually agreed upon by the Parties no later than twelve (12) months prior to Zai's anticipated date for first Commercial launch of a Product in the Territory (the "**Commercial Supply Agreement**"). In connection with such Commercial Supply Agreement, the Parties shall enter into a Quality Agreement. The Commercial Supply Agreement will include other customary terms for the commercial supply of pharmaceutical products, including (i) pro rata allocation of Products among Cullinan and its Affiliates and licensees (including Zai and its Affiliates and Sublicensees) and (ii) other appropriate remedies, in each case of (i) and (ii), in a manner and under the circumstances mutually agreed by the Parties. Zai or its Affiliates shall (1) pay Cullinan for the Products supplied by Cullinan (itself or through its Affiliate or CMO) for use by Zai in Commercialization at a transfer price equal to [***] of Cullinan's Fully Burdened Manufacturing Costs and (2) obtain and maintain all required export or import licenses or authorizations, and shall serve as importer of record for all Products delivered in or into any region in the Territory pursuant to this Agreement and the Commercial Supply Agreement.

ARTICLE 8

COMMERCIALIZATION; MEDICAL AFFAIRS

8.1. General; **Commercialization**. Zai shall be solely responsible for, and use Commercially Reasonable Efforts to Commercialize and obtain pricing and reimbursement approvals for the Products in the Field in the Territory in accordance with the Commercialization Plan, at its sole cost and expense. Without limiting the foregoing, for each Product that receives Regulatory Approval in a Region in the Territory, Zai shall use Commercially Reasonable Efforts to Commercialize such Product in such Region.

8.2. Commercialization Plan. The Commercialization Plan shall contain in reasonable detail the significant Commercialization activities and the projected timelines for achieving such activities. Zai shall provide an initial Commercialization Plan to the JSC for review and discussion within the [***] period following the [***], which shall include general information regarding [***]. Thereafter, from time to time, but at least once [***], Zai shall propose updates or amendments to the Commercialization Plan to reflect changes in such plans, including those in response to changes in the marketplace, relative success of the Products, and other relevant factors influencing such plan and activities, and submit such proposed updated or amended Commercialization Plan to the JSC. In preparing the initial Commercialization Plan and any updates or amendments thereto, Zai shall provide Cullinan with an opportunity to comment and Zai shall consider any Cullinan's comments in good faith in finalizing the initial Commercialization Plan and any updates or amendments thereto.

8.3. Commercialization Reports. Zai shall update the JSC at each regularly scheduled JSC meeting regarding Zai's Commercialization activities with respect to the Products in the Territory. Each such update shall be in a form to be agreed by the JSC and shall summarize Zai's, its Affiliates' and Sublicensees' significant Commercialization activities with respect to the Products in the Territory, covering subject matter at a level of detail reasonably required by Cullinan and sufficient to enable Cullinan to determine Zai's compliance with its diligence obligations pursuant to this Agreement. In addition, Zai shall make available to Cullinan such additional information about its Commercialization activities as may be reasonably requested by Cullinan from time to time. All updates and reports generated pursuant to this Section 8.3 shall be the Confidential Information of Zai.

8.4. Product Trademarks. Zai may use (pursuant to this Section 8.4) the trademarks Controlled by Cullinan in the Territory as Cullinan may provide to Zai in writing from time to time (the "**Cullinan Product Marks**") and may use the English mark thereof with Chinese phonetic translation below. Cullinan hereby grants to Zai, during the Term and subject to the terms and conditions of this Agreement, a royalty-free, exclusive license under Cullinan's rights to use such Cullinan Product Marks in connection with the Commercialization of the Products in the Field in the Territory in compliance with Applicable Laws and this Agreement. Zai shall comply with Cullinan's brand usage guidelines provided to Zai in its use of the Cullinan Product Marks. Zai may also brand the Products in the Territory using other trademarks, logos, and trade names specific for the Products that differ from the Cullinan Product Marks and do not contain the name of Cullinan; provided, however, that (a) prior to such use, Zai shall submit such trademarks, logos and trade names for Cullinan's prior written approval (not to be unreasonably withheld, delayed or conditioned), and (b) such trademarks, logos and trademarks shall be deemed owned by Zai (the "**Product Marks**"). Zai shall own all rights in the Product Marks in the Territory and shall register and maintain the Product Marks in the Territory that it determines reasonably necessary.

8.5. No Diversion. Each of Cullinan and Zai hereby covenants and agrees that (a) it shall not, and shall ensure that its Affiliates and sublicensees shall not, directly or indirectly, promote, market, distribute, import, sell or have sold the Products, including via internet or mail order, outside its territory; (b) with respect to any country or Region outside its territory, it shall not, and shall ensure that its Affiliates and their respective sublicensees shall not: (i) unless otherwise agreed by the Parties in writing, establish or maintain any branch, warehouse or distribution facility for Products in such countries (except, in the event such Party is Zai, Zai shall have the right to maintain one or more warehouses outside the Territory solely to support packaging and labeling of the Products by Zai or its Affiliates outside the Territory and, in the event such Party is Cullinan, Cullinan shall have the right to maintain one or more warehouses in the Territory solely to support the Retained Rights), (ii) engage in any advertising or promotional activities relating to Products that are directed primarily to customers or other purchaser or users of Products located in such countries, (iii) solicit orders for Products from any prospective purchaser located in such countries, or (iv) sell or distribute Products to any Person in such Party's territory who intends to sell or has in the past sold Products in such countries; (c) if a Party receives any order for any Product from a prospective purchaser reasonably believed to be located in a region or country outside its territory, such Party shall promptly refer that order to the other Party, and such Party shall not accept any such orders; (d) neither Party shall deliver or tender (or cause to be delivered or tendered) Products into a country or region outside its territory; (e) each Party shall not, and shall ensure that its Affiliates and their respective sublicensees shall not, knowingly restrict or impede in any manner the other Party's exercise of its exclusive rights to Commercialize the Products in the other Party's territory; and (f) each Party will use reasonable efforts to monitor and prevent exports of Products from its own territory for Commercialization in the other Party's territory using methods permitted under applicable Law that are commonly used in the industry for such purpose (if any), and will promptly inform the other Party of any such exports of Products from its territory, and any actions taken to prevent such exports. Each Party agrees to take reasonable actions requested in writing by the other Party that are consistent with applicable Law to prevent exports of Products from its territory for Commercialization. For the purpose of this Agreement, Zai's territory shall mean the Territory and Cullinan's territory shall mean all countries and regions outside the Territory.

8.6. Transfer of Licensed Compound; Audits. Zai shall, ensure that its Affiliates and Sublicensees do not transfer or divert the Licensed Compound or Product to an entity other than Zai, or an entity approved by Zai, in each case in a manner that would cause the sale of such Licensed Compound or Product in the chain of distribution (from Zai or its Affiliates or Sublicensees to the end user) to be excluded (except as an exception provided in the Net Sales definition) in the calculation of Net Sales, provided that for each unit of the Compound or Product, the inclusion of such sales in the calculation of Net Sales shall occur only once. Subject to Applicable Laws, upon Cullinan's reasonable request and at its sole cost and expense, but no more often than once in any Calendar Year, Zai (either directly or indirectly through its sublicenses or designees) shall allow Cullinan to perform an audit, site visit or similar inspection of any site or facility where Development activities for the Products are being conducted to ensure (i) compliance with applicable cGMP, GCP, GLP, and GSP standards, including on-site evaluations (to the extent permitting such evaluations is under the control of the audited Party), and (ii) compliance with this Section 8.6.

8.7. Medical Affairs. Zai shall be solely responsible, at its sole cost and expense, for conducting medical affairs activities with respect to the Products in the Territory, including communications with key opinion leaders, medical education, symposia, advisory boards (to the extent related to medical affairs or clinical guidance), publications, congress presentations and posters, published manuscripts, activities performed in connection with patient registries and post-approval trials, and other medical programs and communications, including educational grants, research grants (including conducting investigator-initiated studies), and charitable donations to the extent related to medical affairs and not to other activities that do not involve the promotion, marketing, sale, or other Commercialization of the Products, all of which shall be conducted in accordance with Applicable Law. Zai shall update the JSC at each regularly scheduled JSC meeting regarding Zai's medical affairs activities. All updates and reports generated pursuant to this Section 8.7 shall be the Confidential Information of Zai.

ARTICLE 9

PAYMENTS AND MILESTONES

9.1. Upfront Payment. In partial consideration of the licenses and rights granted by Cullinan to Zai hereunder, Zai shall pay to Cullinan an one-time, irrevocable, non-refundable, non-creditable amount of twenty million U.S. Dollars ($20,000,000) (the "**Upfront Payment**") within forty (40) days of the Effective Date.

9.2. Development Milestones Payments to Cullinan.

(a) In partial consideration of the rights granted herein, when the Product first achieves the Milestone Events set forth below (each such event, a "**Development Milestone Event**"), Zai shall pay to Cullinan the following one-time, irrevocable, non-refundable, non-creditable Development Milestone Payments (each such payment, a "**Development Milestone Payment**") within forty (40) days of the achievement of the corresponding Milestone Events.

Development Milestone Event	Development Milestone Payment
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(b) For the avoidance of doubt, each Development Milestone Payment shall be payable on the first occurrence of the corresponding Development Milestone Event for a Product, whether such Development Milestone Event is achieved through the Development of a Product as a monotherapy or by the Licensed Component of a Combination Product, and (ii) none of the Development Milestone Payments shall be payable more than once. For clarity, [***].

9.3. Sales Milestones.

(a) In partial consideration of the rights granted herein, Zai shall pay to Cullinan the following one-time, irrevocable, non-refundable, non-creditable Milestone Payments (each such payment, a "**Net Sales Milestone Payment**") for the achievement of the corresponding Net Sales Milestone Events set forth below (each such event, a "**Net Sales Milestone Event**") within forty-five (45) after the end of the Calendar Quarter in which the Net Sales Milestone Event is achieved.

Net Sales Milestone Event	**Net Sales Milestone Payment**
Annual Net Sales of all Products in the Territory first exceed [***]	[***]
Annual Net Sales of all Products in the Territory first exceed [***]	[***]
Annual Net Sales of all Products in the Territory first exceed [***]	[***]
Annual Net Sales of all Products in the Territory first exceed [***]	[***]

(b) For the avoidance of doubt (i) each Net Sales Milestone Payment shall be payable on the first occurrence of the corresponding Net Sales Milestone Event, and (ii) none of the Net Sales Milestone Payments shall be payable more than once. If annual Net Sales in a given Calendar Year exceed more than one (1) applicable threshold, then all corresponding Net Sales Milestone Payments shall be payable.

9.4. Royalties.

(a) **Royalty Payment**. During the Royalty Term, Zai shall pay to Cullinan tiered royalties as calculated by multiplying the applicable royalty rate set forth in the table below by the corresponding amount of incremental, aggregated Net Sales of all Products in the Territory in a Calendar Year (a "**Royalty Payment**"). Each Royalty Payment shall be non-creditable, irrevocable, and non-refundable. The tiered royalty rates on Net Sales shall be as set forth below:

For that portion of annual aggregated **Net Sales** of all Product **in a Calendar Year**	**Royalty Rate**
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

(b) **Royalty Term**. The Royalty Payments payable under this Section 9.4 shall be payable on a Product-by-Product and Region-by-Region basis from the First Commercial Sale of the applicable Product in such Region until the later of: (i) the date the last-to-expire Valid Claim in such Region expires; or (ii) the close of business of the day that is exactly ten (10) years after the date of the First Commercial Sale of such Product in such Region (the "**Royalty Term**").

(c) **Royalty Reductions**.

(i) During the Royalty Term, on a Product-by-Product and Region-by-Region basis, subject to Section 9.4(c)(iv), the royalty rate applicable to Net Sales of such Product in such region shall be reduced by [***] after the expiration of the last-to-expire Valid Claim in such region.

(ii) During the Royalty Term on a Product-by-Product and Region-by-Region basis, subject to Section 9.4(c)(iv), the royalty rate applicable to Net Sales of such Product in such Region shall be reduced by [***] starting from the Calendar Quarter in which a Generic Competition with respect to such Product occurs in such region.

(iii) If Zai reasonably determines in good faith after advice of counsel that it is necessary for Zai to obtain a license under any Patents owned or controlled by a Third Party in order to Commercialize the Licensed Compound in a Region in the Territory and enters into such a license, subject to Section 9.4(c)(iv), on a Product-by-Product and Region-by-Region basis, Zai shall have the right to deduct, from the royalty payment that would otherwise have been due pursuant to this Section 9.4, an amount equal to [***] of the royalties paid by Zai to such Third Party pursuant to such license on account of the sale of the Licensed Compound in such Region the Territory; provided that (1) prior to entering into such license, Zai shall provide Cullinan with the opportunity to review such Patents owned or controlled by such Third Party; and (2) in the event Cullinan reasonably disputes whether such Third Party license is necessary, (A) the matter shall be referred to the chief patent counsels of or patent attorneys engaged by Zai and Cullinan, (B) the chief patent counsels or patent counsels shall meet promptly to discuss and resolve the matter, and (C) if the chief patent counsels or patent counsels cannot agree on a resolution to the matter, then the Parties shall refer such matter for resolution to an independent patent attorney mutually agreed upon by the Parties who has at least ten (10) years of experience in the pharmaceutical drugs field and such patent attorney's decision on the matter shall be binding upon the Parties (and, for clarity, such matter shall not be subject to the dispute resolution procedures set forth in ARTICLE 15). Within ten (10) days following the execution of any such Third Party license, Zai shall provide Cullinan with a true and complete copy of such Third Party license.

(iv) Notwithstanding the foregoing, in no event shall the operation of Section 9.4(e)(i) through 9.4(e)(iii), individually or in combination, reduce the royalties payable by Zai to Cullinan with respect to the Net Sales of any Product in any Region in the Territory in any Calendar Quarter to an amount less than fifty percent (50%) of the amount that would otherwise have been due pursuant to Section 9.4(a) with respect to such Net Sales.

(d) **Royalty Estimate and Royalty Reports**. Following the First Commercial Sale of a Product for which royalties are due pursuant to this Section 9.4, and continuing for so long as royalties are due hereunder:

(i) [***].

(ii) [***]:

(1) [***]

(2) [***];

(3) [***];

(4) [***];

(5) [***];

(6) [***];

(7) [***].

(e) **Royalty Payment**. After the receipt of each royalty report provided by Zai under Section 9.4(d) above, Cullinan shall issue to Zai an invoice for the amount of Royalty Payment set forth therein. Zai shall pay to Cullinan the royalties for each Calendar Quarter within [***] days after the receipt of such invoice from Cullinan. If no royalty is due for any Calendar Quarter following commencement of the reporting obligation, Zai shall so report.

9.5. Payment.

(a) **Mode of Payment**. All payments to be made under this Agreement shall be made in U.S. Dollars and shall be paid by electronic transfer in immediately available funds to such bank account in the United States as is designated in writing by Cullinan. All payments shall be free and clear of any transfer fees or charges.

(b) **Currency Exchange Rate**. All payments under this Agreement shall be payable in U.S. Dollars. The rate of exchange to be used in computing the amount of currency equivalent in U.S. Dollars for calculating Net Sales in a Calendar Quarter (for purposes of both the royalty calculation and whether a Net Sales milestone has been achieved) shall be made at the average exchange rate as published by the Wall Street Journal for such Calendar Quarter, or such other source as the Parties may agree in writing.

(c) **Payment Timeline**. Except as otherwise provided in this Agreement, all payments to be made by one Party to the other Party under this Agreement shall be due within forty (40) days following such Party's receipt of an invoice from the other Party.

(d) **Payment Obligation**. For the sake of clarity, it is expressly agreed and understood by the Parties that during the Term of this Agreement Zai shall have no obligation to make or direct any payments to any Third Party that is not Cullinan, including but not limited to Taiho, with respect to Zai's Exploitation of Products in the Territory.

9.6. Audits.

(a) Zai shall keep, and shall require its Affiliates and Sublicensees to keep (all in accordance with the GAAP), for a period not less than [***] years from the end of the Calendar Year to which they pertain, complete and accurate records in sufficient detail to properly reflect Net Sales and to enable any Milestone Payment payable hereunder to be determined.

(b) Upon the written request of Cullinan, Zai shall permit, and shall cause its Affiliates and Sublicensees to permit, an independent certified public accounting firm of nationally recognized standing selected by Cullinan and reasonably acceptable to Zai, at Cullinan's expense, to have access during normal business hours to such records of Zai or its Affiliates as may be reasonably necessary to verify the accuracy of the payments hereunder for any Calendar Year ending not more than [***] years prior to the date of such request. These rights with respect to any Calendar Year shall terminate [***] years after the end of any such Calendar Year and shall be limited to once each Calendar Year (provided that the foregoing frequency limit shall not apply if Cullinan has reasonable cause). Cullinan shall provide Zai with a copy of the accounting firm's written report within thirty (30) days of Cullinan's receipt of such report. If such accounting firm concludes that an underpayment was made, then Zai shall pay the amount due within forty-five (45) days of the date Cullinan delivers to Zai such accounting firm's written report so concluding. If such accounting firm concludes that an overpayment was made, then such overpayment shall be credited against any future payment due to Cullinan hereunder (if there is no future payment due, then Cullinan shall promptly refund such overpayment to Zai). Cullinan shall bear the full cost of such audit unless such audit discloses that the additional payment payable by Zai for the audited period is more than five percent (5%) of the amount otherwise paid for that audited period, in which case Zai shall pay the reasonable fees and expenses charged by the accounting firm.

(c) Cullinan shall treat all financial information subject to review under this Section 9.6 in accordance with the confidentiality provisions of ARTICLE 10, and, prior to commencing such audit, shall cause its accounting firm to enter into a confidentiality agreement with Zai obligating it to treat all such financial information in confidence pursuant to such confidentiality provisions. Such accounting firm shall not disclose Zai's Confidential Information to Cullinan, except to the extent such disclosure is necessary to verify the accuracy of the financial reports furnished by Zai or the amount of payments to or by Zai under this Agreement.

(d) Zai shall include in each relevant sublicense granted by it a provision requiring any Sublicensee to maintain records of sales of Products made pursuant to such sublicense, and to grant access to such records by an accounting firm to the same extent and under the same obligations as required of Zai under this Agreement. Cullinan shall advise Zai in advance of each audit of any such Sublicensee with respect to the Net Sales of the Products either by Cullinan or its designated auditor under the terms of such Sublicensee agreement. Cullinan shall provide Zai with a summary of the results received from the audit and, if Zai so requests, a copy of the audit report. Cullinan shall pay the full costs charged by the accounting firm, unless the audit discloses that the additional payments payable to Cullinan for the audited period is more than five percent (5%) from the amounts otherwise paid for that audited period, in which case Zai shall pay the reasonable fees and expenses charged by the accounting firm.

9.7. Interest. Each Party shall pay interest on any amounts overdue under this Agreement at a per annum rate of five percent (5%) points above the Prime Rate assessed from the day payment was initially due; provided, however, that in no case shall such interest rate exceed the highest rate permitted by Applicable Laws. The payment of such interest shall not foreclose a Party from exercising any other rights it may have because any payment is overdue.

9.8. Taxes.

(a) [***].

(b) [***].

(c) [***].

9.9. Blocked Currency. If by Applicable Laws in a Region in the Territory, conversion into Dollars or transfer of funds of a convertible currency to the United States becomes materially restricted, forbidden or substantially delayed, then Zai shall promptly notify Cullinan and, thereafter, amounts accrued in such country or region under this ARTICLE 9 shall be paid to Cullinan (or its designee) in such country or Region in local currency by deposit to an escrow account in a local bank designated by Cullinan and to the credit of Cullinan, unless the Parties otherwise agree.

ARTICLE 10

CONFIDENTIALITY; PUBLICATION

10.1. Nondisclosure Obligation.

(a) For the Term and five (5) years thereafter, the Party receiving (the "**Receiving Party**") the Confidential Information of the other Party (the "**Disclosing Party**") shall keep confidential and not publish, make available or otherwise disclose any Confidential Information to any Third Party, without the express prior written consent of the Disclosing Party; provided, however, the Receiving Party may disclose the Confidential Information to those of its Affiliates, officers, directors, employees, agents, consultants or independent contractors (including licensees and sublicensees) of such Receiving Party who need to know the Confidential Information in connection with exercising rights or performing obligations as contemplated by this Agreement or any other written agreement between the Parties and are bound by confidentiality and non-use obligations with respect to such Confidential Information consistent with those set forth herein; the Receiving Party shall remain responsible for the compliance by its Affiliates, officers, directors, employees, agents, consultants or independent contractors (including licensees and sublicensees) with such confidentiality and non-use obligations. Either Party may disclose the terms and existence of this Agreement to any bona fide existing or potential investors, lenders and acquirers and the accountants and advisors of any of the foregoing who are bound by a written agreement (or in the case of attorneys or other professional advisors, formal ethical duties) requiring such recipients to treat, hold and maintain the terms of this Agreement as Information in a manner that is consistent with the terms and conditions of this Agreement. The Receiving Party shall exercise at a minimum the same degree of care it would exercise to protect its own Confidential Information (and in no event less than a reasonable standard of care) to keep confidential the Confidential Information. The Receiving Party shall use the Confidential Information solely in connection with exercising rights or performing obligations as contemplated by this Agreement or any other written agreement between the Parties.

(b) It shall not be considered a breach of this Agreement if the Receiving Party discloses Confidential Information or either Party discloses the terms and conditions of this Agreement in order to comply with a lawfully issued court or governmental order or with a requirement of Applicable Laws or the rules of any internationally recognized stock exchange; provided that: (i) the Receiving Party gives prompt written notice of such disclosure requirement to the Disclosing Party and cooperates with the Disclosing Party's efforts to oppose such disclosure or obtain a protective order for such Confidential Information, and (ii) if such disclosure requirement is not quashed or a protective order is not obtained, the Receiving Party shall only disclose those portions of the Confidential Information that it is legally required to disclose and shall make a reasonable effort to obtain confidential treatment for the disclosed Confidential Information. To the extent there is any conflict between this ARTICLE 10 and any other agreement related to Confidential Information entered into between the Parties, including the Confidentiality Agreement, the terms of this ARTICLE 10 shall control to the extent of such conflict.

(c) **Scientific Publication**. The JSC shall discuss the publication strategy for the publication of scientific papers, abstracts, meeting presentations and other disclosure of the results of the Clinical Trials carried out under this Agreement, taking into consideration the Parties' interest in publishing the results of the Product Development work in order to obtain recognition within the scientific community and to advance the state of scientific knowledge, and the need to protect Confidential Information, intellectual property rights and other business interests of the Parties; provided that Zai's publication outside the Territory (including in any form or media that may be distributed outside the Territory) shall require Cullinan's prior written consent, not to be unreasonably withheld. Subject to the immediately preceding sentence, Zai shall provide Cullinan with the opportunity to review and comment on any proposed publication that pertains to the Products at least forty-five (45) days prior to its intended submission for publication which shall only be permitted in the Territory and as to data, results and the like with respect to patients or subjects located in the Territory. Cullinan shall provide Zai with its comments, if any, within thirty (30) days after the receipt of such proposed publication. Zai shall consider in good faith the comments provided by Cullinan and shall comply with Cullinan's request to: (a) remove any and all Confidential Information of Cullinan from such proposed publication; and (b) delay the submission for a period up to ninety (90) days as may be reasonably necessary to seek patent protection for the information disclosed in the proposed publication. Zai agrees to acknowledge the contribution of Cullinan and Cullinan's employees in all publication as scientifically appropriate. Zai shall have no right to publish outside the Territory (including in any form or media that may be distributed outside the Territory) without Cullinan's prior written consent.

10.2. Publication and Listing of Clinical Trials. With respect to the listing of Clinical Trials or the publication of Clinical Trial results for the Products and to the extent applicable to a Party's activities conducted under this Agreement, each Party shall comply with (a) the Pharmaceutical Research and Manufacturers of America (PhRMA) Guidelines on the listing of Clinical Trials and the Publication of Clinical Trial results, and (b) any Applicable Law or applicable court order, stipulations, consent agreements, and settlements entered into by such Party. The Parties agree that any such listings or publications made pursuant to this Section 10.2 shall be considered a publication for purposes of this Agreement and shall be subject to Section 10.1.

10.3. Publicity; Use of Names.

(a) Subject to permitted disclosures under Section 10.1(b) or under Section 10.2(c), each of the Parties agrees not to disclose to any Third Party the terms and conditions of this Agreement without the prior approval of the other Party, except to (i) advisors (including consultants, financial advisors, attorneys and accountants), (ii) bona fide potential and existing investors, acquirers, merger partners or other financial or commercial partners on a need to know basis for the sole purpose of evaluating an actual or potential investment, acquisition or other business relationship, in each case under circumstances that reasonably protect the confidentiality thereof, (iii) to the extent necessary to comply with the terms of agreements with Third Parties, or (iv) to the extent required by Applicable Laws, including securities laws and regulations. Notwithstanding the foregoing, the Parties agree upon the initial press release(s) to announce the execution of this Agreement as contained in Schedule 10.3(a); thereafter, Cullinan and Zai may each disclose to Third Parties the information contained in such press release(s) or in any other press releases or disclosures made in accordance with this Section 10.3, without the need for further approval by the other.

(b) The Parties acknowledge the importance of supporting each other's efforts to publicly disclose results and significant developments regarding a Product for use in the Field in the Territory and other activities in connection with this Agreement, beyond what may be strictly required by Applicable Laws and the rules of a recognized stock exchange, and each Party may make such disclosures from time to time with respect to a Product in each case with the prior written approval of the other Party, which approval shall not be unreasonably withheld, conditioned or delayed. Such disclosures may include achievement of significant events in the Development (including regulatory process) or Commercialization of a Product for use in the Field in the Territory. Unless otherwise requested by the applicable Party, Zai shall indicate that Cullinan is the licensor of a Product and Licensed Technology in each public disclosure issued by Zai regarding a Product. When Zai elects to make any public disclosure under this Section 10.3(b) or Cullinan elects to make any public disclosure regarding results and significant developments regarding a Product for use in the Field in the Territory under this Section 10.3(b), the disclosing Party shall give the other Party reasonable notice to review and comment on such statement, it being understood that (i) if the other Party does not notify such Party in writing within thirty (30) days or such shorter period if required by Applicable Laws of any reasonable objections, as contemplated in this Section 10.3(b), such disclosure shall be deemed approved, and (ii) if the other Party does notify such Party in writing within the time period set forth in clause (i) above, and reasonably determines that such public disclosure would entail the public disclosure of the other Party's Confidential Information or of patentable Inventions upon which patent applications should be filed prior to such public disclosure, such public disclosure shall be delayed for such period as may be reasonably necessary for deleting any such Confidential Information of the other Party, or the drafting and filing of a patent application covering such Inventions; provided that such additional period shall not exceed ninety (90) days from the proposed date of the public disclosure, and, in any event, the other Party shall work diligently and reasonably to agree on the text of any proposed disclosure in an expeditious manner. The principles to be observed in such disclosures shall be accuracy, compliance with Applicable Laws and regulatory guidance documents, and reasonable sensitivity to potential negative reactions of applicable Regulatory Authorities.

(c) The Parties acknowledge the need to keep investors and others informed regarding such Party's business under this Agreement, including as required by Applicable Laws or the rules of a recognized stock exchange. To the extent a Party is publicly listed or becomes publicly listed, and subject to Section 10.3(b) as applicable, such Party may issue press releases or make disclosures to the SEC or other applicable agency as it determines, based on advice of counsel, as reasonably necessary to comply with laws or regulations or for appropriate market disclosure; provided that each Party shall provide the other Party with advance notice of legally required disclosures to the extent practicable. The Parties shall consult with each other on the provisions of this Agreement to be redacted in any filings made by a Party with the SEC or as otherwise required by Applicable Laws; provided that each Party shall have the right to make any such filing as it reasonably determines necessary under Applicable Laws.

10.4. Prior Confidentiality Agreement. As of the Effective Date, the terms of this ARTICLE 10 shall supersede any prior non-disclosure, secrecy or confidentiality agreement between the Parties (or their Affiliates) relating to the subject of this Agreement, including the Confidentiality Agreement.

ARTICLE 11

REPRESENTATIONS, WARRANTIES, AND COVENANTS

11.1. Representations and Warranties of Each Party. Each Party represents and warrants to the other Party as of the Effective Date that:

(a) it is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including the right to grant the licenses granted by it hereunder;

(b) (i) it has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (ii) it has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder; and (iii) this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms, subject to the general principles of equity and subject to bankruptcy, insolvency, moratorium, judicial principles affecting the availability of specific performance and other similar laws affecting the enforcement of creditors' rights generally;

(c) it is not a party to any agreement that would prevent it from granting the rights granted to the other Party under this Agreement or performing its obligations under this Agreement, including but not limited to the Taiho Agreement; and

(d) all consents, approvals and authorization from all Governmental Authorities or other Third Parties required to be obtained by such Party in connection with execution of this Agreement have been obtained.

11.2. Additional Representations, Warranties and Covenants of Cullinan. Cullinan represents and warrants to Zai that as the Effective Date:

(a) Cullinan is the sole owner of the Licensed Patents and it has the unencumbered right under the Licensed Technology to grant the licenses to Zai as purported to be granted pursuant to this Agreement;

(b) Except for the Taiho Agreement, there is no agreement between Cullinan or its Affiliates with any Third Party pursuant to which Cullinan or its Affiliates has in-licensed any Licensed Technology;

(c) Schedule 1.76 sets forth a complete and accurate list all Licensed Patents as of the Effective Date;

(d) neither Cullinan nor any of its Affiliates is a party to any license or similar agreement under which it has granted or agreed to grant a license to any Third Party to any Licensed Technology that would conflict with the rights or licenses granted to Zai under this Agreement;

(e) Cullinan and its Affiliates and their employees, consultants and contractors involved in the Development of the Licensed Compound and Products are not, and have not been, debarred or disqualified by any Regulatory Authority as of the Effective Date, and have complied in all material respects with all Applicable Laws in connection with the Development of the Licensed Compound and Product;

(f) to its knowledge, the Exploitation of the Licensed Compounds and Products to the extent currently conducted as of the Effective Date does not infringe any issued Patent of any Third Party;

(g) to its knowledge, Cullinan has disclosed and made available to Zai, all material preclinical and clinical information or data related to the Licensed Compound as of the Effective Date;

(h) no claim or action has been brought against Cullinan or, to Cullinan's knowledge, threatened in writing to Cullinan, by any Third Party alleging that (i) the Licensed Patents are invalid or unenforceable, or (ii) the Exploitation of the Licensed Compound or Product infringes the Patents or misappropriates the Know-How of any Third Party; and, to Cullinan's knowledge, no interference, opposition, cancellation or other protest proceeding has been filed against a Licensed Patent owned by Cullinan;

(i) in the event that 11.2(j) herein is inapplicable, it will [***] and in accordance with Section 16.4;

(j) it will not modify or amend the Taiho Agreement, or exercise, waive, release, or assign any rights thereunder, in any manner that would limit, restrict or otherwise materially adversely affect the rights of Zai hereunder without obtaining Zai's prior written consent; and

(k) it will not grant any license, sublicense or other rights in or to the Licensed Technology which is inconsistent with the terms and conditions of this Agreement.

11.3. Additional Representations, **Warranties and Covenants of Zai**. Zai represents, warrants and covenants to Cullinan that as of the Effective Date with respect to itself and its Affiliates:

(a) there are no legal claims, judgments or settlements against or owed by Zai or its Affiliates (nor any of their respective directors, officers, employees, Affiliates, nor any Person authorized to act on behalf of Zai or its Affiliates), or pending or, to Zai's or its Affiliates' actual knowledge, threatened, legal claims or litigation, in each case, relating to antitrust, anti-competition, anti-bribery or corruption violations, including under any Anti-Corruption Laws; and

(b) [***];

(c) [***];

(d) [***].

11.4. Covenants of Each Party. Each Party covenants to the other Party that in the course of performing its obligations or exercising its rights under this Agreement, it shall, and shall cause its Affiliates, Sublicensees to, comply with the Development Plan, all agreements referenced herein, all Applicable Laws, including as applicable, cGMP, GCP, GLP, and GSP standards, and shall not employ or engage any party who has been debarred by any Regulatory Authority, or, to such Party's knowledge, is the subject of debarment proceedings by a Regulatory Authority.

11.5. Compliance with Anti-Corruption Laws.

(a) Notwithstanding anything to the contrary in the Agreement, each Party hereby covenants to each other that:

(i) it shall not, in the performance of this Agreement, perform any actions that are prohibited by local and other anti-corruption laws (collectively "**Anti-Corruption Laws**", including the provisions of the U.S. Foreign Corrupt Practices Act, the U.K. Anti-Bribery Law, and the Anti-Corruption Act of the PRC) that may be applicable to either or both Parties to the Agreement;

(ii) it shall not, in the performance of this Agreement, directly or indirectly, make any payment, or offer or transfer anything of value, or agree or promise to make any payment or offer or transfer anything of value, to a government official or government employee, to any political party or any candidate for political office or to any other Third Party with the purpose of influencing decisions related to either Party or its business in a manner that would violate Anti-Corruption Laws;

(iii) it shall, on request by the other Party, verify in writing that to the best of such Party's knowledge, there have been no violations of Anti-Corruption Laws by such Party or persons employed by or subcontractors used by such Party in the performance of the Agreement, or shall provide details of any exception to the foregoing; and

(iv) it shall maintain records (financial and otherwise) and supporting documentation related to the subject matter of the Agreement in order to document or verify compliance with the provisions of this Section 11.5, and upon request of the other Party, upon reasonable advance notice, shall provide a Third Party auditor mutually acceptable to the Parties with access to such records for purposes of verifying compliance with the provisions of this Section 11.5. Acceptance of a proposed Third Party auditor may not be unreasonably withheld or delayed by either Party. It is expressly agreed that the costs related to the Third Party auditor shall be fully paid by the Party requesting the audit, and that any auditing activities may not unduly interfere with the normal business operations of Party subject to such auditing activities. The audited Party may require the Third Party auditor to enter into a reasonable confidentiality agreement in connection with such an audit.

(b) To its knowledge as of the Effective Date and during the Term, neither Zai nor any of its subsidiaries nor any of their Affiliates, directors, officers, employees, distributors, agents, representatives, sales intermediaries or other Third Parties acting on behalf of Zai or any of its subsidiaries or any of their Affiliates:

(i) has taken or shall take any action in violation of any applicable anticorruption law, including the U.S. Foreign Corrupt Practices Act (15 U.S.C. § 78 dd-1 et seq.); or

(ii) has corruptly, offered, paid, given, promised to pay or give, or authorized or shall corruptly, offer, pay give, promise to pay or give or authorize, the payment or gift of anything of value, directly or indirectly, to any Public Official (as defined in Section 11.5(d) below), for the purposes of:

(iii) has influenced or shall influence any act or decision of any Public Official in his official capacity;

(iv) has induced or shall induce such Public Official to do or omit to do any act in violation of his lawful duty;

(v) has secured or shall secure any improper advantage; or

(vi) has induced or shall induce such Public Official to use his or her influence with a government, governmental entity, or commercial enterprise owned or controlled by any government (including state-owned or controlled veterinary or medical facilities) in obtaining or retaining any business whatsoever.

(c) As of the Effective Date, none of the officers, directors, employees, of Zai or of any of its Affiliates or agents acting on behalf of Zai or any of its Affiliates, in each case that are employed or reside outside the United States, are themselves Public Officials.

(d) For purposes of this Section 11.5, "**Public Official**" means (i) any officer, employee or representative of any regional, federal, state, provincial, county or municipal government or government department, agency or other division; (ii) any officer, employee or representative of any commercial enterprise that is owned or controlled by a government, including any state-owned or controlled veterinary or medical facility; (iii) any officer, employee or representative of any public international organization, such as the African Union, the International Monetary Fund, the United Nations or the World Bank; and (iv) any person acting in an official capacity for any government or government entity, enterprise or organization identified above.

11.6. NO OTHER REPRESENTATIONS OR WARRANTIES. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, ARE MADE OR GIVEN BY OR ON BEHALF OF A PARTY. ALL SUCH REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

ARTICLE 12

INDEMNIFICATION

12.1. By Zai. Zai shall indemnify and hold harmless Cullinan, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the "**Cullinan Indemnitee(s)**") from and against all losses, liabilities, damages and expenses (including reasonable attorneys' fees and costs) (individually and collectively, "**Losses**") incurred by them in connection with any claims, demands, actions or other proceedings by any Third Party (individually and collectively, "**Claims**") arising after the Effective Date to the extent arising from (a) the Exploitation of the Products in the Territory, including the promotion of a Product and product liability claims relating to the Product, or any actions (or omissions) in the performance of its regulatory activities, in each case by Zai or any of its Affiliates or Sublicensees, (b) the gross negligence, illegal conduct or willful misconduct of Zai or any of its Affiliates or Sublicensees, (c) Zai's breach of any of its representations, warranties or covenants made in or pursuant to this Agreement or any covenants or obligations set forth in or entered into pursuant to this Agreement, or (d) Cullinan holding any Regulatory Approval for any Product for Zai's benefit in accordance with Section 6.1, in each case of clauses (a) through (d) above except to the extent such Losses arise from, are based on, or result from any activity or occurrence for which Cullinan and Cullinan Parent are obligated to indemnify the Zai Indemnitees under Section 12.2.

12.2. By Cullinan. Cullinan and Cullinan Parent shall indemnify and hold harmless Zai, its Affiliates, and their directors, officers, employees and agents (individually and collectively, the "**Zai Indemnitee(s)**") from and against all Losses incurred by them in connection with any Claims to the extent arising from (a) Exploitation of the Licensed Compounds and Products outside the Territory, including the promotion of a Product and product liability claims relating to the Product, or any actions (or omissions) in the performance of its regulatory activities, in each case by Cullinan or any of its Affiliates or licensees (other than Zai or its Affiliates or Sublicensees), or in the Territory with respect to Global Studies or any Manufacturing activities in the Territory of a Product for use outside of the Territory pursuant to Cullinan's Retained Rights, in each such case by Cullinan or any of its Affiliates or licensees (other than Zai or its Affiliates or Sublicensees); (b) the gross negligence, illegal conduct or willful misconduct of Cullinan or any of its Affiliates or licensees (other than Zai), (c) Cullinan's breach of any of its representations, warranties or covenants made in or pursuant to this Agreement or any covenants or obligations set forth in or entered into pursuant to this Agreement, or (d) [***], as amended or its obligations pursuant to such New Cullinan In-Licenses; in each case of clauses (a) through (d) above, except to the extent Losses arise from, are based on, or result from any activity or occurrence for which Zai is obligated to indemnify the Cullinan Indemnitees under Section 12.1.

12.3. Defined Indemnification Terms. Either of the Zai Indemnitee or the Cullinan Indemnitee shall be an "**Indemnitee**" for the purpose of this ARTICLE 12, and the Party that is obligated to indemnify the Indemnitee under Section 12.1 or Section 12.2 shall be the "**Indemnifying Party**."

12.4. Defense. If any such Claims are made, the Indemnitee shall be defended at the Indemnifying Party's sole expense by counsel selected by the Indemnifying Party and reasonably acceptable to the Indemnitee; provided that the Indemnitee may, at its own expense, also be represented by counsel of its own choosing. The Indemnifying Party shall have the sole right to control the defense of any such Claim, subject to the terms of this ARTICLE 12.

12.5. Settlement. The Indemnifying Party may settle any such Claim or otherwise consent to an adverse judgment (a) with prior written notice to the Indemnitee but without the consent of the Indemnitee where the only liability to the Indemnitee is the payment of money and the Indemnifying Party makes such payment, or (b) in all other cases, only with the prior written consent of the Indemnitee, such consent not to be unreasonably withheld or delayed.

12.6. Notice. The Indemnitee shall notify the Indemnifying Party promptly of any Claim with respect to which it seeks indemnification under Sections 12.1 or 12.2 and shall reasonably cooperate with all reasonable requests of the Indemnifying Party with respect thereto.

12.7. Permission by Indemnifying Party. The Indemnitee may not settle any such Claim or otherwise consent to an adverse judgment in any such Claim or make any admission as to liability or fault without the express written permission of the Indemnifying Party.

12.8. Insurance. Each Party shall procure and maintain insurance, including product liability insurance, with respect to its activities hereunder and which is consistent with normal business practices of prudent companies similarly situated at all times. Each Party shall provide the other Party with evidence of such insurance upon request and shall provide the other Party with written notice at least thirty (30) days prior to such Party's decision or receipt of notice from the insurance company, as applicable, with respect to the cancellation, non-renewal or material decrease in the coverage level of such insurance. It is understood that such insurance shall not be construed to create a limit of either Party's liability. Zai shall impose substantially identical obligations on its Affiliates (to the extent not named insureds under Zai's coverages) and Sublicensees.

12.9. LIMITATION OF LIABILITY. SUBJECT TO AND WITHOUT LIMITING (A) THE INDEMNIFICATION OBLIGATIONS OF EACH PARTY WITH RESPECT TO THIRD PARTY CLAIMS UNDER SECTIONS 12.1 OR 12.2, (B) LIABILITY AS A RESULT OF A BREACH OF ARTICLE 10, (C) LIABILITY FOR MISAPPROPRIATION OR INFRINGEMENT OF INTELLECTUAL PROPERTY OWNED OR CONTROLLED BY THE OTHER PARTY, OR (D) LIABILITY FOR BREACH OF COVENANTS UNDER SECTION 2.6, NEITHER PARTY OR ANY OF ITS AFFILIATES SHALL BE LIABLE TO THE OTHER PARTY UNDER ANY CONTRACT, WARRANTY, NEGLIGENCE, TORT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, MULTIPLIED OR CONSEQUENTIAL DAMAGES OR FOR LOST PROFITS (EVEN IF DEEMED DIRECT DAMAGES) ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

12.10. No Third Party Beneficiary Rights. The provisions of this Agreement are for the sole benefit of the Parties and their successors and permitted assigns, and they shall not be construed as conferring any rights to any Third Party (including any third party beneficiary rights).

ARTICLE 13

INTELLECTUAL PROPERTY

13.1. Ownership.

(a) As between the Parties, (i) Cullinan shall remain the sole and exclusive owner of all Licensed Technology, and (ii) Zai shall remain the sole and exclusive owner of all Zai IP.

(b) As between the Parties, ownership of all Inventions (other than any Invention that is an Improvement) shall be allocated based on inventorship, as determined in accordance with the rules of inventorship under the United States patent laws. All Improvements, whether invented, discovered, generated or made solely by either Party, its Affiliates, or its or its Affiliates' employees, agents or independent contractors or jointly by both Parties, their Affiliates, or their or their Affiliates' employees, agents or independent contractors, shall be the sole property of Cullinan and shall be included in the Licensed Technology, and included in the licenses and rights granted to Zai. A Party shall own all Inventions (in the case of Zai, other than Improvements) that are invented, discovered, generated or made solely by it, its Affiliates, or its or its Affiliates' employees, agents or independent contractors ("**Sole Inventions**"), and (i) Cullinan's Sole Inventions shall be included in the Licensed Technology (if within the scope of such definition) and included in the licenses and rights granted to Zai by Cullinan hereunder; and (ii) Zai's Sole Inventions (which are not Improvements) shall be included in the Zai IP (if within the scope of such definition) and included in the licenses and rights granted to Cullinan by Zai hereunder. The Parties shall jointly own all Inventions (other than Improvements) that are made jointly by a Party, its Affiliate, or its or its Affiliate's employees, agents or independent contractors together with the other Party, its Affiliates, or its or its Affiliate's employees, agents or independent contractors ("**Joint Inventions**"). Patents claiming the Joint Inventions shall be referred to as "**Joint Patents**." Each Party shall own an undivided equal interest in the Joint Inventions and Joint Patents, without a duty of accounting or an obligation to seek consent from the other Party for the exploitation or license of the Joint Inventions or Joint Patents (subject to the licenses granted to the other Party under this Agreement).

(c) As between the Parties, Cullinan shall own all Improvements and Zai shall and hereby does assign to Cullinan all right, title and interest in and to all Improvements. Zai shall take (and cause its Affiliates, Sublicensees and their employees, agents, and contractors to take) such further actions reasonably requested by Cullinan to effectuate such assignment and to assist Cullinan in obtaining Patent and other intellectual property rights protection for the Improvements. Zai shall obligate its Affiliates, Sublicensees and contractors to assign all Improvements to Zai (or directly to Cullinan) so that Zai can comply with its obligations under this Section 13.1(c), and Zai shall promptly obtain such assignment.

13.2. Disclosure of Inventions. Each Party shall promptly disclose to the other Party all Inventions arising from the Parties' activities under this Agreement, including all invention disclosure or other similar documents submitted to such Party by its or its Affiliates' employees, agents, or independent contractors relating to such Inventions, and shall also promptly respond to reasonable requests from the other Party for additional information relating to such Inventions.

13.3. Patent Prosecution.

(a) **Licensed Patents in the Territory**. Cullinan shall have the first right, but not the obligation, to conduct Patent Prosecution and maintenance of (i) the Licensed Patents in the Territory and (ii) Joint Patents in the Territory [***]. Cullinan shall consult with Zai and keep Zai reasonably informed of the Patent Prosecution or maintenance of the Licensed Patents and Joint Patents in the Territory and shall provide Zai with all material correspondence received from any patent authority in the Territory in connection therewith. In addition, Cullinan shall provide Zai with drafts of all proposed material filings and correspondence to any patent authority in the Territory in connection with the Patent Prosecution or maintenance of the Licensed Patents or Joint Patents for Zai's review and comment prior to the submission of such proposed filings and correspondence. Cullinan shall consider in good faith Zai's comments on such Patent Prosecution or maintenance but shall have final decision-making authority under this Section 13.3(a). Further, Cullinan shall notify Zai of any decision to cease Patent Prosecution or maintenance of any Licensed Patent or Joint Patents in the Territory at least thirty (30) days before any due date for filing, payment or other action to avoid loss of rights, in which case Zai shall have the right to continue the Patent Prosecution or maintenance of such Licensed Patent or Joint Patents in the Territory at Zai's discretion and expense. If Zai decides to take over Patent Prosecution or maintenance of a Licensed Patent or Joint Patents in such Region(s) in the Territory, then Cullinan shall promptly deliver to Zai copies of all necessary files related to such Licensed Patent or Joint Patents in such Region(s) in the Territory and shall take all actions and execute all documents reasonably necessary for Zai to assume such responsibility. For the avoidance of doubt, Zai's assumption of responsibility for Patent Prosecution or maintenance of any Licensed Patent or Joint Patents in any Region(s) in the Territory pursuant to this Section 13.3(a) shall not change the Parties' respective ownership rights with respect to such Licensed Patent or Joint Patents.

(b) **Zai Patents**. Zai shall, at its sole cost and expense, have the sole right, but not the obligation, in the Territory and the first right, but not the obligation, outside the Territory, to conduct the Patent Prosecution and maintenance of any Patents within the Zai IP (the "**Zai Patent**"). Zai shall keep Cullinan reasonably informed of the status of all actions taken, and shall consider in good faith Cullinan's recommendations with respect to the Zai Patents prosecuted by Zai worldwide. Further, Zai shall notify Cullinan of any decision to cease Patent Prosecution or maintenance of any Zai Patent outside the Territory at least thirty (30) days before any due date for filing, payment or other action to avoid loss of rights, in which case Cullinan shall have the right to continue the Patent Prosecution or maintenance of such Zai Patent outside the Territory at Cullinan's discretion and expense. If Cullinan decides to take over Patent Prosecution or maintenance of a Zai Patent outside the Territory, then Zai shall promptly deliver to Cullinan copies of all necessary files related to such Zai Patent outside the Territory and shall take all actions and execute all documents reasonably necessary for Cullinan to assume such responsibility. For the avoidance of doubt, Cullinan's assumption of responsibility for Patent Prosecution or maintenance of any Zai Patent outside the Territory pursuant to this Section 13.3(b) shall not change the Parties' respective ownership rights with respect to such Licensed Patent or Joint Patent.

(c) **Joint Patents Outside the Territory**. Cullinan shall have the sole decision-making authority, at its sole cost and expense, over the Patent Prosecution and maintenance of Joint Patents outside the Territory.

13.4. Enforcement.

(a) Each Party shall notify the other within thirty (30) Business Days of becoming aware of any alleged or threatened infringement by a Third Party of any of the Licensed Patents (including any Joint Patents in the Territory), which infringement adversely affects or is expected to adversely affect any Product in the Field in the Territory, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Licensed Patents (including any Joint Patents in the Territory) within the scope of the license grant in Section 2.1 (collectively "**Product Infringement**").

(b) Cullinan shall have the first right to bring and control any legal action in connection with such Product Infringement in the Territory at its own expense as it reasonably determines appropriate. If Cullinan does not bring such legal action prior to the earlier of: (i) ninety (90) days following Cullinan's receipt or delivery of the notice under Section 13.4(a), or (ii) thirty (30) days before the deadline, if any, set forth in the Applicable Laws for the filing of such actions, or discontinues the prosecution of any such action after filing without abating such infringement, Zai shall have the right to bring and control any legal action in connection with such Product Infringement at its own expense as it reasonably determines appropriate.

(c) Cullinan shall have the exclusive right, but not the obligation, to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Licensed Patents (other than Joint Patents) that is not a Product Infringement, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Licensed Patents (other than Joint Patents), at its own expense as it reasonably determines appropriate.

(d) Zai shall have the first right, but not the obligation, to enforce the Joint Patents in the Territory for any infringement that is not a Product Infringement at its own expense as it reasonably determines appropriate. Cullinan shall have the first right, but not the obligation, to enforce the Joint Patents outside the Territory for any infringement at its own expense as it reasonably determines appropriate. If the Party with the first right of enforcement in respect of Joint Patents under this Section 13.4(d) decides not to bring such legal action in any jurisdiction(s) subject to its first right, it shall so inform the other Party promptly and the other Party shall have the right, but not the obligation, to bring and control any legal action in connection with such infringement in such jurisdiction(s) at its own expense as it reasonably determines appropriate.

(e) Cullinan shall have the first right, but not the obligation, to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Zai Patents (other than Joint Patents), which infringement adversely affects or is expected to adversely affect any Product in the Field outside the Territory, and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Zai Patents (other than Joint Patents) outside the Territory, at its own expense as it reasonably determines appropriate. If Cullinan does not bring such legal action prior to the earlier of: (i) ninety (90) days following receipt or delivery of notice between the Parties regarding such alleged infringement, or (ii) thirty (30) days before the deadline, if any, set forth in the Applicable Laws for the filing of such actions, or discontinues the prosecution of any such action after filing without abating such infringement, Zai shall have the right to bring and control any legal action in connection with infringement at its own expense as it reasonably determines appropriate. Except as otherwise provided in this Section 13.4(e), Zai shall have the exclusive right, but not the obligation, to bring and control any legal action in connection with any alleged or threatened infringement by a Third Party of any of the Zai Patents (other than Joint Patents), and any related declaratory judgment, opposition, or similar action by a Third Party alleging the invalidity, unenforceability or non-infringement of any of the Zai Patents (other than Joint Patents), at its own expense as it reasonably determines appropriate.

(f) At the request of the Party bringing an action related to Product Infringement or otherwise as described in this Section 13.4, the other Party shall provide reasonable assistance in connection therewith, including by executing reasonably appropriate documents, cooperating in discovery and joining as a party to the action if required by Applicable Laws to pursue such action, at each such Party's sole cost and expense. In connection with an action related to Product Infringement or otherwise as described in this Section 13.4, the Party bringing the action shall not enter into any settlement admitting the invalidity or non-infringement of, or otherwise impairing the other Party's rights in the Licensed Patents, Zai Patents or Joint Patents, as applicable, without the prior written consent of the other Party. The enforcing Party shall keep the non-enforcing Party reasonably informed of the status of any action it brought in connection with such Product Infringement or otherwise as described in this Section 13.4. The non-enforcing Party shall be entitled to attend any substantive meetings, hearings, or other proceedings related to any such action pursued by the enforcing Party. The enforcing Party shall provide the non-enforcing Party with copies of all pleadings and other documents to be filed with the court reasonably in advance and shall consider in good faith reasonable and timely input from the non-enforcing Party during the course of the action.

(g) Any recoveries resulting from enforcement action relating to a claim of Product Infringement or otherwise as described in this Section 13.4 shall be first applied against payment of the enforcing Party's costs and expenses in connection therewith and then the non-enforcing Party's costs and expenses in connection therewith. [***].

13.5. Defense.

(a) Each Party shall notify the other in writing of any allegations it receives from a Third Party that the Development, Manufacture, use, Commercialization or other exploitation of any Licensed Compound or Product or any embodiment of any technology or intellectual property licensed by a Party under this Agreement infringes the intellectual property rights of such Third Party. Such notice shall be provided promptly, but in no event after more than fifteen (15) days following receipt of such allegations. Such written notice shall include a copy of any summons or complaint (or the equivalent thereof) received regarding the foregoing. Thereafter, the Parties shall promptly meet to consider the claim or assertion and the appropriate course of action and may, if appropriate, agree on and enter into a "common interest agreement" wherein the Parties agree to their shared, mutual interest in the outcome of such potential dispute. Each Party shall assert and not waive the joint defense privilege with respect to all communications between the Parties.

(b) As between the Parties, Zai shall have the first right, but not the obligation to control and be solely responsible for the defense of any such suit against Zai, at Zai's sole cost and expense; provided, however, Zai shall not enter into any compromise or settlement relating to such suit that (i) admits the invalidity or unenforceability of any Licensed Patents or Joint Patents; or (ii) requires abandonment of any Licensed Patents or Joint Patents; or (iii) contemplates payment or other action by Cullinan or has a material adverse effect on Cullinan's business, in all cases ((i) through (iii)), without obtaining the prior written consent of Cullinan.

(c) If Zai decides not to bring such legal action subject to its first right, it shall so inform Cullinan promptly and Cullinan shall have the right to bring and control any such legal action in connection with such infringement in the Territory at its own expense as it reasonably determines appropriate; provided, however, Cullinan shall not enter into any compromise or settlement relating to such suit that (i) admits the invalidity or unenforceability of any Licensed Patents or Joint Patents; or (ii) requires abandonment of any Licensed Patents or Joint Patents; or (iii) contemplates payment or other action by Zai or has a material adverse effect on Zai's business, in all cases ((i) through (iii)), without obtaining the prior written consent of Zai.

(d) Upon the defending Party's request and at the defending Party's expense, the non-defending Party shall provide reasonable assistance to the defending Party for such defense and shall join such suit if deemed a necessary party. If the non-defending Party does not join such suit, the defending Party shall keep the non-defending Party reasonably informed of the status of such suit. The non-defending Party shall be entitled to attend any substantive meetings, hearings, or other proceedings related to such suit. The defending Party shall provide the non-defending Party with copies of all pleadings and other documents to be filed with the court reasonably in advance and shall consider in good faith reasonable and timely input from the non-defending Party during the course of the suit.

13.6. Patent Marking. [***].

ARTICLE 14

TERMS AND TERMINATION

14.1. Term and Expiration.

(a) **Term**. The term of this Agreement shall be effective as of the Effective Date, and shall continue in effect until the expiration of the last Royalty Term with respect to for all Products in any Region in the Territory (the "**Term**", and the date of such expiration with respect to such Region, the "**Expiration Date**").

(b) **Expiration of Royalty Term**. On a Region-by-Region and Product-by-Product basis, upon the expiration of the Royalty Term for a given Product in a given Region, the licenses granted by Cullinan to Zai under Section 2.1 of this Agreement in such Region with respect to such Product in the Field shall become fully paid-up, perpetual, irrevocable and sublicenseable in multiple tiers.

14.2. Termination for Mutual Agreement. This Agreement may be terminated by the Parties' mutual written agreement.

14.3. Termination for Convenience. Zai shall have the right to terminate this Agreement in its entirety or on a Product-by-Product basis for any or no reason upon [***] days' written notice to Cullinan. Zai shall terminate this Agreement upon [***] written notice to Cullinan if it determines that it shall permanently discontinue all Development and Commercialization activities with respect to the Products under this Agreement.

14.4. Termination for Material Breach.

(a) This Agreement may be terminated on a Region-by-Region basis, or in its entirety, at any time during the Term upon [***] days' (or [***] days' with respect to any payment breach) written notice by either Party if the other Party is in material breach of this Agreement and, if such breach is curable, such breach has not been cured within [***] days (or [***] days with respect to any payment breach) of such written notice.

(b) For the avoidance of doubt, the Parties agree that Zai's Development diligence obligations pursuant to Section 5.1 and Section 5.3, shall each be deemed a material term of the Agreement.

(c) Notwithstanding the foregoing, if the alleged breaching Party disputes the existence or materiality of the alleged breach, the other Party shall not have the right to terminate this Agreement unless and until it is determined in accordance with ARTICLE 15 that the alleged breaching Party has materially breached this Agreement and fails to cure such breach within [***] days after such determination.

14.5. Termination for Insolvency. Each Party shall have the right to terminate this Agreement upon delivery of written notice to the other Party in the event that (a) such other Party files in any court or agency pursuant to any statute or regulation of any jurisdiction a petition in bankruptcy or insolvency or for reorganization under the Chapter 7 of the United States of Bankruptcy Code or other similar Applicable Law or similar arrangement for the benefit of creditors or for the appointment of a receiver or trustee of such other Party or its assets, (b) such other Party is served with an involuntary petition against it in any insolvency proceeding and such involuntary petition has not been stayed or dismissed within ninety (90) days of its filing, or (c) such other Party makes an assignment of substantially all of its assets for the benefit of its creditors.

14.6. Termination for Patent Challenge. Except to the extent the following is unenforceable under the laws of a particular jurisdiction, Cullinan may terminate this Agreement in its entirety (a) immediately upon written notice to Zai if Zai or any of its Affiliates or Sublicensees commences a legal, administrative or other action challenging the validity, enforceability or scope of any Licensed Patent or (b) within thirty (30) day written notice to Zai if Zai or its Affiliates or Sublicensees commences a legal, administrative or other action challenging the validity, enforceability or scope of any Patent (other than any Licensed Patent) owned or Controlled by Cullinan or its Affiliates anywhere in the world, unless such action is withdrawn during such thirty (30)-day period. Notwithstanding the foregoing, if Zai promptly terminates the sublicense agreement of any Sublicensee that commences a legal action challenging the validity, enforceability or scope of any Licensed Patents anywhere in the world, Cullinan shall not have the right to terminate this Agreement under this Section 14.6.

14.7. Election to Terminate. If either Party has the right to terminate under Sections 14.3 through 14.6, it may at its sole option, elect either to (a) terminate this Agreement and pursue any legal or equitable remedy available to it or (b) maintain this Agreement in effect and pursue any legal or equitable remedy available to it.

14.8. Effects of Termination.

(a) Upon the termination of this Agreement for any reason, all rights and licenses granted to each Party herein shall immediately terminate, and all sublicenses of such rights and licenses shall also terminate. Upon termination of this Agreement, if a Sublicensee is then in good standing under its sublicense agreement with Zai, then at Cullinan's sole discretion, Cullinan may grant to such Sublicensee a direct license under the Licensed Technology that is the same scope as the sublicense granted by Zai on substantially the same terms and conditions set forth in this Agreement, and Section 14.8(b) below shall not apply to such Sublicensee. Termination of this Agreement for any reason shall not release either Party of any obligation or liability which, at the time of such termination, has already accrued to the other Party or which is attributable to a period prior to such termination. Notwithstanding anything herein to the contrary, termination of this Agreement by a Party shall be without prejudice to other remedies such Party may have at law or equity.

(b) Upon termination of this Agreement for any reason, the following additional provisions shall apply:

(i) **Reversion of Rights to Cullinan;** Any rights and licenses with respect to the Product granted to Zai under this Agreement shall immediately terminate, and all such rights shall revert back to Cullinan. In addition, in the event that this Agreement is terminated by the Parties pursuant to Section 14.2, by Zai pursuant to Section 14.3 or by Cullinan pursuant to Section 14.4, 14.5 or 14.6, the licenses granted by Zai to Cullinan pursuant to Section shall automatically be extended to include the Territory.

(ii) **Regulatory Materials; Data**. Zai shall, and shall cause its Affiliates and Sublicensees to, at no cost to Cullinan (but subject to Section 14.8(d) below), to the maximum extent permitted by Applicable Laws at the time of any such termination to promptly (1) assign all Regulatory Submissions and Regulatory Approvals and pricing and reimbursement approvals of Products to Cullinan, and (2) assign all data generated by or on behalf of Zai or its designee while conducting Development or Commercialization activities under this Agreement to Cullinan or its designee, including non-clinical and clinical studies conducted by or on behalf of Zai on Products and all pharmacovigilance data (including all Adverse Event database information) on Products.

(iii) **Trademarks**. Zai shall, and shall cause its Affiliates and Sublicensees, to promptly transfer and assign to Cullinan, at no cost to Cullinan (but subject to Section 14.8(d) below), all Product Marks.

(iv) **Transition Assistance**. [***].

(v) [***].

(vi) [***].

(vii) [***].

(viii) **Inventory**. At Cullinan's election and request, Zai shall (1) transfer to Cullinan or its designee all inventory of the Product provided by Cullinan (including all final Products and bulk tablets, or in any other form(s)) then in possession or control of Zai, its Affiliates or Sublicensees; provided that Cullinan shall pay Zai a price equal to [***] of Zai's Fully Burdened Manufacturing Cost for such Products or (2) (A) continue to use Commercially Reasonable Efforts to Commercialize all inventory of the Products then in possession or control of Zai during the [***] and make the corresponding payments, including any Milestone Payments or royalties to Cullinan under this Agreement as though this Agreement had not been terminated and (B) after the [***], transfer to Cullinan or its designee any remaining inventory of the Product to Cullinan or its designee at a price equal to Zai's costs for such Products.

(ix) **Return of Confidential Information**. At the Disclosing Party's election, the Receiving Party shall return (at Disclosing Party's expense) or destroy all tangible materials comprising, bearing, or containing any Confidential Information of the Disclosing Party relating to the Product that are in the Receiving Party's or its Affiliates' or Sublicensees' possession or control and provide written certification of such destruction (except to the extent any information is the Confidential Information of both Parties or to the extent that the Receiving Party has the continuing right to use the Confidential Information under this Agreement); provided that the Receiving Party may retain one copy of such Confidential Information for its legal archives. Notwithstanding anything to the contrary set forth in this Agreement, the Receiving Party shall not be required to destroy electronic files containing such Confidential Information that are made in the ordinary course of its business information back-up procedures pursuant to its electronic.

(c) **Other Remedies**. Termination or expiration of this Agreement for any reason shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, that a Party may have hereunder or that may arise out of or in connection with such termination or expiration.

(d) **Termination by Zai Due to Material Breach**. Upon the termination of this Agreement by Zai pursuant to Section 14.4, 14.5 or 14.6 all of the provisions of Section 14.8(b) shall apply, except that to the extent Zai is obligated to perform under any of the provisions of Sections 14.8(b)(ii), 14.8(b)(iii), 14.8(b)(iv), or 14.8(b)(vi), Cullinan shall reimburse Zai for all reasonable costs incurred by Zai in connection with such performance, including both its reasonable external costs plus its reasonable internal costs calculated on a reasonable FTE basis.

14.9. Survival. Termination or expiration of this Agreement shall not affect any rights or obligations of the Parties under this Agreement that have accrued prior to the date of termination or expiration. The following provisions shall survive the termination or expiration of this Agreement for any reason: ARTICLE 1 (Definitions), ARTICLE 9 (Payments and Milestones) (solely to the extent payments have accrued prior to the effective date of termination), ARTICLE 10 (Confidentiality; Publication), Section 11.6 (No Other Representations or Warranties), ARTICLE 12 (Indemnification), Section 13.1 (Ownership), Sections 13.3 and 13.4 (with respect to Cullinan's rights as to Zai Patents outside the Territory and, to the extent provided in Section 14.8(b)(i), inside the Territory), Section 14.1(b) (Expiration) (which shall survive only with respect to licenses that have become perpetual and irrevocable prior to the expiration or early termination of this Agreement), Section 14.8 (Effect of Termination, to the extent applicable), Section 14.9 (Survival), ARTICLE 15 (Dispute Resolution), and ARTICLE 16 (Miscellaneous).

ARTICLE 15

DISPUTE RESOLUTION

15.1. General. The Parties recognize that a claim, dispute or controversy may arise relating to this Agreement or to the breach, enforcement, interpretation or validity of this Agreement (a "**Dispute**"). Any Dispute, including Disputes that may involve the Affiliates of any Party, shall be resolved in accordance with this ARTICLE 15.

15.2. Continuance of Rights and Obligations during Pendency of Dispute Resolution. If there are any Disputes in connection with this Agreement, including Disputes related to termination of this Agreement under ARTICLE 14, all rights and obligations of the Parties shall continue until such time as any Dispute has been resolved in accordance with the provisions of this ARTICLE 15.

15.3. Escalation. Any Dispute shall be referred to the Executive Officers for attempted resolution by notice served pursuant to Section 16.4. In the event the Executive Officers are unable to resolve such Dispute within thirty (30) days of such Dispute being referred to them, then, upon the written request of either Party to the other Party, the Dispute shall be subject to arbitration in accordance with Section 15.4.

15.4. Arbitration.

(a) If the Parties fail to resolve the Dispute through escalation to the Executive Officers under Section 15.3, and a Party desires to pursue resolution of the Dispute, the Dispute shall be submitted by either Party for final resolution by arbitration under the Rules of Arbitration of the International Chamber of Commerce ("**ICC Rules**"), excepted as modified herein. Any disputes concerning the propriety of the commencement of the arbitration or the scope or applicability of this agreement to arbitrate shall be finally settled by the arbitral tribunal. The arbitration shall be conducted by a tribunal of three (3) arbitrators, each with at least fifteen (15) years of pharmaceutical industry experience. An arbitrator shall be deemed to meet this qualification unless a Party objects within ten (10) days after the arbitrator is nominated. Within thirty (30) days after initiation of arbitration, each Party shall nominate one (1) arbitrator and the two (2) Party-nominated arbitrators shall nominate a third arbitrator, who shall serve as the chairperson of the tribunal, within thirty (30) days of the second arbitrator's appointment. The seat of arbitration shall be New York City, New York and the language of the proceedings, including all communications, shall be English.

(b) The Parties agree that any award or decision made by the arbitral tribunal shall be final and binding upon them and may be enforced in the same manner as a judgment or order of a court of competent jurisdiction, and the Parties undertake to carry out any award without delay. The arbitral tribunal shall render its final award or decision within nine (9) months from the date on which the request for arbitration by one of the Parties wishing to have recourse to arbitration is received by the ICC Secretariat. The arbitral tribunal shall resolve the Dispute by applying the provisions of this Agreement and the governing law set forth in Section 16.5.

(c) By agreeing to arbitration, the Parties do not intend to deprive any court of its jurisdiction to issue, at the request of a Party, a pre-arbitral injunction, pre-arbitral attachment or other order to avoid irreparable harm, maintain the status quo, preserve the subject matter of the Dispute, or aid the arbitration proceedings and the enforcement of any award. Without prejudice to such provisional or interim remedies in aid of arbitration as may be available under the jurisdiction of a competent court, the arbitral tribunal shall have full authority to grant provisional or interim remedies and to award damages for the failure of any Party to the dispute to respect the arbitral tribunal's order to that effect.

(d) EACH PARTY HERETO WAIVES: (I) ITS RIGHT TO TRIAL OF ANY ISSUE BY JURY, AND (II) ANY CLAIM FOR ATTORNEY FEES, COSTS AND PREJUDGMENT INTEREST.

(e) Each Party shall bear its own attorney's fees, costs, and disbursements arising out of the arbitration, and shall pay an equal share of the fees and costs of the administrator and the arbitrators; provided, however, that the arbitrators shall be authorized to determine whether a Party is the prevailing party, and if so, to award to that prevailing party reimbursement for any or all of its reasonable attorneys' fees, costs and disbursements (including, for example, expert witness fees and expenses, photocopy charges, travel expenses, etc.), or the fees and costs of the administrator and the arbitrators.

(f) Notwithstanding anything in this Section 15.4, in the event of a Dispute with respect to (i) the validity, scope, enforceability or ownership of any Patent or other intellectual property rights, (ii) a matter for which this Agreement assigns decision-making to the Parties or to the JSC or requires the consent of one or both of the Parties, (iii) the necessity of obtaining a Third Party license by Zai in the Territory in accordance with Section 9.4(c)(iii), or (iv) any antitrust, anti-monopoly or competition law or regulation, whether or not statutory, and such Dispute is not resolved in accordance with Section 15.3, such Dispute shall not be submitted to an arbitration proceeding in accordance with this Section 15.4, unless otherwise agreed by the Parties in writing, and instead, either Party may initiate litigation in a court of competent jurisdiction in any country in which such rights apply.

ARTICLE 16

MISCELLANEOUS

16.1. Force Majeure. Neither Party shall be held liable to the other Party nor be deemed to have defaulted under or breached this Agreement for failure or delay in performing any obligation under this Agreement to the extent such failure or delay is caused by or results from causes beyond the reasonable control of the affected Party including embargoes, war, acts of war (whether war be declared or not), insurrections, riots, civil commotions, strikes, lockouts or other labor disturbances, fire, floods, pandemics, epidemics or other acts of God or any other deity (or orders of any Governmental Authority related to any of the foregoing), or acts, omissions or delays in acting by any Governmental Authority. The affected Party shall notify the other Party of such force majeure circumstances as soon as reasonably practical, the JSC shall review and discuss any such matter to the extent related to any Clinical Trials in the Territory, and the affected Party shall promptly undertake all reasonable efforts necessary to cure such force majeure circumstances.

16.2. Assignment. Neither Party may assign this Agreement to a Third Party without the other Party's prior written consent (such consent not to be unreasonably withheld); except that (a) subject to Section 2.6, either Party may make such an assignment without the other Party's prior written consent to a successor to substantially all of the business of such Party to which this Agreement relates (whether by merger, spinoff, sale of stock, sale of assets, exclusive license or other transaction), and (b) either Party may assign this Agreement to an Affiliate without the other Party's prior written consent for so long as such Affiliate remains an Affiliate of the Party making the assignment. For clarity, each Party may discharge any obligations and exercise any right hereunder through any of its Affiliates and each Party hereby guarantees the performance by its Affiliates of such Party's obligations under this Agreement, and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. This Agreement shall inure to the benefit of and be binding on the Parties' successors and permitted assignees. Any assignment or transfer in violation of this Section 16.2 shall be null and void and wholly invalid, the assignee or transferee in any such assignment or transfer shall acquire no rights whatsoever, and the non-assigning non-transferring Party shall not recognize, nor shall it be required to recognize, such assignment or transfer.

16.3. Severability. If any one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby, unless the absence of the invalidated provision(s) adversely affects the substantive rights of the Parties. The Parties shall in such an instance use their best efforts to replace the invalid, illegal or unenforceable provision(s) with valid, legal and enforceable provision(s) which, insofar as practical, implement the purposes of this Agreement.

16.4. Notices. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Cullinan:

Cullinan Pearl Corp.
Address: One Main Street, Suite 520
Cambridge, MA 02142, U.S.A.
[***]

with a copy to:

Goodwin Procter LLP
Address: 100 Northern Avenue
Boston, MA 02210, U.S.A.
[***]

If to Zai:

Zai Lab (Shanghai) Co., Ltd.
Address: 4F, Bldg 1, Jinchuang Plaza, 4560 Jinke Rd, Shanghai, China, 201210
[***]

with a copy to:

Hogan Lovells LLP
Address: 125 High St., Suite 2010, Boston, Massachusetts, 02110
[***]

And

Zai Lab (Shanghai) Co., Ltd.
Address: 314 Main Street, Cambridge, MA 02138
[***]

or to such other address as the Party to whom notice is to be given may have furnished to the other Party in writing in accordance herewith. Any such notice shall be deemed to have been given: (a) when delivered if personally delivered; (b) if sent by email, upon electronic confirmation of receipt; (c) on the Business Day after dispatch if sent by nationally-recognized overnight courier; or (d) on the fifth Business Day following the date of mailing if sent by mail.

16.5. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the [***], U.S. without reference to any rules of conflict of laws. The United Nations Convention on Contracts for the International Sale of Goods does not apply to this Agreement and is expressly and entirely excluded.

16.6. Entire Agreement; Amendments. The Agreement contains the entire understanding of the Parties with respect to the subject matter hereof. All express or implied agreements and understandings, either oral or written, with regard to the subject matter hereof (including the licenses granted hereunder) are superseded by the terms of this Agreement. Neither Party is relying on any representation, promise, nor warranty not expressly set forth in this Agreement. This Agreement may be amended, or any term hereof modified, only by a written instrument duly executed by authorized representatives of both Parties hereto.

16.7. Headings. The captions to the several Sections hereof are not a part of this Agreement, but are merely for convenience to assist in locating and reading the Sections of this Agreement.

16.8. Independent Contractors. It is expressly agreed that Cullinan and Zai shall be independent contractors and that the relationship between the two Parties shall not constitute a partnership, joint venture or agency. Cullinan shall report any payments received under the Agreement as payments from Zai. Neither Cullinan nor Zai shall have the authority to make any statements, representations or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

16.9. Waiver. The waiver by either Party of any right hereunder, or the failure of the other Party to perform, or a breach by the other Party, shall not be deemed a waiver of any other right hereunder or of any other breach or failure by such other Party whether of a similar nature or otherwise.

16.10. Waiver of Rule of Construction. Each Party has had the opportunity to consult with counsel in connection with the review, drafting and negotiation of this Agreement. Accordingly, the rule of construction that any ambiguity in this Agreement shall be construed against the drafting Party shall not apply.

16.11. Construction. Except where the context expressly requires otherwise, (a) the use of any gender herein shall be deemed to encompass references to either or both genders, and the use of the singular shall be deemed to include the plural (and vice versa), (b) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (c) the word "will" shall be construed to have the same meaning and effect as the word "shall", (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any person shall be construed to include the person's successors and assigns, (f) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Sections, Schedules, or Exhibits shall be construed to refer to Sections, Schedules or Exhibits as described in this Agreement, (h) the word "notice" means notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee hereunder "agree", "consent" or "approve" or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding e-mail and instant messaging), (j) references to any specific law, rule or regulation, or Section, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof, and (k) the term "or" shall be interpreted in the inclusive sense commonly associated with the term "and/or" where applicable.

16.12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Each Party shall be entitled to rely on the delivery of executed facsimile copies of counterpart execution pages of this Agreement and such facsimile copies shall be legally effective to create a valid and binding agreement among the Parties.

16.13. Language. This Agreement is in the English language only, which language shall be controlling in all respects, and all versions hereof in any other language shall be for accommodation only and shall not be binding upon the Parties. All communications and notices to be made or given pursuant to this Agreement, and any dispute proceeding related to or arising hereunder, shall be in the English language. If there is a discrepancy between any translation of this Agreement and this Agreement, this Agreement shall prevail.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties intending to be bound have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date.

Cullinan Pearl Corp.

By: /s/ Owen Hughes
Name: Owen Hughes
Title: President
Date: December 24, 2020

Zai Lab (Shanghai) Co., Ltd.

By: /s/ Samantha Du
Name: Samantha Du
Title: CEO and Chairperson
Date: December 24, 2020

Cullinan Oncology, LLC, as a Party to this Agreement solely with respect to Article 12

By: /s/ Owen Hughes
Name: Owen Hughes
Title: Chief Executive Officer
Date: December 24, 2020

Schedule 1.76

Licensed Patents

[***]

Exhibit A

Obligations as a Sublicensee Under The Taiho Agreement

Capitalized terms in this Exhibit A shall have the meaning ascribed to such terms in this Exhibit A, except that the terms "Affiliate", "Cullinan", "Know-How", "Licensed Compound", "Licensed Technology", "Patents", "Person", "Product", "Zai", "Taiho", "Taiho Agreement", "Sublicensee", "Development Plan" and "Territory" shall have the meaning set forth in the Agreement.

Definitions

1.1 "**Clinical Trial**" means any trial in which human subjects are dosed with a drug, whether approved or investigational, including any Phase 1, 2, 3 or 4 clinical study.

1.2 "**CMO**" means a contract manufacturing organization.

1.3 "**Commercialization**" or "**Commercialize**" to market, promote, distribute, offer for sale, sell, import, have imported, export, have exported or otherwise commercialize a compound or product. When used as a noun, "Commercialization" means any and all activities involved in Commercializing.

1.4 "**CRO**" means a contract research organization.

1.5 "**Develop**" or "**Development**" means to conduct any and all research and development activities necessary to obtain Regulatory Approval, including toxicology, pharmacology, statistical analysis, Clinical Trials (including pre- and post-approval studies and investigator sponsored Clinical Trials), regulatory affairs, and regulatory activities pertaining to designing and carrying out Clinical Trials and obtaining Regulatory Approvals.

1.6 "**EMA**" means the European Medicines Agency and any successor governmental authority having substantially the same function.

1.7 "**EU5**" means France, Germany, Italy, Spain, and the United Kingdom.

1.8 "**Field**" means the treatment, prevention, prognosis or diagnosis of disease.

1.9 "**Product Material**" means any intermediates or components of Product, which includes the Licensed Compound, drug product, fill/finish and any related packaging.

1.10 "**Publishing Party**" means a Party (or whose Affiliate is proposing) publishing, publicly presenting and/or submitting for written or oral publication a manuscript, abstract or the like relating to the Licensed Compounds or Licensed Technology that has not previously published pursuant to Section 8.4 of the Taiho Agreement.

1.11 "**Qualified CMO**" means a Third Party contract manufacturer of pharmaceutical products selected by Licensee (or a Related Party) and consented to by Licensor (with such consent not to be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, consent of Licensor shall not be required with respect to the selection of a Third Party contract manufacturer as a Qualified CMO if such Third Party contract manufacturer: [***].

1.12 "**Regulatory Approval**" means, with respect to a country or territory, the approvals (including any applicable governmental price and reimbursement approvals), licenses, registrations or authorizations of Regulatory Authorities necessary for the Commercialization of a pharmaceutical product in such country or territory, including, as applicable, approval of an NDA or comparable filing in the United States or approval of a comparable filing in any other country or jurisdiction, including a marketing authorization approval by the EMA.

1.13 "**Regulatory Authority**" means a federal, national, multinational, state, provincial or local regulatory agency, department, bureau or other governmental entity with authority over the testing, manufacture, use, storage, import, promotion, marketing or sale of a product in the applicable country.

1.14 "**Regulatory Data**" means any and all research data, pharmacology data, safety data, preclinical data, clinical data, Chemistry, Manufacturing and Controls ("**CMC**") data that is included or referenced in a Party's Regulatory Filings for the Licensed Compound or a Product or that was included in any other documentation submitted to Regulatory Authorities in association with Regulatory Filings and Regulatory Approvals for the Licensed Compound or a Product.

1.15 "**Regulatory Filings**" means, with respect to a Product, any submission to a Regulatory Authority of any appropriate regulatory application, including, without limitation, any IND, NDA, any submission to a regulatory advisory board, any marketing authorization application, and any supplement or amendment thereto.

1.16 "**Related Party**" means Licensee's Affiliates and any Non-Affiliate Sublicensees.

1.17 "**Research Tools**" means tools or [***].

Sublicensee Obligations:

[***].

Section 2.2(b):

Licensor Right of Reference and Access. Subject to the terms of this Agreement, Zai hereby grants Taiho access to, and a "Right of Reference," as that term is defined in 21 C.F.R. § 314.3(b) in the United States, or an equivalent right of access/reference in any other country or region, with respect to: (i) Zai's and any [***] Regulatory Filings and Regulatory Approvals and all related documentation (including official minutes of meetings and other correspondence related thereto), and (ii) all Regulatory Data relating to such Regulatory Filings and Regulatory Approvals in (i) above (including safety data and CMC data contained or referenced in any Regulatory Filings), in each case ((i) and (ii)), (x) associated with the Licensed Compound or Product in the Field and (y) for the sole purpose of Developing, Manufacturing, seeking and securing Regulatory Approval for, Commercializing, and otherwise exploiting Products outside of the Territory. For clarity (1) Taiho shall have the right to extend the foregoing Right of Reference and right of access to Associated Parties, and (2) the foregoing right of access shall also include the right of Taiho (and Associated Parties) to include the accessed Regulatory Data in its Regulatory Filings for Product. Upon request by Taiho, Zai (or the applicable Related Party) shall provide Taiho with a signed statement affirming the foregoing Right of Reference in accordance with 21 C.F.R. § 314.50(g)(3) or the equivalent as required in any country or region, or otherwise provide appropriate notification of such right of Taiho to the applicable Regulatory Authority.

Section 2.5:

Subcontractors. Zai may exercise or perform some or all of its rights or obligations under this Agreement by subcontracting the exercise or performance of all or any portion of such rights and obligations on Zai's behalf, including to Third Party CMOs and CROs, provided that Zai shall be responsible for each of its subcontractors complying with all obligations of Zai under this Agreement. Without limiting the foregoing, Zai further agrees that (a) subcontracting shall not relieve Zai of any obligations under this Agreement (except to the extent satisfactorily performed by such subcontractor), and Zai shall remain responsible for the performance of such activities in accordance with this Agreement and the Development Plan, and (b) any agreement pursuant to which Zai engages a subcontractor must (i) be consistent with this Agreement and (ii) contain terms obligating such subcontractor to: (A) comply with confidentiality provisions that are at least as restrictive as those set forth in 10; and (B) provide Zai with substantially the same rights with respect to any Patents and other intellectual property arising from the performance of the subcontracted obligation as Zai would have under this Agreement if such Patents or other intellectual property had arisen from the performance of such obligation by Zai.

Section 2.8:

Third Party Technology Acquired after Effective Date. If after the Effective Date, Zai (or a Related Party) desires to use in connection with the Development, Manufacture or Commercialization of the Licensed Compound or a Product any Patents or Know-How acquired from a Third Party and other than Research Tools (such Patents and Know-How, "**Third Party Technology,**" and such Third Party, a "**Third Party Licensor**"), the following shall apply:

a. Before the Third Party Technology is so used, Zai shall notify Cullinan in writing, including a description of such Third Party Technology (such notice, the "**Acquiring Party Notice**"). Without limiting Section 2.8(d) below, to the extent that Zai has the right to grant a sublicense to such Third Party Technology to Cullinan or Taiho for use in connection with the Development, Manufacture or Commercialization of the Licensed Compound or a Product by Cullinan in its territory ("**Available Third Party Technology**"), Zai shall include in such notice a description of all payments and other obligations that would apply to Cullinan or Taiho if the Third Party Technology were to be licensed to Cullinan or Taiho hereunder (such payments and other obligations (including obligations relating to sublicensing, patent matters, confidentiality, reporting, audit rights, indemnification and diligence, as applicable) owing to the Third Party Licensor, the "**Pass-Thru Obligations**"), accompanied by a copy of the relevant license or other agreement with the applicable Third Party Licensor (such license or other relevant agreement, the "**Pass-Thru Agreement**"), [***].

b. To the extent Taiho or Cullinan wishes to receive a license to any Available Third Party Technology disclosed in the Acquiring Party Notice for use in connection with the Development, Manufacture or Commercialization of the Licensed Compound or a Product in territories in which Taiho or Cullinan has such rights with respect to the Licensed Compound and Products, it shall so notify Zai in writing (such notice, the "**Receiving Party Notice**"). Upon receipt of the Receiving Party Notice, Zai shall grant (and hereby grants) to Taiho or Cullinan, as applicable, a license or sublicense under the applicable Third Party Technology to use and exploit the same in connection with the Development, Manufacture or Commercialization of the Licensed Compound or a Product in territories in which Taiho or Cullinan has such rights with respect to the Licensed Compound and Products, subject to the Pass-Thru Obligations (the "**Pass-Thru License**"). If requested by Zai, Taiho or Cullinan and Zai shall prepare in good faith and promptly execute a written agreement codifying the terms of the Pass-Thru License or to the extent mutually agreed, work to put in place a separate agreement between the applicable Third Party and Zai under which the Third Party grants a direct license to Taiho or Cullinan, as applicable under the Third Party [***]. Taiho and Cullinan, as applicable, shall comply with the Pass-Thru Obligations applicable to such Third Party Technology, in each case to the extent such Pass-Thru Obligations were described in the Pass-Thru Agreement (as redacted). Such compliance by Taiho and Cullinan, as applicable, shall include taking such actions to comply with the Pass-Thru Obligations in such manner and on such timing as may be required to allow Taiho and Cullinan, as applicable, to comply with its obligations under the license or other agreement with the applicable Third Party Licensor, as such obligations apply to activities of the Receiving Party. [***].

c. Until Taiho or Cullinan, as applicable, provides a Receiving Party Notice, or to the extent Taiho or Cullinan subsequently notifies Zai that it wishes to terminate the applicable Pass-Thru License, [***], as the case may be. In the event Taiho or Cullinan subsequently notifies Zai that it wishes to terminate the applicable Pass-Thru License, [***]. To the extent Taiho or Cullinan does not provide a Receiving Party Notice with respect to the Third Party Technology, [***].

d. Prior to such time as a Product has received Regulatory Approval in the United States and one of the EU5, if Zai does not have the right to grant to Taiho or Cullinan a Pass-Thru License with respect to a particular Third Party Technology (i.e., as "Available Third Party Technology") with respect to the Development, Manufacture and Commercialization of the Licensed Compound and Product in the Taiho's or Cullinan's territory, [***]. Notwithstanding the foregoing, in the event that a Third Party Technology with respect to which Zai is unable to grant a Pass-Thru [***] (such license, a "**Direct License**"), then to the extent that Taiho or Cullinan actually obtains such Direct License on such terms, Zai shall [***].

e. Other than pursuant to and in accordance with the provisions of this Section 2.8, neither Party shall [***]. For clarity, this Section 2.8 shall not apply to Patents or Know-How used by the Zai or a Related Party in connection with the Development, Manufacture or Commercialization of a Licensed Compound or Product [***].

Section 4.3(b):

Regulatory Cooperation in the Territory.

i. Promptly following written request by Cullinan, Zai shall provide to Cullinan a copy of the final labeling for the Product (including the Company Core Data Sheet) in the local language in the Territory in which Licensee or Related Party obtains Regulatory Approvals. Zai need supply such copy only once.

ii. In addition, Zai shall provide to Cullinan such information as Cullinan may reasonably request from time to time, so that Cullinan may keep reasonably informed as to other Development and Regulatory activities and progress with respect to the Product.

Section 5.4:

Taiho's and Cullinan's Right to Take Supply of Product Materials from Qualified CMO(s).

(a) The Contracting Party shall provide to Cullinan a complete and correct copy of each Qualified CMO Supply Agreement within [***] days after the execution thereof. For clarity, a Qualified CMO Supply Agreement shall refer [***].

i) Upon request, the Contracting Party shall cooperate fully and reasonably with Cullinan and Taiho, as applicable, to enable and facilitate the negotiation and execution by Cullinan and Taiho, as applicable, of a reasonable and customary supply agreement directly between Cullinan and Taiho, as applicable, and each Qualified CMO for the timely supply to Cullinan and Taiho, as applicable, of the same Product Materials from such Qualified CMO on terms no less favorable than those in the applicable Qualified CMO Supply Agreement (including reasonable technology transfer provisions, to permit Taiho, Cullinan or their designated suppliers to produce such Product Materials). Zai shall ensure that the Contracting Party authorizes the Qualified CMO to utilize on Taiho's and Cullinan's behalf (and as needed, to make available to Taiho and Cullinan) all information of Zai and its Related Parties in the Qualified CMO's possession necessary for the production of Product Materials identical to those being produced under the applicable Qualified CMO Supply Agreements. In no event shall Zai nor a Related Party seek to restrict, impede or discourage any Qualified CMO from manufacturing Product for Taiho or Cullinan.

(b) For clarity, and without limiting any of the foregoing, it is understood that Taiho and Cullinan may manufacture, or obtain from another source supply of, some or all of its requirements of a Product (including, for clarity any modified formulation or dosage form of or packaging for a Product), or any Product Materials at any time and from time to time. If Taiho or Cullinan wishes to manufacture itself, or have manufactured, a Product and/or Product Materials, in no event shall Zai nor any Related Party attempt to limit the transfer to Taiho, Cullinan or its designee of the production process for the manufacture of such Product or Product Material, as applicable, including without limitation the manufacturing methods, test methods, specifications, materials, and other procedures, directions and controls associated with the manufacture and testing of such Product or Product Material, as the case may be, used by the Qualified CMO, to the extent the Zai, such Related Party and/or such Qualified CMO Controls such parts of such production process.

(c) The intent of this Section 5.4 is that Taiho and Cullinan be able to obtain supply of Product Materials produced by the Qualified CMO(s) in sufficient quantities, on such timelines and otherwise as is reasonably necessary and customary for Taiho and Cullinan to Develop and Commercialize the Product outside the Territory without delay, and Zai shall cooperate fully and reasonably and take such further actions as Taiho and Cullinan may reasonably request to achieve such objective, provided that this Section 5.4(c) shall not be construed to materially expand or alter Zai obligations under Sections 5.4(a) or (b) above.

Section 6.4(g):

(g) Discounting. In the event that Zai or its Affiliate or Sublicensee (each, a "**Selling Party**") sell Product to a Third Party who also purchases other products or services from Zai or its Affiliate or Sublicensee, and for the purpose of promoting the sale of such other products or services, such Selling Party discounts the purchase price of the Product to a greater degree than such Selling Party generally discounts the price of their other products or services to such customer then, in such case, for purposes of calculating the royalty owing to Cullinan, the purchase price of the Product by Third Party shall be deemed [***].

Section 8.4(b):

Scientific Publications.

(b) Notwithstanding anything to the contrary in Section 10.5(d) of the Agreement, with respect to future potential publications or public presentations by Zai or its Affiliate or Sublicensee of data or results of Clinical Trials of a Product to be submitted by or on behalf of such Person(s), or any academic investigators cooperating with any such Person(s), Zai shall (a) provide Cullinan every [***] with a publication strategy plan and (b) a copy of abstracts or other summary information regarding said publications or public presentations. The non-Publishing Party shall have the right to make comments and suggest changes to any such plan, publications or public presentations to ensure appropriate protection of any patentable inventions, and the Publishing Party shall consider in good faith any reasonable comments and suggested changes of the non-Publishing Party.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("**Agreement**") is made and entered into as of August 15, 2020 (the "**Effective Date**"), by and between Zai Lab (US) LLC, a Delaware limited liability Company (the "**Company**"), and F. Ty Edmondson, a resident of New Hampshire (the "**Employee**").

RECITALS

The Company and its Affiliates are engaged in the business of researching, developing, manufacturing, and commercialization of drug products in the bio-pharmaceutical industry, including without limitation the sales and marketing of both small molecule and large molecule therapeutics (the "**Business Of The Group**"), and the Employee is qualified to engage in providing services in support of the Business Of The Group as contemplated under this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the respective covenants and agreements of the parties, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **EMPLOYMENT**. Effective as of the Effective Date, the Company agrees to employ the Employee and the Employee agrees to commence employment with the Company. The period beginning on the Effective Date and ending on the date the Employee's employment under this Agreement is terminated is referred to herein as the "**Employment Period**".

1.1 Employment by Company. The Company agrees to employ the Employee as the Chief Legal Officer of the Company. In addition, the Employee shall serve as the Chief Legal Officer of Zai Lab Limited, a limited company incorporated under the laws of the Cayman Islands and the ultimate parent corporation of the Company (the "**Parent Company**"), and all of its wholly-owned subsidiaries, without further compensation. The Employee agrees to render such services and to perform such duties and responsibilities as are normally associated with and inherent in the aforementioned roles and the capacities in which the Employee is employed, including general oversight of all legal and compliance functions of the Company and all wholly-owned subsidiaries, as well as such other duties and responsibilities as shall from time to time be assigned to the Employee by the Chief Executive Officer of the Company or such person's designee.

1.2 Acceptance of Employment. The Employee accepts such employment set out in Section 1.1 and agrees to faithfully perform and render the services required of the Employee under this Agreement through execution of this Agreement and the Compliance Agreement, attached as Exhibit A to this Agreement. Except for reasonable vacations and absences due to temporary illness, and activities that may be mutually agreed to by the parties, the Employee shall devote his entire time, attention and energies during normal business hours and such evenings and weekends as may be reasonably required for the discharge of his duties to the Business of The Group, and the performance of the Employee's duties and responsibilities under this Agreement.

1.3 Positions with Affiliates. If requested by the Company, the Employee agrees to serve without additional compensation if elected, nominated or appointed as an officer and/or director of the Company, the Parent Company and any of the subsidiaries or affiliates of the Company or the Parent Company (collectively, "**Affiliates**") and in one or more executive offices of any of the Affiliates.

1.4 Conflicts of Interest. The Employee has reviewed with the board of directors of Zai Lab Limited (the "**Board**") the present directorships, ownership (legal and beneficial, direct and indirect) interests and other positions or roles held by the Employee or his/her associate(s) in all such business organizations or arrangements which may be directly competitive or directly in conflict with the Company or the Parent Company. The Employee agrees to review with the Board any potential directorships, ownership (legal and beneficial, direct and indirect) interests and other positions or roles with business organizations or arrangements which may be directly competitive or directly in conflict with the Company or the Parent Company. The Employee or his/her associate(s) is precluded from owning an interest (legal and beneficial, direct and indirect) in another company or serving as an employee, director, consultant, advisor or member of such another company that may be directly competitive or directly in conflict with the Company or the Parent Company until such interest is presented to the Board and the Board consents to such interest or employment.

1.5 Compliance with Policies. The Employee agrees that, while employed by the Company, he will comply with all Company policies, practices and procedures and all codes of ethics or business conduct applicable to his position, as in effect from time to time.

2. **PLACE OF PERFORMANCE**. The Employee shall be primarily based in Cambridge, Massachusetts. The Company or the Parent Company may require that the Employee travel in furtherance of the Business of the Group, to the extent necessary and/or substantially consistent with the then present business travel obligations of employees at substantially the same service level as the Employee. Notwithstanding the foregoing, the Employee shall be permitted to perform the services required by this Agreement at the Employee's home office during business days in which he is not performing such services in Boston or is otherwise traveling in furtherance of the Business of the Group.

3. **COMPENSATION BENEFITS AND EXPENSE REIMBURSEMENTS**.

3.1 Base Salary. In consideration for the agreement of the Employee to be employed under this Agreement, during the Employment Period, the Employee shall receive from the Company an annual base salary ("**Base Salary**") of US$510,000. This Base Salary, and all other compensation and reimbursement under the Agreement, may be provided through a professional employer organization. The Base Salary to be paid to the Employee will be subject to reduction for payroll tax withholdings and deductions legally required (if any) or such other deductions properly and reasonably authorized by the Employee. The Company (or a professional employer organization, as applicable) shall pay such Base Salary in accordance with its standard payroll procedures. The Employee's Base Salary will be subject to annual review and adjustments will be made based upon the Company's normal performance review practices for executive employees of the Company.

3.2 Equity Incentives.

3.2.1 Stock Options. Subject to the approval of the Board (or the Compensation Committee thereof) and the Employee's execution of the applicable award agreement, the Employee shall, on the Effective Date, be granted an option to purchase 37,750 American Depositary Shares ("**ADSs**") representing the equivalent number of ordinary shares of the Parent Company (the "**Option**") with an exercise price equal to the fair market value of an ADS on the date of grant in accordance with the Zai Lab Limited 2017 Equity Incentive Plan (as it may be amended from time to time, the "**Plan**"). The Option shall vest in accordance with the standard vesting schedule applicable to options granted by the Parent Company, as determined from time to time, subject to the Employee providing continuous full-time services to the Company under this Agreement on the date of grant of the Option and through each applicable vesting date; provided, however, that (i) the vesting of the Option will be subject to full acceleration upon (x) the Employee's resignation for Good Reason or upon termination by the Company without Cause or (y) the termination of the Employee's employment with the Company within one (1) year of the consummation of a Change in Control of the Company or the Parent Company, by the Company without Cause or upon resignation by the Employee for Good Reason; and (ii) Employee will have one (1) year to exercise any vested portion of the Option upon termination of the Employee's employment with the Company. The Option will be subject to the terms, definitions and provisions of the Plan, the stock option agreement to be entered into by and between the Employee and the Parent Company, any other applicable shareholder and/or option holder agreements, and any other restrictions and/or limitations generally applicable to the equity of the Parent Company or equity awards held by Company executives or otherwise imposed by law.

3.2.2 Restricted Share Units. Subject to the approval of the Board (or the Compensation Committee thereof) and the Employee's execution of the applicable award agreement, the Employee shall, on the Effective Date, be granted 24,250 restricted share units representing ordinary shares of the Parent Company (the "**Restricted Share Units**"), which shall vest in accordance with the standard vesting schedule applicable to restricted share units granted by the Parent Company, as determined from time to time, subject to the Employee providing continuous full-time services to the Company under this Agreement on the date of grant of the Restricted Share Unit and through each applicable vesting date; provided, however, that the vesting of the Restricted Share Units will be subject to full acceleration upon (x) the Employee's resignation for Good Reason or upon termination by the Company without Cause or (y) the termination of the Employee's employment with the Company within one (1) year of the consummation of a Change in Control of the Company or the Parent Company, by the Company without Cause or upon resignation by the Employee for Good Reason. The Restricted Share Unit shall be settled for an equivalent number of ADSs upon vesting. The Restricted Share Unit will be subject to the terms, definitions and provisions of the Plan, the restricted share units award agreement to be entered by and between the Employee and the Parent Company, any other applicable shareholder and/or option holder agreements, and any other restrictions and/or limitations generally applicable to the equity of the Parent Company or equity awards held by Company executives or otherwise imposed by law.

3.2.3 Annual Equity Grant. For each calendar year completed during the Employment Period, the Employee may be eligible to receive an annual equity grant (the "**Annual Equity Grant**"), with the understanding that any such Annual Equity Grant will have a target of no less than an aggregate grant date value of US$1,500,000 (the "**Annual Equity Grant Target**"), and in any event such Annual Equity Grant shall be determined by the Board (or the Compensation Committee thereof) in its sole discretion based on the Employee's performance and the Company's performance against goals established by the Board (or the Compensation Committee thereof), and shall be denominated in options and restricted stock units in accordance with an allocation determined by the Compensation Committee of the Board, and the number of shares subject to such grants shall be determined by the Compensation Committee of the Board based on the "fair value" of each grant type as determined by the Company under applicable accounting standards. Notwithstanding the foregoing, the Employee's Annual Equity Grant for 2020 shall have an aggregate grant date value of US$1,500,000 and shall be: (i) awarded in 2021 in accordance with the Parent Company's equity award practices for senior executives of the Parent Company and its subsidiaries and (ii) denominated in options and restricted stock units in accordance with an allocation determined by the Compensation Committee of the Board, and the number of shares subject to such grants shall be determined by the Compensation Committee of the Board based on the "fair value" of each grant type as determined by the Company under applicable accounting standards. All Annual Equity Grants will be subject to the terms, definitions and provisions of the Plan, the applicable award agreements between the Employee and the Parent Company, any other applicable shareholder and/or option holder agreements, and any other restrictions and/or limitations generally applicable to the equity of the Parent Company or equity awards held by Company executives or otherwise imposed by law.

3.3 Bonuses.

3.3.1 Annual Bonus. For each calendar year completed during the Employment Period, the Employee may be eligible to receive an annual bonus equal to no less than 40% of the Base Salary (the "**Target Bonus**"). The amount of such annual bonus, which may exceed the Target Bonus, shall be determined by the Board (or the Compensation Committee thereof) in its sole discretion based on the Employee's performance and the Company's performance against goals established by the Board (or the Compensation Committee thereof). For the avoidance of doubt, the Employee's annual bonus for calendar year 2020 shall be based on a full-year Base Salary and shall not be pro-rated to reflect a partial year of performance, and shall be awarded at a level (measured as a percentage of base salary) at least equal to annual bonus levels paid to other senior executives. The annual bonus shall be paid in the year after the year to which such bonus relates; however, in order to earn any such bonus, the Employee must be employed through the date that such bonus is paid.

3.4 Participation in Employee Benefit Plans. The Employee will be entitled to participate in all employee benefit plans from time to time in effect for similarly situated senior executive employees of the Company generally, including employee benefits plans made available to Massachusetts-based senior executive employees of the Company, except to the extent such plans are duplicative of benefits otherwise provided to the Employee under this Agreement (e.g., a severance pay plan). The Employee's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies, as the same may be in effect from time to time, and any other restrictions or limitations imposed by law. The Company reserves the right to amend, modify, cancel or terminate the benefit plans and programs it offers to its employees at any time.

3.5 Reimbursements. During the Employment Period, the Employee will be reimbursed, in accordance with the practice applicable to employees of the Company from time to time, for all reasonable traveling expenses and other disbursements incurred by him for or on behalf of the Company in the performance of his duties hereunder upon presentation by the Employee of appropriate receipts, and otherwise in compliance with the Company's reimbursement policy in effect from time to time. All reimbursable airline and rail travel on behalf of the Company and its affiliates shall be on business-class fares. The Employee's right to payment or reimbursement for business expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other calendar year, (ii) payment or reimbursement shall be made by the Company as soon as reasonably practicable following the time that the applicable expense is submitted by the Employee to the Company and in no event later than December 31 of the calendar year following the calendar year in which the expense or payment was incurred, and (iii) the right to payment or reimbursement shall not be subject to liquidation or exchange for any other benefit.

3.6 Vacations. During the term hereof, the Employee shall be entitled to 20 calendar days of vacation per annum (such number pro-rated for 2020 based on the Effective Date), to be taken at such times and intervals as shall be determined by the Employee, subject to the reasonable business needs of the Company. Vacation shall otherwise be governed by the policies of the Company, as in effect from time to time.

3.7 Deductions. Recognizing that the Employee is an employee for all purposes, the Company shall deduct from any compensation payable to the Employee the sums which the Company is required by law to deduct, including, but not limited to, government state withholding taxes, social security taxes and state disability insurance and mandatory provident funds, and the Company shall pay any amounts so deducted to the applicable governmental entities and agents entitled to receive such payments.

4. **INVOLUNTARY TERMINATION**.

4.1 Death and Disability. If the Employee dies, then the Employee's employment by the Company hereunder shall automatically terminate on the date of the Employee's death. If the Employee is incapacitated or disabled by accident, sickness or otherwise so as to render him mentally or physically incapable of performing the services required to be performed by him under this Agreement for a period of ninety (90) consecutive days or longer, or for any ninety (90) days during any six (6) month period (such condition being herein referred to as "**Disability**"), the Company, at its option, may terminate the Employee's employment under this Agreement immediately upon giving him notice to that effect. In the case of a Disability, until the Employee becomes eligible for disability income under the Company's disability income insurance (if any) or until the Company shall have terminated the Employee's service in accordance with the foregoing, whichever shall first occur, to the extent permitted by the terms of the Company's plans, the Employee will be entitled to receive compensation, at the rate and in the manner provided in Section 3, notwithstanding any such physical or mental disability. Termination pursuant to this Section 4 is hereinafter referred to as an "**Involuntary Termination**".

4.2 Disability Income Payments. While receiving disability income payments under the Company's disability income insurance (if any), the Employee shall not be entitled to receive any Base Salary under Section 3.1, so long as such disability income insurance (if any) is equivalent to the Employee's net compensation arising from his Base Salary after all taxes and deductions, but shall continue to participate in all other compensation and benefits in accordance with Sections 3.3 until the date of the Employee's termination of employment.

4.3 Verification of Disability. If any question shall arise as to whether during any period the Employee is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of the Employee's duties and responsibilities hereunder, the Employee may, and at the request of the Company shall, submit to a medical examination by a physician selected by the Company to whom the Employee or the Employee's guardian has no reasonable objection to determine whether the Employee is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue. If such question shall arise and the Employee shall fail to submit to such medical examination, the Company's determination of the issue shall be binding on the Employee.

5. **TERMINATION FOR CAUSE BY THE COMPANY**. The Company may terminate the employment of the Employee hereunder at any time during the Employment Period for "**Cause**" (such termination being hereinafter referred to as a "**Termination for Cause**") by giving the Employee notice of such termination, upon the giving of which such termination shall take effect immediately. For the purpose of this Section 5, "**Cause**" means any one of the following grounds, as determined by the Board in its reasonable judgment:

(i) the Employee's use of legal or illegal drugs, including alcohol, which interferes with the performance of the Employee's obligations and duties to the Company or any of its Affiliates;

(ii) the Employee's commission of a felony, or any crime involving fraud, moral turpitude or misrepresentation or violation of applicable securities laws;

(iii) mismanagement by the Employee of the business and affairs of the Company or any Affiliate of the Company which results or could reasonably be expected to result in a material harm to the Company or any of its Affiliates;

(iv) the Employee's material breach of any of the terms of this Agreement or any other agreement between the Employee and the Company or any of its Affiliates;

(v) the Employee's material violation of any confidentiality, non-competition, non-solicitation, no-hire or other restrictive covenant set forth in this Agreement, the Compliance Agreement or any other agreement between the Employee and the Company or any of its Affiliates or any material policy of the Company or any of its Affiliates;

(vi) the Employee's license to practice law being suspended for misconduct (which shall not include the Employee voluntarily becoming inactive in a state bar under which he is licensed) or Employee losing his license to practice law for misconduct in any jurisdiction in which he is licensed as an attorney (which shall not include the Employee voluntarily becoming inactive in a state bar under which he is licensed); or

(vii) the Employee's material failure to perform or substantial negligence in the performance of the Employee's obligations and duties to the Company or any of its Affiliates, or any other conduct by the Employee which is or could reasonably be expected to be materially detrimental to the interests and well-being of the Company or any of its Affiliates, including, without limitation, harm to its business or reputation.

The Employee and Company agree that the definition of "**Cause**" provided for in this Section 5 shall govern all agreements between the Company and the Employee, and shall supersede any other definition of "Cause" in any other agreement between the Company and the Employee.

6. **TERMINATION WITHOUT CAUSE BY THE COMPANY**. The Company may terminate the employment of the Employee hereunder at any time during the Employment Period without "Cause" (such termination being hereinafter called a "**Termination Without Cause**") by giving the Employee notice of such termination.

7. **TERMINATION BY THE EMPLOYEE**.

7.1 Without Good Reason. The Employee may terminate his services hereunder at any time without Good Reason (as defined below) (such termination being referred to hereinafter as a "**Voluntary Termination**"). A Voluntary Termination will be deemed to be effective following reasonable notice by the Employee of not less than thirty (30) calendar days, provided that the Company may elect to waive all or any portion of such notice period.

7.2 With Good Reason. The Employee may terminate his services hereunder at any time for Good Reason (as defined below) by (i) providing notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the thirtieth (30th) day following the occurrence of that condition; (ii) providing the Company a period of thirty (30) days to remedy the condition and so specifying in the notice and (iii) terminating his employment for Good Reason within thirty (30) days following the expiration of the period to remedy if the Company fails to remedy the condition (such termination being hereinafter referred to as a "**Termination for Good Reason**"). For purposes of this Agreement, the term "**Good Reason**" shall mean without the Employee's consent (a) any material diminution of the Employee's Base Salary and non-discretionary compensation; (b) any change in Employee's reporting structure such that Employee no longer reports to the Chief Executive Officer of the Company; (c) any material diminution of the Employee's duties or responsibilities hereunder (except in each case in connection with the Termination for Cause or pursuant to Section 4.1) or the assignment to the Employee of duties or responsibilities that are materially inconsistent with the Employee's then-current position, except in connection with the Employee's illness or Disability; (d) any material breach of the Agreement by the Company; or (e) relocation of the Employee's primary location from which he performs his services to the Company to a location more than thirty (30) kilometers from such location, other than on a temporary basis not to exceed a period equal to six (6) consecutive calendar months, provided that business travel as described in Section 2 shall not give rise to a Good Reason condition under this Section 7.2. The Employee and Company agree that the definition of "Good Reason" provided for in this Section 7.2 shall govern all agreements between the Company and the Employee, and shall supersede any other definition of "Good Reason" in any other agreement between the Company and the Employee.

8. **EFFECT OF TERMINATION ON SERVICES**.

8.1 Voluntary Termination or a Termination for Cause.

8.1.1 Upon the termination of the Employee's employment hereunder pursuant to a Voluntary Termination or a Termination for Cause, neither the Employee nor his beneficiary or estate will have any further rights or claims against the Company or any of its Affiliates under this Agreement except to receive the following (in the aggregate, the "**Final Compensation**"):

(i) the unpaid portion of the Base Salary provided for in Section 3.1, computed on a pro rata basis up to (and including) the effective date of such termination;

(ii) reimbursement for any expenses for which the Employee shall not have theretofore been reimbursed as provided in Section 3.5, provided that the Employee submits all such expenses and required supporting documentation within sixty (60) days of the effective date of such termination and otherwise in accordance with the Company reimbursement policy in effect from time to time; and

(iii) if required by applicable law or Company policy, pay at the rate of the Base Salary for any accrued by unused vacation time as of the effective date of such termination.

8.1.2 Final Compensation (other than expense reimbursement, which shall be paid within thirty (30) days after such reimbursement is submitted in accordance with subsection (ii) above) will be paid to the Employee within thirty (30) days following the date of termination (or such shorter period required by law).

8.2 Involuntary Termination Due to Death. Upon the termination of the Employee's employment hereunder pursuant to an Involuntary Termination due to death in accordance with Section 4 hereof, neither the Employee nor his beneficiary or estate will have any further rights or claims against the Company, or any of its Affiliates under this Agreement except to receive:

(i) Final Compensation in accordance with Section 8.1;

(ii) an aggregate amount equal to one (1) month's Base Salary; and

(iii) subject to the Employee being eligible for and timely electing COBRA benefits, payment of the Company's portion of monthly premiums for the continuation of health insurance benefits as in effect for the Employee immediately prior to the effective date of such termination under the law commonly known as COBRA with such COBRA Continuation is payable directly to the insurance carrier ("**COBRA Continuation Benefits**") for one (1) month, provided that if the Company determines in its sole discretion that it cannot pay the COBRA Premiums without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to the Employee a taxable monthly payment payable at the same time that the Base Salary payment is made under subsection (ii) above.

8.3 Termination Without Cause or Termination for Good Reason: Involuntary Termination Due to Disability.

8.3.1 Upon the termination of the Employee's employment hereunder pursuant to a Termination Without Cause, Termination for Good Reason or Involuntary Termination due to Disability, neither the Employee nor his beneficiary or estate will have any further rights or claims against the Company or any of its Affiliates under this Agreement except to receive the following (in the aggregate, the "**Severance Payments**"):

(i) Final Compensation in accordance with Section 8.1;

(ii) an aggregate amount equal to the Base Salary for twelve (12) months (the "**Severance Period**"), payable from the effective date of such termination in accordance with the Company's normal payroll policies and at the same rate and in the same manner as set forth in Sections 3.1 and 3.4 hereof, plus any additional compensation as may be expressly required under applicable law;

(iii) COBRA Continuation Benefits during the Severance Period, provided that if the Company determines in its sole discretion that it cannot pay the COBRA Premiums without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to the Employee a taxable monthly payment payable at the same time that the Base Salary payments are made under subsection (ii) above; and

(iv) a payment equal to a pro-rated Target Bonus for the year of such employment termination (determined by multiplying the Target Bonus by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is three hundred and sixty-five (365)), payable at the same time bonuses for such year are paid to other senior executives of the Company (the "**Pro-rated Bonus**"); and

(v) subject to the provisions of Section 3.2, acceleration of any unvested Stock Options, Restricted Share Units, or Annual Equity Grant, or other equity awards granted to the Employee by the Company or its Affiliates (the "**Equity Incentives Awards**"); provided, however, that the Employee will have one (1) year to exercise such Equity Incentive Awards upon termination of the Employee's employment with the Company.

8.3.2 Subject to Sections 8.5, 14 and 15 Severance Payments (other than Final Compensation) will be provided in the form of salary continuation, payable in equal installments in accordance with the Company's normal payroll practices, during the Severance Period, provided that the first such payment will be made on the next regular pay day following the date on which the Release of Claims (as defined below) becomes effective and irrevocable and will be retroactive to effective date of the termination of the Employee's employment.

8.4 Change in Control Termination.

8.4.1 Upon the termination of the Employee's employment, for any reason except for a Termination for Cause, an Involuntary Termination or a Voluntary Termination without Good Reason, within twelve (12) months following a Change in Control (such termination being referred to in this Agreement as a "**Change in Control Termination**"), neither the Employee nor his beneficiary or estate will have any further rights or claims against the Company or any Affiliates under this Agreement except to receive the following (in the aggregate, the "**Enhanced Severance Payments**"):

(i) Final Compensation in accordance with Section 8.1;

(ii) an aggregate amount equal to fifteen (15) months' Base Salary (the "**CiC Severance Period**");

(iii) subject to the last sentence of Section 8.3.1(iii), COBRA Continuation Benefits during the CiC Severance Period;

(iv) the Pro-rated Bonus; and

(v) subject to the provisions of Section 3.2 acceleration of any unvested Equity Incentive Awards; provided, however, that the Employee will have one (1) year to exercise such Equity Incentive Awards upon termination of the Employee's employment with the Company.

8.4.2 Subject to Section 8.5, 14 and 15 Enhanced Severance Payments (other than Final Compensation) will be provided in the form of salary continuation, payable in equal installments in accordance with the Company's normal payroll practices, during the twelve (12) month period following the Change in Control Termination, provided that the first such payment will be made on the next regular pay day following the date on which the Release of Claims becomes effective and irrevocable and will be retroactive to effective date of the termination of the Employee's employment.

8.4.3 Notwithstanding anything to the contrary in any agreement between the Employee and the Company, upon a Change in Control Termination, the Employee will be entitled to one hundred percent (100%) accelerated vesting of any then-outstanding unvested Equity Incentive Awards or other equity awards granted to the Employee by the Company or its Affiliates, subject to Section 8.5, 14 and 15.

8.4.4 For purposes of this Agreement, "**Change in Control**" means the occurrence of any of the following:

(i) any one person, or more than one person acting as a group ("**Person**"), acquires ownership of the stock of the Parent Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Parent Company, except that any change in the ownership of the stock of the Parent Company as a result of a private financing of the Parent Company that is approved by the Board will not be considered a Change in Control;

(ii) a majority of members of the Board is replaced during any twelve- (12-) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(iii) any Person acquires (or has acquired during the twelve- (12-) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Parent Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Parent Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Parent Company. Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to re-domicile the Parent Company in a jurisdiction other than its original jurisdiction of incorporation, (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the Persons who held the Parent Company's securities immediately before such transaction or (iii) the transaction is an equity financing of the Company or Parent Company.

8.4.5 Liquidated Damages. The parties acknowledge and agree that damages which will result to the Employee for a Termination Without Cause or other breach of this Agreement by the Company shall be extremely difficult or impossible to establish or prove, and agree that the Severance Payments and Enhanced Severance Payments shall constitute liquidated damages for any breach of this Agreement by the Company through the date of termination. The Employee agrees that, except for such other payments and benefits to which the Employee may be eligible as expressly provided by the terms of this Agreement or any applicable benefit plan, such liquidated damages shall be in lieu of all other claims that the Employee may make by reason of termination of her/his employment or any such breach of this Agreement and that, as a condition to receiving the Severance Payments and/or Enhanced Severance Payments (as applicable), the Employee will execute the Release of Claims.

8.5 Release. The obligation of the Company to make any payments and benefits (other than Final Compensation) to or on behalf of the Employee under Sections 8.2, 8.3 and 8.4 is conditioned on the Employee signing and not revoking a timely and effective separation agreement containing a general release of claims and other customary terms in a form reasonably satisfactory to the Company (the "**Release of Claims**") and provided that the Release of Claims becomes effective and irrevocable no later than sixty (60) days following the termination date (such deadline, the "**Release Deadline**"). If the Release of Claims does not become effective by the Release Deadline, the Employee will forfeit any rights to severance or benefits (other than Final Compensation) under this Agreement. In no event will Severance Payments, Enhanced Severance Payments or benefits (other than Final Compensation) be paid or provided until the Release of Claims becomes effective and irrevocable.

9. **POST-EMPLOYMENT COMPLIANCE**. The obligation of the Company to make any payments (other than Final Compensation) to or on behalf of the Employee under Section 12. or Section 8.4 above, and the Employee's right to retain the same, is expressly conditioned upon the Employee's continued performance of the Employee's obligations under this Agreement, the Compliance Agreement and any other agreement between the Employee and the Company or any of its Affiliates (including any restrictive covenants therein).

10. **STANDARDS OF CONDUCT**. The Employee will conduct himself in an ethical and professional manner at all times and in accordance with any employee or employment policies or guidelines which the Company may issue from time to time, including the Code of Conduct, and the ethical guidelines of the State bar under which he is licensed and in which he is providing services to the Company.

11. **REPRESENTATIONS AND WARRANTIES OF THE EMPLOYEE**. The Employee represents and warrants to the Company that: (i) the Employee has the proper skill, training and background so as to be able to perform under the terms of this Agreement in a competent and professional manner; (ii) the Employee will not infringe any intellectual property rights including patent, copyright, trademark, trade secret or other proprietary right of any person; (iii) the Employee will not use any trade secrets or confidential information owned by any third party and (iv) the Employee's signing of this Agreement and the performance of the Employee's obligations under it will not breach or be in conflict with any other agreement to which the Employee is a party or is bound, and the Employee is not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of the Employee's obligations under this Agreement.

12. **ENFORCEMENT**. It is the desire and intent of the parties hereto that the provisions of this Agreement will be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, to the extent that a restriction contained in this Agreement is more restrictive than permitted by the laws of any jurisdiction whose law may be deemed to govern the review and interpretation of this Agreement, the terms of such restriction, for the purpose only of the operation of such restriction in such jurisdiction, will be the maximum restriction allowed by the laws of such jurisdiction and such restriction will be deemed to have been revised accordingly herein. A court having jurisdiction over an action arising out of or seeking enforcement of any restriction contained in this Agreement may modify the terms of such restriction in accordance with this Section 12.

13. **COVENANT AGAINST ASSIGNMENT**. The Employee may not assign any rights or delegate any of the duties of the Employee under this Agreement. As used in this provision, "assignment" and "delegation" shall mean any sale, gift, pledge, hypothecation, encumbrance, or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

14. **TIMING OF PAYMENTS AND SECTION 409A**.

14.1 Notwithstanding anything to the contrary in this Agreement, if at the time that the Employee's employment terminates, the Employee is a "specified employee," as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six- (6-) month period or, if earlier, upon the Employee's death; except (i) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (ii) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (iii) other amounts or benefits that are not subject to the requirements of Section 409A ("**Section 409A**") of the Internal Revenue Code of 1986, as amended (the "**Code**").

14.2 For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-1(i).

14.32 Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

14.4 In no event shall the Company or any of its Affiliates have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

15. **LIMITATIONS ON PAYMENTS**. Notwithstanding anything in this Agreement or elsewhere to the contrary, in the event that any payment or benefit received or to be received by the Employee under this Agreement or otherwise (collectively, the "**Payments**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this Section 15, be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced (but not below zero) to the extent, but only to the extent, needed to ensure that no portion of the Payments constitutes a "parachute payment" within the meaning of Section 280G of the Code; provided, that no reduction in the Payments shall be made by reason of this Section 15 unless, on an after-tax basis taking into account the excise tax imposed by Section 4999 of the Code together with all applicable income taxes, the Payments payable to the Employee would be greater than if such reduction had not been made. Any reduction in the Payments required by the immediately preceding sentence shall be applied, first, against any cash severance payments, then against other payments and benefits to which Q&A 24(c) of Section 1.280G-1 of the Treasury Regulations does not apply, and finally against all remaining payments and benefits.

16. **MISCELLANEOUS**.

16.1 Notices. Any notice, request, demand or other communication required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (i) the date of personal delivery, (ii) the date of transmission by facsimile ore-mail, with confirmed transmission and receipt, (iii) two (2) days after deposit with an internationally-recognized courier or overnight service such as Federal Express, DHL, or (iv) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile will be sent with postage and other charges prepaid and properly addressed to the party to be notified at the address set forth on the signature pages hereto.

16.2 Gender; Time. The parties agree that any use of words in any gender in this Agreement shall also refer to the masculine, feminine or neuter gender, as the case may require. Time is of the essence in performance of the rights and obligations under this Agreement.

16.3 Survival. Provisions of this Agreement shall survive any termination of employment if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions.

16.4 Binding Agreement; Benefit. The provisions of this Agreement will be binding upon and will inure to the benefit of the respective heirs, legal representatives and successors of the parties hereto.

16.5 Governing Law. This Agreement will be governed by, and construed and enforced in accordance with, the laws of Massachusetts, without giving effect to its principles or rules of conflict laws to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

16.6 Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party must be in writing and will not operate or be construed as a waiver of any subsequent breach by such other party.

16.7 Entire Agreement; Amendments. This Agreement, together with the Compliance Agreement, contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements or understanding among the parties with respect thereto. This Agreement may be amended only by an agreement in writing signed by each of the parties hereto.

16.8 Headings. The Section headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

16.9 Severability. Subject to the provisions of Section 12 above, any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

16.10 Assignment. This Agreement is personal in its nature and the parties hereto shall not, without the consent of the other party hereto, assign or transfer this Agreement or any rights or obligations hereunder, provided, however, that the rights and obligations of the Company hereunder shall be assignable and delegable without the Employee's consent to any of its Affiliates or in connection with any subsequent merger, consolidation, sale of all or substantially all of the assets or shares of the Company or similar transaction involving the Company or a successor corporation.

16.11 Confidentiality. The Employee agrees not to disclose this Agreement or its terms to any person or entity, other than the Employee's agents, advisors or representatives, except as consented to by the Company in writing or as may be required by law.

16.12 Further Assurances. The Employee agrees to execute, acknowledge, seal and deliver such further assurances, documents, applications, agreements and instruments, and to take such further actions, as the Company may reasonably request in order to accomplish the purposes of this Agreement.

16.13 Consultation with Counsel. The Employee acknowledges that he had the right to consult with counsel in the review of this Agreement.

16.14 Costs. Each of the parties shall pay all costs and expenses incurred or to be incurred by such party in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

16.15 Counterparts. The parties may execute this Agreement in any number of counterparts and, as so delivered, the counterparts shall together constitute one and the same document. The parties agree that each such counterpart is an original and shall be binding upon all of the parties, even though all of the parties are not signatories to the same counterpart.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY:		**EMPLOYEE:**	
By:	/s/Samantha Du Samantha Du Chairperson and CEO		/s/F. Ty Edmondson F. Ty Edmondson
Address:	[***]	Address:	[***]
E-mail:	[***]	E-Mail:	[***]

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("**Agreement**") is made and entered into as of December 1, 2020 (the "**Effective Date**"), by and between Zai Lab (US) LLC (the "**Company**"), and Alan Bart Sandler (the "**Employee**").

RECITALS

The Company and its Affiliates are engaged in the business of researching, developing, manufacturing, and commercialization of drug products in the pharmaceutical industry, including without limitation the sales and marketing of both small molecule and large molecule therapeutics (the "**Business Of The Group**"), and the Employee is qualified to engage in providing services in support of the Business Of The Group as contemplated under this Agreement,

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the respective covenants and agreements of the parties, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **EMPLOYMENT**. Effective as of the Effective Date, the Company agrees to employ the Employee and the Employee agrees to commence employment with the Company. The period beginning on the Effective Date and ending on the date the Employee's employment under this Agreement is terminated is referred to herein as the "**Employment Period**".

1.1 Employment by Company. The Company agrees to employ the Employee as the President, Head of Global Development, Oncology of the Company. In addition, the Employee shall serve as the President, Head of Global Development, Oncology of Zai Lab Limited, a limited company incorporated under the laws of the Cayman Islands and the ultimate parent corporation of the Company (the "**Parent Company**") without further compensation. The Employee agrees to render such services and to perform such duties and responsibilities as are normally associated with and inherent in the aforementioned roles and the capacities in which the Employee is employed, as well as such other duties and responsibilities as shall from time to time be assigned to the Employee by the Chief Executive Officer of the Company or such person's designee.

1.2 Acceptance of Employment. The Employee accepts such employment set out in Section 1.1 and agrees to faithfully perform and render the services required of the Employee under this Agreement through execution of this Agreement and the Compliance Agreement, attached as Exhibit A to this Agreement. Except for reasonable vacations and absences due to temporary illness, and activities that may be mutually agreed to by the parties, the Employee shall devote his entire time, attention and energies during normal business hours and such evenings and weekends as may be reasonably required for the discharge of his duties to the Business of The Group, and the performance of the Employee's duties and responsibilities under this Agreement.

1.3 Positions with Affiliates. If requested by the Company, the Employee agrees to serve without additional compensation if elected, nominated or appointed as an officer and/or director of the Company, the Parent Company and any of the subsidiaries or affiliates of the Company or the Parent Company {collectively, "**Affiliates**") and in one or more executive offices of any of the Affiliates.

1.4 Conflicts of Interest. The Employee has reviewed with the board of directors of Zai Lab Limited (the "**Board**") the present directorships, ownership (legal and beneficial, direct and indirect) interests and other positions or roles held by the Employee or his associate(s). The Employee agrees to review with the Board any potential directorships, ownership (legal and beneficial, direct and indirect) interests and other positions or roles with business organizations or arrangements before Employee takes upon such engagement or ownership. The Employee or his associate(s) is precluded from owning an interest (legal and beneficial, direct and indirect) in another company or serving as an employee, director, consultant, advisor or member of such another company that may be directly competitive or directly in conflict with the Company or the Parent Company until such interest is presented to the Board and the Board consents to such interest or employment.

1.5 Compliance with Policies. The Employee agrees that, while employed by the Company, he will comply with all Company policies, practices and procedures and all codes of ethics or business conduct applicable to his position, as in effect from time to time.

2. **PLACE OF PERFORMANCE**. The Employee shall be based in San Francisco, CA. The Company or the Parent Company may require that the Employee travel in furtherance of the Business of the Group, to the extent necessary and/or substantially consistent with the then present business travel obligations of employees at substantially the same service level as the Employee.

3. **COMPENSATION BENEFITS AND EXPENSE REIMBURSEMENTS**.

3.1 Base Salary. In consideration for the agreement of the Employee to be employed under this Agreement, during the Employment Period, the Employee shall receive from the Company an annual base salary ("**Base Salary**") of US$540,000. This Base Salary, and all other compensation and reimbursement under the Agreement, may be provided through a professional employer organization. The Base Salary to be paid to the Employee will be subject to reduction for payroll tax withholdings and deductions legally required (if any) or such other deductions properly and reasonably authorized by the Employee. The Company {or a professional employer organization, as applicable) shall pay such Base Salary in accordance with its standard payroll procedures. The Employee's Base Salary will be subject to annual review and adjustments will be made based upon the Company's normal performance review practices for executive employees of the Company.

3.2 Equity Incentives.

3.2.1 Stock Options. Subject to the approval of the Board (or the Compensation Committee thereof) and the Employee's execution of the applicable award agreement, the Employee shall, on the Effective Date, be granted an option to purchase 47,000 American Depositary Shares ("**ADSs**") representing ordinary shares of the Parent Company (the "**Option**") with an exercise price equal to the fair market value of an ADS on the date of grant in accordance with the Zai Lab Limited 2017 Equity Incentive Plan (as it may be amended from time to time, the "**Plan**"). The Option shall vest annually beginning on the anniversary of the Option grant date, which vesting shall be ratable over five years, subject to the Employee providing continuous full-time services to the Company under this Agreement on the date of grant of the Option and through each applicable vesting date. The Option will be subject to the terms, definitions and provisions of the Plan, the stock option agreement to be entered into by and between the Employee and the Parent Company, any other applicable shareholder and/or option holder agreements, and any other restrictions and/or limitations generally applicable to the equity of the Parent Company or equity awards held by Company executives or otherwise imposed by law.

3.2.2 Restricted Share Units. Subject to the approval of the Board (or the Compensation Committee thereof) and the Employee's execution of the applicable award agreement, the Employee shall, on the Effective Date, be granted 30,000 restricted share units representing ordinary shares of the Parent Company (the "**Restricted Share Units**"), which shall vest annually beginning on the anniversary of the Restricted Share Unit grant date, which vesting shall be ratable over five years, subject to the Employee providing continuous full-time services to the Company under this Agreement on the date of grant of the Restricted Share Unit and through each applicable vesting date. The Restricted Share Unit shall be settled for ADSs upon vesting. The Restricted Share Unit will be subject to the terms, definitions and provisions of the Plan, the restricted share units award agreement to be entered by and between the Employee and the Parent Company, any other applicable shareholder and/or option holder agreements, and any other restrictions and/or limitations generally applicable to the equity of the Parent Company or equity awards held by Company executives or otherwise imposed by law.

3.2.3 Annual Equity Grant. The initial Annual Equity Grant shall have an aggregate grant date value of US$1,500,000 and shall be denominated in options and restricted stock units in accordance with an allocation determined by the Compensation Committee of the Board, and the number of shares subject to such grants shall be determined by the Compensation Committee of the Board based on the "fair value" of each grant type as determined by the Company under applicable accounting standards. The Annual Equity Grant will be subject to the terms, definitions and provisions of the Plan, the applicable award agreements between the Employee and the Parent Company, any other applicable shareholder and/or option holder agreements, and any other restrictions and/or limitations generally applicable to the equity of the Parent Company or equity awards held by Company executives or otherwise imposed by law.

3.3 Bonuses.

3.3.1 Annual Bonus. For each calendar year completed during the Employment Period, the Employee may be eligible to receive an annual bonus with a target equal to 50% of the Base Salary (the "**Target Bonus**"), the amount of which shall be determined by the Board (or the Compensation Committee thereof) in its sole discretion based on the Employee's performance and the Company's performance against goals established by the Board (or the Compensation Committee thereof). The annual bonus shall be paid in the year after the year to which such bonus relates; however, in order to earn any such bonus, the Employee must be employed through the date that such bonus is paid.

3.3.2 Sign on Bonus. The Employee will be eligible to receive a cash payment of US$800,000 (the "**Sign-On Bonus**"), with $500,000 payable on the first month following the Effective Date and $300,000 payable on the anniversary of the Effective Date of your continuous employment with the Company. The Company will withhold all applicable income taxes on such amount, and will pay the net amount to the employee with the regularly scheduled payroll for such month of payment. In the event that the Employee's employment is terminated by the Company for Cause within the three (3) year period following the Effective Date, the employee will repay to the Company the full amount of the Sign-On Bonus within thirty (30) days following the date of termination. In the event that the employee resigns from the Company prior to the third anniversary of the Effective Date, the employee will repay to the Company a prorated portion of the Sign-On Bonus based on the number of full and partial months remaining in such three (3) year period as of the date of such termination of employment, with such repayment being made on or prior to the last working day with the Company.

3.4 Participation in Employee Benefit Plans. The Employee will be entitled to participate in all employee benefit plans from time to time in effect for similarly situated senior executive employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided to the Employee under this Agreement (e.g., a severance pay plan). The Employee's participation will be subject to the terms of the applicable plan documents and generally applicable Company policies, as the same may be in effect from time to time, and any other restrictions or limitations imposed by law. The Company reserves the right to amend, modify, cancel or terminate the benefit plans and programs it offers to its employees at any time.

3.5 Reimbursements. During the Employment Period, the Employee will be reimbursed, in accordance with the practice applicable to employees of the Company from time to time, for all reasonable traveling expenses and other disbursements incurred by him for or on behalf of the Company in the performance of his duties hereunder upon presentation by the Employee of appropriate receipts, and otherwise in compliance with the Company's reimbursement policy in effect from time to time. The Employee's right to payment or reimbursement for business expenses hereunder shall be subject to the Company's reimbursement policy in effect from time to time and the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other calendar year, (ii) payment or reimbursement shall be made by the Company as soon as reasonably practicable following the time that the applicable expense is submitted by the Employee to the Company and in no event later than December 31 of the calendar year following the calendar year in which the expense or payment was incurred, and (iii) the right to payment or reimbursement shall not be subject to liquidation or exchange for any other benefit.

3.6 Deductions. Recognizing that the Employee is an employee for all purposes, the Company shall deduct from any compensation payable to the Employee the sums which the Company is required by law to deduct, including, but not limited to, government state withholding taxes, social security taxes and state disability insurance and mandatory provident funds, and the Company shall pay any amounts so deducted to the applicable governmental entities and agents entitled to receive such payments.

4. **INVOLUNTARY TERMINATION**.

4.1 Disability. If the Employee dies, then the Employee's employment by the Company hereunder shall automatically terminate on the date of the Employee's death. If the Employee is incapacitated or disabled by accident, sickness or otherwise so as to render him mentally or physically incapable of performing the services required to be performed by him under this Agreement for a period of ninety (90) consecutive days or longer, or for any ninety (90) days during any six (6) month period (such condition being herein referred to as "**Disability**"), the Company, at its option, may terminate the Employee's employment under this Agreement immediately upon giving him notice to that effect. In the case of a Disability, until the Employee becomes eligible for disability income under the Company's disability income insurance (if any) or until the Company shall have terminated the Employee's service in accordance with the foregoing, whichever shall first occur, to the extent permitted by the terms of the Company's plans, the Employee will be entitled to receive compensation, at the rate and in the manner provided in Section 3.1, notwithstanding any such physical or mental disability. Termination pursuant to this Section 4.1 is hereinafter referred to as an "Involuntary Termination".

4.2 Substitution. The Board or its designee may designate another employee to act in the Employee's place during any period of Disability suffered by the Employee during the Employment Period. Notwithstanding any such designation, the Employee shall continue to receive the Base Salary and benefits in accordance with Section 3 of this Agreement until the Employee becomes eligible for disability income under the Company's disability income insurance (if any) or until the termination of the Employee's employment, whichever occurs first.

4.3 Disability Income Payments. While receiving disability income payments under the Company's disability income insurance, if any (the "**Disability Payments**"), the Employee shall not be entitled to receive any Base Salary under Section 3.1, but shall continue to participate in all other compensation and benefits in accordance with Sections 3.3, 3.4 and 3.5 until the date of the Employee's termination of employment.

(a) Verification of Disability. If any question arises as to whether during any period the Employee is disabled through any illness, injury, accident or condition of either a physical or psychological nature so as to be unable to perform substantially all of the Employee's duties and responsibilities hereunder, the Employee may, and at the request of the Company shall, submit to a medical examination by a physician selected by the Company to whom the Employee or the Employee's guardian has no reasonable objection to determine whether the Employee is so disabled and such determination shall for the purposes of this Agreement be conclusive of the issue. If such question arises and the Employee fails to submit to such medical examination, the Company's determination of the issue shall be binding on the Employee.

5. **TERMINATION FOR CAUSE BY THE COMPANY**. The Company may terminate the employment of the Employee hereunder at any time during the Employment Period for "**Cause**" (such termination being hereinafter referred to as a "**Termination for Cause**") by giving the Employee notice of such termination, upon the giving of which such termination shall take effect immediately. For the purpose of this Section 1, "**Cause**" means any one of the following grounds, as determined by the Board in its reasonable judgment:

(i) the Employee's use of legal or illegal drugs, including alcohol, which interferes with the performance of the Employee's obligations and duties to the Company or any of its Affiliates;

(ii) the Employee's commission of a felony, or any crime involving fraud, moral turpitude or misrepresentation or violation of applicable securities laws;

(iii) mismanagement by the Employee of the business and affairs of the Company or any Affiliate of the Company which results or could reasonably be expected to result in a material harm to the Company or any of its Affiliates;

(iv) the Employee's material breach of any of the terms of this Agreement or any other agreement between the Employee and the Company or any of its Affiliates;

(v) the Employee's violation of any confidentiality, non-competition, non-solicitation, no-hire or other restrictive covenant set forth in this Agreement, the Compliance Agreement or any other agreement between the Employee and the Company or any of its Affiliates or any material policy of the Company or any of its Affiliates; or

(vi) the Employee's material failure to perform or substantial negligence in the performance of the Employee's obligations and duties to the Company or any of its Affiliates, or any other conduct by the Employee which is or could reasonably be expected to be materially detrimental to the interests and well-being of the Company or any of its Affiliates, including, without limitation, harm to its business or reputation.

6. **TERMINATION WITHOUT CAUSE BY THE COMPANY**. The Company may terminate the employment of the Employee hereunder at any time during the Employment Period without "Cause" (such termination being hereinafter called a "**Termination Without Cause**") by giving the Employee notice of such termination.

7. **TERMINATION BY THE EMPLOYEE**.

7.1 Without Good Reason. The Employee may terminate his services hereunder at any time without Good Reason (as defined below) (such termination being referred to hereinafter as a "**Voluntary Termination**"). A Voluntary Termination will be deemed to be effective following reasonable notice by the Employee of not less than thirty (30) calendar days, provided that the Company may elect to waive all or any portion of such notice period.

7.2 With Good Reason. The Employee may terminate his services hereunder at any time for Good Reason (as defined below) by (i) providing notice to the Company specifying in reasonable detail the condition giving rise to the Good Reason no later than the thirtieth (30th) day following the occurrence of that condition; (ii) providing the Company a period of thirty (30) days to remedy the condition and so specifying in the notice and (iii) terminating his employment for Good Reason within thirty (30) days following the expiration of the period to remedy if the Company fails to remedy the condition (such termination being hereinafter referred to as a "**Termination for Good Reason**"). For purposes of this Agreement, the term "Good Reason" shall mean without the Employee's consent (a) any material diminution of the Employee's duties or responsibilities hereunder (except in each case in connection with the Termination for Cause or pursuant to Section 4.1) or the assignment to the Employee of duties or responsibilities that are materially inconsistent with the Employee's then-current position, except in connection with the Employee's illness or Disability; (b) any material breach of the Agreement by the Company; or (c) relocation of the Employee's primary location from which he performs his services to the Company to a location more than thirty (30) kilometers from such location, other than on a temporary basis not to exceed a period equal to six (6) consecutive calendar months, provided that business travel as described in Section 2 shall not give rise to a Good Reason condition under this Section 7.2.

8. **EFFECT OF TERMINATION ON SERVICES**.

8.1 Voluntary Termination or a Termination for Cause.

8.1.1 Upon the termination of the Employee's employment hereunder pursuant to a Voluntary Termination or a Termination for Cause, neither the Employee nor his beneficiary or estate will have any further rights or claims against the Company or any of its Affiliates under this Agreement except to receive the following (in the aggregate, the "**Final Compensation**"):

(i) the unpaid portion of the Base Salary provided for in Section 3.1, computed on a pro rata basis up to (and including) the effective date of such termination;

(ii) reimbursement for any expenses for which the Employee shall not have theretofore been reimbursed as provided in Section 3.5, provided that the Employee submits all such expenses and required supporting documentation within sixty (60) days of the effective date of such termination and otherwise in accordance with the Company reimbursement policy in effect from time to time; and

(iii) if required by applicable law or Company policy, pay at the rate of the Base Salary for any accrued by unused vacation time as of the effective date of such termination.

8.1.2 Final Compensation (other than expense reimbursement, which shall be paid within thirty (30) days after such reimbursement is submitted in accordance with subsection (ii) above) will be paid to the Employee within thirty (30) days following the date of termination (or such shorter period required by law).

8.2 Involuntary Termination. Upon the termination of the Employee's employment hereunder pursuant to an Involuntary Termination, neither the Employee nor his beneficiary or estate will have any further rights or claims against the Company, or any of its Affiliates under this Agreement except to receive:

(i) Final Compensation in accordance with Section 8.1;

(ii) an aggregate amount equal to one (1) month's Base Salary; and

(iii) subject to the Employee being eligible for and timely electing COBRA benefits, payment of the Company's portion of monthly premiums for the continuation of health insurance benefits as in effect for the Employee immediately prior to the effective date of such termination under the law commonly known as COBRA with such COBRA Continuation is payable directly to the insurance carrier ("**COBRA Continuation Benefits**") for one (1) month, provided that if the Company determines in its sole discretion that it cannot pay the COBRA Premiums without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to the Employee a taxable monthly payment payable at the same time that the Base Salary payment is made under subsection (ii) above.

8.3 Termination Without Cause or Termination for Good Reason.

8.3.1 Upon the termination of the Employee's employment hereunder pursuant to a Termination Without Cause or a Termination for Good Reason, neither the Employee nor his beneficiary or estate will have any further rights or claims against the Company or any of its Affiliates under this Agreement except to receive the following (in the aggregate, the "**Severance Payments**"):

(i) Final Compensation in accordance with Section 8.1;

(ii) an aggregate amount equal to the Base Salary for twelve (12) months (the "**Severance Period**"), payable from the effective date of such termination in accordance with the Company's normal payroll policies and at the same rate and in the same manner as set forth in Sections 3.1 and 3.4 hereof, plus any additional compensation as may be expressly required under applicable law;

(iii) COBRA Continuation Benefits during the Severance Period, provided that if the Company determines in its sole discretion that it cannot pay the COBRA Premiums without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), the Company will in lieu thereof provide to the Employee a taxable monthly payment payable at the same time that the Base Salary payments are made under subsection (ii) above; and

(iv) a payment equal to a pro-rated Target Bonus for the year of such employment termination (determined by multiplying the Target Bonus by a fraction, the numerator of which is the number of days during the fiscal year of termination that the Employee is employed by the Company and the denominator of which is three hundred and sixty-five (365)), payable at the same time bonuses for such year are paid to other senior executives of the Company (the "**Pro-rated Bonus**"); and

(v) Subject to Sections 8.5, 14 and 15, Severance Payments (other than Final Compensation) will be provided in the form of salary continuation, payable in equal installments in accordance with the Company's normal payroll practices, during the Severance Period, provided that the first such payment will be made on the next regular pay day following the date on which the Release of Claims (as defined below) becomes effective and irrevocable and will be retroactive to effective date of the termination of the Employee's employment.

8.4 Change in Control Termination.

8.4.1 Upon the termination of the Employee's employment hereunder pursuant to a Termination Without Cause or a Termination for Good Reason within twelve (12) months following a Change in Control (such termination being referred to in this Agreement as a "**Change in Control Termination**"), neither the Employee nor his beneficiary or estate will have any further rights or claims against the Company or any Affiliates under this Agreement except to receive the following (in the aggregate, the "**Enhanced Severance Payments**"):

(i) Final Compensation in accordance with Section 8.1;

(ii) an aggregate amount equal to twelve (12) months' Base Salary (the "**CiC Severance Period**");

(iii) subject to the last sentence of Section 8.3.1(iii), COBRA Continuation Benefits during the CiC Severance Period; and

(iv) the Pro-rated Bonus.

8.4.2 Subject to Section 8.5, 14 and 15, Enhanced Severance Payments (other than Final Compensation) will be provided in the form of salary continuation, payable in equal installments in accordance with the Company's normal payroll practices, during the twelve (12) month period following the Change in Control Termination, provided that the first such payment will be made on the next regular pay day following the date on which the Release of Claims becomes effective and irrevocable and will be retroactive to effective date of the termination of the Employee's employment.

8.4.3 Notwithstanding anything to the contrary in any agreement between the Employee and the Company, upon a Change in Control Termination, the Employee will be entitled to one hundred percent (100%) accelerated vesting of any then-outstanding unvested stock options, restricted stock or other equity awards granted to the Employee by the Parent Company, subject to Section 8.5, 14 and 15.

8.4.4 For purposes of this Agreement, "**Change in Control**" means the occurrence of any of the following:

(i) any one person, or more than one person acting as a group ("**Person**"), acquires ownership of the stock of the Parent Company that, together with the stock held by such Person, constitutes more than 50% of the total voting power of the stock of the Parent Company, except that any change in the ownership of the stock of the Parent Company as a result of a private financing of the Parent Company that is approved by the Board will not be considered a Change in Control;

(ii) a majority of members of the Board is replaced during any twelve- (12-) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(iii) any Person acquires (or has acquired during the twelve- (12-) month period ending on the date of the most recent acquisition by such person or persons) assets from the Parent Company that have a total gross fair market value equal to or more than 50% of the total gross fair market value of all of the assets of the Parent Company immediately prior to such acquisition or acquisitions. For purposes of this subsection (iii), gross fair market value means the value of the assets of the Parent Company, or the value of the assets being disposed of; determined without regard to any liabilities associated with such assets.

For purposes of this definition, Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Parent Company, Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if: (i) its sole purpose is to re-domicile the Parent Company in a jurisdiction other than its original jurisdiction of incorporation, (ii) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the Persons who held the Parent Company's securities immediately before such transaction or (iii) the transaction is an equity financing of the Company or Parent Company.

8.4.5 Liquidated Damages. The parties acknowledge and agree that damages which will result to the Employee for a Termination Without Cause or other breach of this Agreement by the Company shall be extremely difficult or impossible to establish or prove, and agree that the Severance Payments and Enhanced Severance Payments shall constitute liquidated damages for any breach of this Agreement by the Company through the date of termination. The Employee agrees that, except for such other payments and benefits to which the Employee may be eligible as expressly provided by the terms of this Agreement or any applicable benefit plan, such liquidated damages shall be in lieu of all other claims that the Employee may make by reason of termination of her/his employment or any such breach of this Agreement and that, as a condition to receiving the Severance Payments and/or Enhanced Severance Payments (as applicable), the Employee will execute the Release of Claims.

8.5 Release. The obligation of the Company to make any payments and benefits (other than Final Compensation) to or on behalf of the Employee under Sections 8.2, 8.3 and 8.4 is conditioned on the Employee signing and not revoking a timely and effective separation agreement containing a general release of claims and other customary terms in a form reasonably satisfactory to the Company (the "**Release of Claims**") and provided that the Release of Claims becomes effective and irrevocable no later than sixty (60) days following the termination date (such deadline, the "**Release Deadline**"). If the Release of Claims does not become effective by the Release Deadline, the Employee will forfeit any rights to severance or benefits (other than Final Compensation) under this Agreement. In no event will Severance Payments, Enhanced Severance Payments or benefits (other than Final Compensation) be paid or provided until the Release of Claims becomes effective and irrevocable.

9. **POST-EMPLOYMENT COMPLIANCE**. The obligation of the Company to make any payments (other than Final Compensation) to or on behalf of the Employee under Section 8.3 or Section 8.4 above, and the Employee's right to retain the same, is expressly conditioned upon the Employee's continued performance of the Employee's obligations under this Agreement, the Compliance Agreement and any other agreement between the Employee and the Company or any of its Affiliates (including any restrictive covenants therein).

10. **STANDARDS OF CONDUCT**. The Employee will conduct himself in an ethical and professional manner at all times and in accordance with any employee or employment policies or guidelines which the Company may issue from time to time, including the Code of Conduct, and the ethical guidelines of the State bar under which he is licensed and in which he is providing services to the Company,

11. **REPRESENTATIONS AND WARRANTIES OF THE EMPLOYEE**. The Employee represents and warrants to the Company that: (i) the Employee has the proper skill, training and background so as to be able to perform under the terms of this Agreement in a competent and professional manner; (ii) the Employee will not infringe any intellectual property rights including patent, copyright, trademark, trade secret or other proprietary right of any person; (iii) the Employee will not use any trade secrets or confidential information owned by any third party and (iv) the Employee's signing of this Agreement and the performance of the Employee's obligations under it will not breach or be in conflict with any other agreement to which the Employee is a party or is bound, and the Employee is not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of the Employee's obligations under this Agreement.

12. **ENFORCEMENT**. It is the desire and intent of the parties hereto that the provisions of this Agreement will be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, to the extent that a restriction contained in this Agreement is more restrictive than permitted by the laws of any jurisdiction whose law may be deemed to govern the review and interpretation of this Agreement, the terms of such restriction, for the purpose only of the operation of such restriction in such jurisdiction, will be the maximum restriction allowed by the laws of such jurisdiction and such restriction will be deemed to have been revised accordingly herein, A court having jurisdiction over an action arising out of or seeking enforcement of any restriction contained in this Agreement may modify the terms of such restriction in accordance with this Section 12.

13. **COVENANT AGAINST ASSIGNMENT**. The Employee may not assign any rights or delegate any of the duties of the Employee under this Agreement. As used in this provision, "assignment" and "delegation" shall mean any sale, gift, pledge, hypothecation, encumbrance, or other transfer of all or any portion of the rights, obligations, or liabilities in or arising from this Agreement to any person or entity, whether by operation of law or otherwise, and regardless of the legal form of the transaction in which the attempted transfer occurs.

14. **TIMING OF PAYMENTS AND SECTION 409A**.

14.1 Notwithstanding anything to the contrary in this Agreement, if at the time that the Employee's employment terminates, the Employee is a "specified employee," as defined below, any and all amounts payable under this Agreement on account of such separation from service that would (but for this provision) be payable within six (6) months following the date of termination, shall instead be paid on the next business day following the expiration of such six- (6-) month period or, if earlier, upon the Employee's death; except (i) to the extent of amounts that do not constitute a deferral of compensation within the meaning of Treasury regulation Section 1.409A-1(b) (including without limitation by reason of the safe harbor set forth in Section 1.409A-1(b)(9)(iii), as determined by the Company in its reasonable good faith discretion); (ii) benefits which qualify as excepted welfare benefits pursuant to Treasury regulation Section 1.409A-1(a)(5); or (iii) other amounts or benefits that are not subject to the requirements of Section 409A ("**Section 409A**") of the Internal Revenue Code of 1986, as amended (the "**Code**").

14.2 For purposes of this Agreement, all references to "termination of employment" and correlative phrases shall be construed to require a "separation from service" (as defined in Section 1.409A-1(h) of the Treasury regulations after giving effect to the presumptions contained therein), and the term "specified employee" means an individual determined by the Company to be a specified employee under Treasury regulation Section 1.409A-1(i).

14.3 Each payment made under this Agreement shall be treated as a separate payment and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

14.4 In no event shall the Company or any of its Affiliates have any liability relating to the failure or alleged failure of any payment or benefit under this Agreement to comply with, or be exempt from, the requirements of Section 409A.

15. **LIMITATIONS ON PAYMENTS**. Notwithstanding anything in this Agreement or elsewhere to the contrary, in the event that any payment or benefit received or to be received by the Employee under this Agreement or otherwise (collectively, the "**Payments**") would (i) constitute a "parachute payment" within the meaning of Section 280G of the Code, and (ii) but for this Section 15, be subject to the excise tax imposed by Section 4999 of the Code, then the Payments shall be reduced (but not below zero) to the extent, but only to the extent, needed to ensure that no portion of the Payments constitutes a "parachute payment" within the meaning of Section 280G of the Code; provided, that no reduction in the Payments shall be made by reason of this Section 15 unless, on an after-tax basis taking into account the excise tax imposed by Section 4999 of the Code together with all applicable income taxes, the Payments payable to the Employee would be greater than if such reduction had not been made. Any reduction in the Payments required by the immediately preceding sentence shall be applied, first, against any cash severance payments, then against other payments and benefits to which Q&A 24(c) of Section 1.280G-1 of the Treasury Regulations does not apply, and finally against all remaining payments and benefits.

16. **MISCELLANEOUS**.

16.1 Notices. Any notice, request, demand or other communication required or permitted to be given to a party pursuant to the provisions of this Agreement will be in writing and will be effective and deemed given under this Agreement on the earliest of: (i) the date of personal delivery, (ii) the date of transmission by facsimile or e-mail, with confirmed transmission and receipt, (iii) two (2) days after deposit with an internationally-recognized courier or overnight service such as Federal Express, DHL, or (iv) five (5) days after mailing via certified mail, return receipt requested. All notices not delivered personally or by facsimile will be sent with postage and other charges prepaid and properly addressed to the party to be notified at the address set forth on the signature pages hereto.

16.2 Gender; Time. The parties agree that any use of words in any gender in this Agreement shall also refer to the masculine, feminine or neuter gender, as the case may require. Time is of the essence in performance of the rights and obligations under this Agreement.

16.3 Survival. Provisions of this Agreement shall survive any termination of employment if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions.

16.4 Binding Agreement; Benefit. The provisions of this Agreement will be binding upon and will inure to the benefit of the respective heirs, legal representatives and successors of the parties hereto.

16.5 Governing Law. This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of California, without giving effect to its principles or rules of conflict laws to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

16.6 Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party must be in writing and will not operate or be construed as a waiver of any subsequent breach by such other party.

16.7 Entire Agreement; Amendments. This Agreement, together with the Compliance Agreement, contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements or understanding among the parties with respect thereto. This Agreement may be amended only by an agreement in writing signed by each of the parties hereto.

16.8 Headings. The Section headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

16.9 Severability. Subject to the provisions of Section 12 above, any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

16.10 Assignment. This Agreement is personal in its nature and the parties hereto shall not, without the consent of the other party hereto, assign or transfer this Agreement or any rights or obligations hereunder, provided, however, that the rights and obligations of the Company hereunder shall be assignable and delegable without the Employee's consent to any of its Affiliates or in connection with any subsequent merger, consolidation, sale of all or substantially all of the assets or shares of the Company or similar transaction involving the Company or a successor corporation.

16.11 Confidentiality. The Employee agrees not to disclose this Agreement or its terms to any person or entity, other than the Employee's agents, advisors or representatives, except as consented to by the Company in writing or as may be required by law.

16.12 Further Assurances. The Employee agrees to execute, acknowledge, seal and deliver such further assurances, documents, applications, agreements and instruments, and to take such further actions, as the Company may reasonably request in order to accomplish the purposes of this Agreement.

16.13 Consultation with Counsel. The Employee acknowledges that he had the right to consult with counsel in the review of this Agreement.

16.14 Costs. Each of the parties shall pay all costs and expenses incurred or to be incurred by such party in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

16.15 Counterparts. The parties may execute this Agreement in any number of counterparts and, as so delivered, the counterparts shall together constitute one and the same document. The parties agree that each such counterpart is an original and shall be binding upon all of the parties, even though all of the parties are not signatories to the same counterpart.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

COMPANY:		**EMPLOYEE:**	
By:	/s/Samantha Du Samantha Du Chairperson and CEO		/s/Alan Bart Sandler Alan Bart Sandler
Address:	[***]	Address:	[***]
E-mail:	[***]	E-Mail:	[***]

EXHIBIT A

COMPLIANCE AGREEMENT

Exhibit 10.32

LEASE
BY AND BETWEEN

MENLO PREPI I, LLC,
a Delaware limited liability company, and
TPI INVESTORS 9, LLC,
a California limited liability company, as LANDLORD

AND

ZAI LAB (US) LLC,
a Delaware limited liability company, as TENANT

Menlo Business Park

1440 O'Brien Drive, Suites A & C
Menlo Park, California 94025

August 14, 2019

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LEASE

Menlo Business Park
1440 O'Brien Drive, Suites A & C
Menlo Park, California 94025

THIS LEASE, referred to herein as this "Lease," is made and entered into as of August 14, 2019, by and between **MENLO PREPI I, LLC**, a Delaware limited liability company, and **TPI INVESTORS 9, LLC**, a California limited liability company, hereafter collectively referred to as "Landlord," and **ZAI LAB (US) LLC**, a Delaware limited liability company, hereafter referred to as "Tenant."

RECITALS

A. Landlord is the owner of the real property located in Menlo Business Park, Menlo Park, California, commonly referred to as 1430 and 1440 O'Brien Drive, more particularly described on Exhibit "A" attached hereto and incorporated by reference herein, together with all easements and appurtenances thereto (collectively, the "Land") and the existing buildings thereon, containing approximately 83,029 rentable square feet and all other improvements located thereon (collectively, the "Improvements"). The Land and Improvements are referred to herein collectively as the "Property." The Menlo Business Park Master Plan is attached hereto as Exhibit "B" and incorporated by reference herein, and identifies the properties that comprise the Menlo Business Park. The buildings at 1430 and 1440 O'Brien Drive are referred to, together, herein as the "Building." The floor plan of the Building is attached hereto as Exhibit "C" and incorporated by reference herein.

B. Landlord and Tenant wish to enter into this Lease of the Premises defined in Paragraph 1 upon the terms and conditions set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. Lease.

(a) Beginning on the Commencement Date (as defined in Paragraph 2(a)), Landlord hereby leases to Tenant, and Tenant leases from Landlord, at the rental rate and upon the terms and conditions set forth herein, the portions of the Building commonly referred to as Suite A on the first floor and Suite C on the second floor of 1440 O'Brien Drive, Menlo Park, California, together with Tenant's non-exclusive right to use the common areas within the Building and the other Improvements on the Property intended for use in common by the tenants of the Building (the "Common Area"), and consisting of approximately Eighteen Thousand Seven Hundred Seven (18,707) rentable square feet, as shown on the floor plan of the Building attached hereto as Exhibit "C" (the "Premises"), together with the right to use Tenant's share of the on-site parking spaces pursuant to Paragraph 27 hereof. Tenant's Pro Rata Share of the Building shall mean 22.53% (18,707/83,029).

(b) Except hereinafter provided, Landlord shall retain absolute dominion and control over the Common Area and shall operate and maintain the Common Area in good order and condition; provided, however, such exclusive right shall not materially adversely affect Tenant's access to the Premises nor shall it operate to materially adversely affect Tenant's benefit and enjoyment of the Premises for Tenant's Permitted Use. Notwithstanding anything to the contrary herein, Landlord grants Tenant, its employees, invitees, licensees, and other visitors a non-exclusive license to use the Common Area for the Term hereof (as may be extended). Tenant acknowledges that, without advance notice to Tenant, and without any liability to Tenant in any respect so long as Tenant's access to nor its Permitted Use is not materially adversely affected, Landlord shall have the right to:

(i) Close off any of the Common Area to whatever extent required, in the opinion of Landlord, to prevent a dedication of any of the Common Area or the accrual of any rights by any person or the public to the Common Area, provided such closure does not materially deprive Tenant of the benefit and enjoyment of the Premises for its Permitted Use;

(ii) Temporarily close any of the Common Area for maintenance, alteration or improvement purposes;

(iii) Select, appoint or contract with any person for the purpose of operating and maintaining the Common Area, on such terms and conditions as Landlord deems reasonable;

(iv) Change the size, use, shape or nature of any such Common Area, provided such change does not materially adversely affect Tenant's benefit and enjoyment of the Premises, and access to the Premises is not materially adversely affected. So long as Tenant's benefit and enjoyment of the Premises is not materially adversely affected or access to the Premises is not materially adversely affected, Landlord will also have the right at any time to change the arrangement or location, or both, or to regulate or eliminate the use of any concourse, or any elevator, stairs, toilet or other public conveniences in the Building and/or Property, without incurring any liability to Tenant or entitling Tenant to any abatement of Rent;

(v) Expand the existing Building and/or any other buildings within the Property to cover a portion of the Common Area, convert the Common Area to a portion of the Building or other buildings within the Property, or convert any portion of the Building (excluding the Premises) or any other buildings within the Property to Common Area, Tenant's proportionate share shall not increase (except to a de minimis extent). Upon erection of any buildings or expansion of the Building, or change in Common Area, the portion of the Building or other buildings upon which such structures have been erected will no longer be deemed to be a part of the Common Area; and

(vi) In addition to the other rights of Landlord under this Lease, Landlord reserves to itself and its respective successors and assigns the right to: (i) change the street address and/or name of the Building and/or Property; (ii) erect, use and maintain pipes and conduits in and through the Premises; provided that such pipes and conduits shall not be visible from the interior of the Premises and in no event shall the usable area of the Premises be diminished by other than a de minimis amount nor shall Tenant's use and enjoyment of the Premises be materially adversely affected; (iii) grant to anyone the exclusive right to conduct any particular business or undertaking in the Property provided that Tenant shall not be bound thereby; (iv) grant to anyone the exclusive use of portions of any storage areas to tenants; (v) control the use of the roof and exterior walls of the Building and/or other buildings in the Property; (vi) change the boundary lines of the lot on which the Building stands and/or Property is located and to make other reasonable changes therein and grant other rights thereto, including, without limitation, the granting of easements, servitudes, rights of way and rights of ingress and egress and similar rights to users of adjacent parcels, utility companies, governmental agencies or other tenants so long as Tenant's access to the Property and Building is not materially changed; and (vii) make alterations, repairs or replacements within other premises within the Building or Property. Landlord may exercise any or all of the foregoing rights without being deemed to be guilty of an eviction or disturbance or interruption of the business of Tenant or Tenant's use or occupancy of the Premises.

(vii) Notwithstanding the foregoing or anything to the contrary herein, in the event that Landlord reduces the square footage of the Common Area, this Lease shall be amended to reflect such reduced square footage, and Tenant's pro rata share of the operating expenses of Menlo Business Park shall be adjusted accordingly.

2. Term.

(a) The term of this Lease (the "Term") shall commence on the earlier of: (i) the date that Landlord delivers the Premises to Tenant with the Tenant Improvements Substantially Completed (as defined in the Work Letter attached hereto as Exhibit "G"), and (ii) the date such work would have been Substantially Completed but for the occurrence of Tenant Delays (as defined in the Work Letter) (the "Commencement Date"). Landlord shall permit Tenant to have access to the Premises during normal business hours fourteen (14) days prior to Substantial Completion of the Tenant Improvements for the purpose of installing Tenant's wiring and cabling; provided that such access shall not interfere with Landlord's Substantial Completion of the Landlord's Work and Tenant Improvements (as defined in the "Work Letter"). If Tenant's early access interferes with Landlord's Substantial Completion of the Landlord's Work or Tenant Improvements, Landlord may, in its reasonable discretion, terminate Tenant's early access by twenty-four (24) hours' written notice to Tenant; provided, however, Landlord and Tenant shall reasonably cooperate to minimize interference with each party's activities and ensure compliance with all rules, ordinances and regulations of the City of Menlo Park concerning such early access period. Such early access shall be at no cost (neither Base Rent nor Operating Expenses), but shall be at Tenant's sole risk and subject to all the other provisions of this Lease, including without limitation prior delivery to Landlord of insurance certificates evidencing that Tenant has obtained the insurance required pursuant to this Lease. Tenant shall not install any furniture, fixtures or equipment in the Premises or conduct its business in the Premises at any time during this early access period. In addition to the foregoing, Landlord shall have the right to impose such reasonable additional conditions on Tenant's early access as Landlord shall deem appropriate. The Commencement Date shall be confirmed in writing by Landlord and Tenant by the execution and delivery of the Commencement Memorandum in the form attached hereto as Exhibit "D".

(b) The Term of this Lease shall expire, unless sooner terminated in accordance with the provisions hereof or as permitted by law, on the last day of the Seventy-Second (72nd) full calendar month after the Commencement Date ("Expiration Date") unless extended in accordance with Paragraph 2(c) below.

(c) Extension Option. Tenant shall have one (1) option to extend the Term of this Lease ("Extension Option") for an additional period of sixty (60) months ("Extended Term") by giving Landlord written notice of such election ("Option Exercise Notice") not earlier than twelve (12) months nor later than nine (9) months prior to the Expiration Date. If Tenant does not timely deliver the Option Exercise Notice, Tenant's right to exercise the Extension Option shall terminate. Tenant shall have no right to exercise the Extension Option notwithstanding any provision in the grant to the contrary if Tenant does not occupy at least fifty percent (50%) of the Premises or is in default of this Lease after any applicable notice and cure period. The Extension Option is personal to the originally-named tenant or a Permitted Transferee and may not be exercised or assigned, voluntarily or involuntarily, by or to any person or entity or exercised for the occupancy of any other person or entity. The Extended Term shall be on the same terms and conditions as contained in this Lease except that (i) there shall be no further right to extend the Lease beyond the Extended Term, (ii) there shall be no obligation to pre-pay monthly base rent, initial rent concessions or abatements or obligation of Landlord to construct tenant improvements or pay a tenant improvement allowance, and (iii) Monthly Base Rent during the Extended Term shall equal the Fair Market Rental Rate determined in accordance with this Paragraph.

As used herein, the term "Fair Market Rental Rate" means the rental rate that Landlord could obtain during the Extended Term from a third party desiring to lease the Premises, based upon the Permitted Use, as determined by rents then being obtained for renewal leases of space comparable in age, build-out and quality to the Premises in the locality of the Premises, taking into account any initial rent concessions, abatements and/or tenant improvement allowances then being obtained for comparable space for renewal leases in the locality of the Premises.

If Tenant delivers the Option Exercise Notice, Landlord shall, within thirty (30) days of receipt thereof, send Tenant a written notice setting forth the Fair Market Rental Rate for the Extended Term. If Tenant disputes Landlord's determination, Tenant shall, within thirty (30) days of Landlord's notice setting forth Landlord's determination of the Fair Market Rental Rate, send to Landlord a notice stating that Tenant disagrees with Landlord's determination and elects to resolve the disagreement as set forth herein. If Tenant does not send Landlord a notice as provided in the previous sentence, Landlord's determination of Fair Market Rental Rate shall be the Monthly Base Rent payable by Tenant during the Extended Term. If Tenant elects to resolve the disagreement as provided below and such procedures are not concluded prior to the commencement date of the Extended Term, Tenant shall pay to Landlord as Monthly Base Rent the Fair Market Rental Rate set forth in Landlord's notice. If the Fair Market Rental Rate as finally determined pursuant to the provisions set forth below is greater than Landlord's determination, Tenant shall pay Landlord the difference between the amount paid by Tenant and the Fair Market Rental Rate as so determined within thirty (30) days after said determination. If the Fair Market Rental Rate as finally determined is less than Landlord's determination, the difference between the amount paid by Tenant and the Fair Market Rental Rate as so determined shall be credited against the next installments of Monthly Base Rent due from Tenant to Landlord hereunder.

Any disagreement regarding the Fair Market Rental Rate shall be resolved as follows:

(i) If within thirty (30) days of Tenant's notice of disagreement with Landlord's determination of Fair Market Rental, Landlord and Tenant cannot reach agreement as to Fair Market Rental, Landlord and Tenant shall each select one appraiser to determine the Fair Market Rental Rate. Each such appraiser shall arrive at a determination of the Fair Market Rental Rate and submit their conclusions to Landlord and Tenant within sixty (60) days of Tenant's notice of disagreement of Landlord's determination of the Fair Market Rental Rate.

(ii) If only one appraisal is submitted within the requisite time period, it shall be deemed as the Fair Market Rental Rate. If both appraisals are submitted within such time period and the two appraisals so submitted differ by less than ten percent (10%), the average of the two shall be deemed as the Fair Market Rental Rate. If the two appraisals differ by more than ten percent (10%), the appraisers shall immediately select a third appraiser who shall, within fifteen (15) days after his/her selection, determine which of the two appraisals most closely represents the Fair Market Rental Rate.

(iii) All appraisers specified pursuant to this Paragraph shall be either members of the American Institute of Real Estate Appraisers or a licensed California Real Estate Broker with not less than ten (10) years' experience appraising office properties in the immediate geographic area of the Building. Each party shall pay the cost of the appraiser selected by such party and one-half of the cost of the third appraiser. The "immediate geographic area of the Building" shall mean the cities of Palo Alto and Menlo Park.

3. Monthly Base Rent.

(a) Commencing on the Commencement Date and continuing on the first day of each calendar month thereafter until the end of the Term, Tenant shall pay to Landlord in monthly installments in advance the Monthly Base Rent for the Premises in lawful money of the United States as follows:

Months	Square Feet	$/SF/Mo./NNN	Monthly Base Rent
1	18,707	$ 0	$ 0
2-12	18,707	$ 5.40	$ 101,017.80
13-24	18,707	$ 5.59	$ 104,553.42
25-36	18,707	$ 5.79	$ 108,212.79
37-48	18,707	$ 5.99	$ 112,000.24
49-60	18,707	$ 6.20	$ 115,920.25
61-72	18,707	$ 6.41	$ 119,977.46

Upon the execution and delivery of this Lease by Tenant, Tenant shall pay to Landlord the cash sum of One Hundred One Thousand Seventeen and 80/100 Dollars ($101,017.80) representing the installment of Monthly Base Rent due for the second month following the Commencement Date. Tenant shall also pay to Landlord upon execution and delivery of this Lease, the amount of Thirty-Four Thousand Eight Hundred Seventy-One Dollars ($34,871.00), which amount shall be applied to the Additional Rent (as hereinafter defined) for the first calendar month of the Term. Tenant shall also pay to Landlord upon the execution and delivery of this Lease the additional amount Six Hundred Six Thousand One Hundred Six and 80/100 Dollars ($606,106.80) representing the Security Deposit (as defined in Paragraph 6 below).

4. Additional Rent; Operating Expenses and Taxes.

(a) In addition to the Monthly Base Rent payable by Tenant pursuant to Paragraph 3, commencing on the Commencement Date Tenant shall pay to Landlord, as "Additional Rent," (1) Tenant's Pro Rata Share of the Operating Expenses of the Property, (2) Tenant's pro rata share of the operating expenses for the Menlo Business Park of which the Property is a part (the "Park Expenses"), and (3) Tenant's Pro Rata Share of the Taxes (as defined in Paragraph 4(c) below). Tenant's pro rata share of the operating expenses of Menlo Business Park is 1.68% based upon the ratio of the number of square feet of the Land allocable to the Property to the total number of square feet of land in Menlo Business Park, as shown on Exhibit "B." The Park Expenses, of which the Property is a part, currently include, but is not limited to, maintenance of the Common Area of Menlo Business Park, parking lot lighting (cost of electricity and maintenance of the fixtures), costs associated with the Shared Amenities (as defined under Paragraph 36 below), maintenance of the network conduit, all landscape maintenance and irrigation of Menlo Business Park, Landlord's insurance coverages of Menlo Business Park, and security patrol. The Park Expenses may include other commercially reasonable and customary items from time to time during the Term of this Lease (as may be extended). Monthly Base Rent and Additional Rent are referred to herein collectively as "rent" or "Rent"

(b) "Operating Expenses," as used herein, shall include all commercially reasonable and customary direct costs actually incurred by Landlord in the ownership, management, operation, administration (including concierge services) maintenance, repair and replacement of the Property, including the cost of all maintenance, repairs, and restoration of the Property performed by Landlord pursuant to Paragraphs 13(b) and 13(c) hereof, as determined by generally accepted accounting principles (unless excluded by this Lease), including, but not limited to:

Personal property taxes related to the Premises; any parking taxes or parking levies imposed on the Premises in the future by any governmental agency; a management fee charged for the management and operation of Menlo Business Park, in an amount equal to four percent (4%) of the total gross income received by Landlord from the Tenant (including Monthly Base Rent and Additional Rent), and not just Tenant's Pro Rata Share of this fee; water and sewer charges; waste disposal; insurance premiums for insurance coverages maintained by Landlord pursuant to Paragraph 10(e) hereof; license, permit, and inspection fees; charges for electricity, heating, air conditioning, gas, and any other utilities (including, without limitation, any temporary or permanent utility surcharge or other exaction); security; maintenance, repair, and replacement of the roof membrane; painting and repairing, interior and exterior; maintenance and replacement of floor and window coverings; repair, maintenance, and replacement of air-conditioning, heating, mechanical and electrical systems, elevators, plumbing and sewage systems; janitorial service; landscaping, gardening, and tree trimming; glazing; repair, maintenance, cleaning, sweeping, striping, and resurfacing of the parking area; exterior Building lighting and parking lot lighting; supplies, materials, equipment and tools in the maintenance of the Property; costs for accounting services incurred in the calculation of Operating Expenses and Taxes; and the cost of any other capital expenditures for any (a) new improvements or changes to the Building which are required by (i) laws, ordinances, or other governmental regulations adopted after the Commencement Date, or (ii) for any items or capital expenditures voluntarily made by Landlord which are intended to reduce Operating Expenses (including, without limitation, utility costs) or (iii) for life/safety reasons; (b) capital repairs; and (c) capital replacements. Notwithstanding the foregoing, except for capital expenses required because of Tenant's specific use of the Property, if Landlord is required to or voluntarily incurs any capital expenses, Landlord shall amortize such expenses over the useful life of the capital repairs, replacements or improvements calculated in accordance with generally accepted accounting principles (together with interest on the unamortized balance at the rate equal to the effective rate of interest on Landlord's bank line of credit at the time of completion of said repairs, replacements or improvements, but in no event in excess of ten percent (10%) per annum) as an Operating Expense in accordance with generally accepted accounting principles, except that with respect to capital improvements made to save Operating Expenses such amortization shall not be at a rate greater than the actual savings in Operating Expenses. Operating Expenses shall also include any other expense or charge, whether or not described herein but which is not specifically excluded by other provisions of this Lease, which in accordance with generally accepted accounting principles would be considered an expense of managing, operating, maintaining, and repairing the Property.

(c) Real property taxes and assessments upon the Property, during each lease year or partial lease year during the Term of this Lease (as may be extended) are referred to herein as "Taxes."

As used herein, Taxes shall mean:

(1) all real estate taxes, assessments, charges and any other taxes which are levied or assessed against the Property including the Land, the Building, and all improvements located thereon, including any increase in Taxes resulting from a reassessment following any transfer of ownership of the Property or any interest therein or following any improvements to the Property, or improvements to Menlo Business Park which are for the benefit of all occupants of Menlo Business Park; and

(2) all other taxes which may be levied in lieu of real estate taxes, assessments, and other fees, charges, and levies, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature by any authority having the direct or indirect power to tax, including without limitation any governmental authority or any improvement or other district or division thereof, for public improvements, services, or benefits which are assessed, levied, confirmed, imposed, or become a lien (1) upon the Property, and/or any legal or equitable interest of Landlord in any part thereof; or (2) upon this transaction or any document to which Tenant is a party creating or transferring any interest in the Property; and (3) any tax or excise, however described, imposed in addition to, or in substitution partially or totally of, any tax previously included within the definition of "Taxes" or any tax the nature of which was previously included in the definition "Taxes."

Not included within the definition of "Taxes" are any net income, profits, transfer, franchise, estate, gift, rental income, or inheritance taxes imposed by any governmental authority. "Taxes" also shall not include penalties or interest charges assessed on delinquent Taxes so long as Tenant is not in default in the payment of Monthly Base Rent or Additional Rent.

With respect to any assessments which may be levied against or upon the Property, which under the laws then in force may be evidenced by improvement or other bonds, or may be paid in annual installments, only the amount of such annual installment (with appropriate proration of any partial year) and statutory interest shall be included within the computation of the annual Taxes levied against the Property.

(d) The following costs ("Costs") shall be excluded from the definition of Operating Expenses:

(1) Costs occasioned by the act, omission or violation of law by Landlord, any other occupant of Menlo Business Park, or their respective agents, employees or contractors;

(2) Costs for which Landlord receives reimbursement from others, including reimbursement from insurance;

(3) Costs incurred in the provision of gas, steam, electric or other utilities charged directly to and reimbursed directly by individual tenants (including Tenant) and costs of other services charged directly to tenants (including Tenant);

(4) Interest, charges and fees incurred on debt or payments on any deed of trust or ground lease on the Property, or Menlo Business Park;

(5) Advertising or promotional costs or other costs incurred by Landlord in procuring tenants for the Property or other portions of Menlo Business Park;

(6) Costs incurred in repairing, maintaining or replacing any structural elements of the Building for which Landlord is responsible pursuant to Paragraph 13(a) hereof;

(7) Costs incurred in connection with making any additions to the Building, the Property or the Menlo Business Park, or adding buildings or other structures adjoining the Building (which increase the square footage of the Building), connecting the Building to the other structures adjoining or adjacent to the Building, or otherwise within the Menlo Business Park; provided, however, such exclusion shall not apply to any costs incurred in connection with making any additions to any Common Area or other portions of the Building, Property or the Menlo Business Park enjoyed by Tenant;

(8) Repair costs resulting from the negligence of Landlord or its agents, employees or contractors;

(9) Any wages, bonuses or other compensation of employees above the grade of building manager and any executive salary of any officer or employee of Landlord or for employees to the extent not stationed at Menlo Business Park, including fringe benefits other than insurance plans and tax-qualified benefit plans, or any fee, profit or compensation retained by Landlord or its affiliates for management and administration of the Property in excess of the management fee referred to in Paragraph 4(b) of this Lease;

(10) General office overhead and general and administrative expenses of Landlord, except as specifically provided in Paragraph 4;

(11) Costs of any political or charitable donations;

(12) Leasing expenses and broker commissions payable by Landlord;

(13) Costs occasioned by casualties or by the exercise of the power of eminent domain;

(14) Costs to correct any construction defect in the Building or the Premises existing on the Commencement Date;

(15) Costs of any renovation, improvement, painting or redecorating of any portion of the Property or the Menlo Business Park not made available for Tenant's use;

(16) Costs incurred in connection with negotiations or disputes with any other occupant of the Menlo Business Park and Costs arising from the violation by Landlord or any other occupant of the Menlo Business Park of the terms and conditions of any lease or other agreement;

(17) Costs incurred in connection with the presence of any Hazardous Materials on the Property or on other property in Menlo Business Park that were not caused by or the result of a release by Tenant or its employees, agents, contractors, invitees, sublessees, successors or assigns; and

(18) Expense reserves; and

(19) Capital costs, except to the extent permitted in Paragraph 4(b) above.

Landlord shall at all times use its best efforts to operate the Property in an economically reasonable manner at costs not disproportionately higher than those experienced by other comparable premises in the market area in which the Property is located.

(e) Prior to the execution of this Lease, Landlord has delivered to Tenant Landlord's estimate of 2019 Operating Expenses, Taxes and Park Expenses. Throughout the Term of this Lease (as may be extended), as close as reasonably possible after the end of each calendar year thereafter but no later than April 1 of the following year, Landlord shall notify Tenant of the Operating Expenses, Taxes and Park Expenses estimated by Landlord for each following calendar year. Concurrently with such notice, Landlord shall provide a reasonably detailed description of such Operating Expenses, Taxes and Park Expenses. Commencing on the Commencement Date, and on the first (1st) day of each calendar month thereafter, Tenant shall pay to Landlord, as Additional Rent, one-twelfth (1/12th) of the estimated Operating Expenses, Taxes and Park Expenses; provided, that the pre-paid Additional Rent (see Paragraph 4) shall be credited toward the payment due on the Commencement Date, and if the Commencement Date falls on any date other than the first day of a calendar month, then the pre-paid Additional Rent shall be credited to the partial first calendar month of the term and partially to the following month's Additional Rent payment. If at any time during any such calendar year, it appears to Landlord that the Operating Expenses, Taxes or Park Expenses for such year will vary from Landlord's estimate, Landlord may, by written notice to Tenant, revise Landlord's estimate for such year and the Additional Rent payments by Tenant for such year shall thereafter be based upon such revised estimate. Landlord shall furnish to Tenant with such revised estimate written verification showing that the actual Operating Expenses, Taxes or Park Expenses are greater than or equal to Landlord's estimate. The increase in the monthly installments of Additional Rent resulting from Landlord's revised estimate shall not be retroactive, but the Additional Rent for each calendar year shall be subject to adjustment between Landlord and Tenant after the close of the calendar year, as provided below.

Within approximately ninety (90) days after the expiration of each calendar year of the Term (as may be extended), Landlord shall furnish Tenant a statement certified by a responsible employee or agent of Landlord (the "Operating Statement") with respect to such year, prepared by an employee or agent of Landlord, showing the actual Operating Expenses, Taxes and Park Expenses for such year broken down by component expenses, and the total payments made by Tenant for such year on the basis of any previous estimate of such Operating Expenses, Taxes and Park Expenses, all in sufficient detail for verification by Tenant. Unless Tenant raises any objections to the Operating Statement within ninety (90) days after receipt of the same, such statement shall conclusively be deemed correct and Tenant shall have no right thereafter to dispute such statement or any item therein or the computation of Operating Expenses and/or Taxes and/or Park Expenses. Upon giving Landlord five (5) days advance written notice, Tenant or its accountants shall have the right to inspect and audit Landlord's books and records with respect to the Operating Statement in an office of Landlord, or Landlord's agent, during normal business hours, once each Lease Year to verify actual Operating Expenses and/or Taxes and/or Park Expenses. Should Tenant retain any accountant or accounting firm to audit or inspect Landlord's books and records pursuant to this Paragraph 4(e), such accountant or accounting firm shall be one of national standing and retained on an hourly rate basis or based upon a fixed fee and shall not be paid on a contingency basis. Landlord's books and records shall be kept in accord with generally accepted accounting principles. If Tenant's audit of the Operating Expenses and/or Taxes and/or Park Expenses for any year reveals a net overcharge of more than five percent (5%), Landlord shall promptly reimburse Tenant for the cost of the audit; otherwise, Tenant shall bear the cost of Tenant's audit. If Tenant reasonably objects to Landlord's Operating Statement, Tenant shall nonetheless continue to pay on a monthly basis the Operating Expenses, Taxes and Park Expenses based upon the Landlord's most current estimate until such dispute is resolved.

If Tenant's Pro Rata Share of the Operating Expenses and Taxes and Tenant's pro rata share of Park Expenses for any year as finally determined exceed the total payments made by Tenant for such year based on Landlord's estimates, Tenant shall pay to Landlord the deficiency, within thirty (30) days after the receipt of Landlord's Operating Statement. If the total payments made by Tenant based on Landlord's estimate of the Operating Expenses and/or Taxes and/or Park Expenses exceed the Tenant's Pro Rata Share of Operating Expenses and/or Taxes and/or Tenant's pro rata share of Park Expenses, Tenant's extra payment, plus the cost of an audit which is the responsibility of Landlord as set forth herein, if any, shall be credited against payments of Monthly Base Rent and Additional Rent next due hereunder or returned within thirty (30) days if the Term (as may be extended) has expired or this Lease has been terminated.

Notwithstanding the expiration or termination of this Lease, within thirty (30) days after Tenant's receipt of Landlord's Operating Statement or the completion of Tenant's audit regarding the Operating Expenses and/or Taxes and/or Park Expenses for the calendar year in which this Lease terminates, Tenant shall pay to Landlord or shall receive from Landlord, as the case may be, an amount equal to the difference between the Operating Expenses and/or Taxes and/or Park Expenses for such year, as finally determined, and the amount previously paid by Tenant on account thereof (prorated to the expiration date or the termination date of this Lease).

5. Payment of Rent.

(a) All rent shall be due and payable in lawful money of the United States of America at the address of Landlord provided herein and otherwise in accordance with Paragraph 23, "Notices," without deduction or offset and without prior demand or notice, unless otherwise specified herein. Monthly Base Rent and Additional Rent shall be payable monthly, in advance, on the first day of each month. Additional Rent shall be payable monthly, in advance, on the first day of each month for the entire Premises for the entire Term of this Lease (as may be extended). Tenant's obligation to pay rent for any partial month at the commencement of the Term (as may be extended), for any partial month immediately prior to a rental adjustment date (if the rental adjustment date is other than the first day of the calendar month), and for any partial month at the expiration or termination of the Term (as may be extended) shall be based upon the number of days in such month.

(b) If any installment of Monthly Base Rent, Additional Rent or any other sum due from Tenant is not received by Landlord within five (5) days after the same is due, Tenant shall pay to Landlord an additional sum equal to five percent (5%) of the amount overdue as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment by Tenant. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to the overdue amount Any amount not paid within ten (10) days after Tenant's receipt of written notice that such amount is due shall bear interest from the date due until paid at the lesser rate of (1) the prime rate of interest as published in the "Wall Street Journal" plus two percent (2%) or (2) the maximum rate allowed by law (the "**Interest Rate**"), in addition to the late payment charge.

Initials: Landlord /s/ RK Tenant /s/ TF

6. Security Deposit/ Letter of Credit. Tenant shall deposit with Landlord upon execution hereof the sum of One Hundred Thirty-Five Thousand Eight Hundred Eighty-Eight and 80/100 Dollars ($135,888.80) (the "**Security Deposit**"), as security for Tenant's faithful performance of Tenant's obligations under this Lease, If Tenant fails to pay Monthly Base Rent or Additional Rent or charges due hereunder within applicable notice and cure periods, or otherwise defaults under this Lease (as defined in Paragraph 21), Landlord may use, apply or retain all or any portion of said Security Deposit to the extent reasonably necessary to cure the default, for the payment of any amount due Landlord, and to reimburse or compensate Landlord for any liability, cost, expense, loss or damage (including attorneys' fees) which Landlord may suffer or incur by reason thereof. If Landlord uses or applies all or any portion of the Security Deposit, Tenant shall within ten (10) days after written request therefor deposit with Landlord the amount sufficient to restore the Security Deposit to the original amount required by this Lease. Landlord shall not be required to keep all or any part of the Security Deposit separate from its general accounts. In no event or circumstance shall Tenant have the right to any use of the Security Deposit and, specifically, Tenant may not use the Security Deposit as a credit or to otherwise offset any payments required hereunder, including, but not limited to, rent or any portion thereof. Tenant waives (i) California Civil Code Section 1950.7 and any and all other laws, rules and regulations applicable to security deposits in the commercial context ("**Security Deposit Laws**"), and (ii) any and all rights, duties and obligations either party may now has, or in the future will have, relating to or arising from the Security Deposit Laws. Notwithstanding anything to the contrary herein, the Security Deposit may be retained and applied by Landlord (a) to offset rent which is unpaid either before or after termination of this Lease, and (b) against other damages suffered by Landlord before or after termination of this Lease. No part of the Security Deposit shall be considered to be held in trust, to bear interest or other increment for its use, or to be prepayment for any moneys to be paid by Tenant under this Lease. If Tenant fully and faithfully performs all of its obligations under this Lease, Landlord shall return the unused portion of the Security Deposit within thirty (30) days following the expiration or earlier termination of this Lease and receipt of written closure reports from the San Mateo County Health Department and the Menlo Park Fire Protection District that provide written certification that all Hazardous Materials have been removed from the Premises and that no further action is required in connection with the closure of the Premises as and to the extent required by Section 13(h) of this Lease.

Tenant shall deliver to Landlord, within thirty (30) days following execution of this Lease, an unconditional, clean, irrevocable letter of credit (the "L-C") in the amount of Four Hundred Seventy Thousand Two Hundred Eighteen Dollars ($470,218.00) (the "L-C Amount"), which L-C shall be issued by a money-center bank (a bank which accepts deposits, maintains accounts, has a local Silicon Valley and/or San Francisco office which will negotiate the L-C, and whose deposits are insured by the FDIC) acceptable to Landlord in its sole but reasonable discretion, and which L-C shall be in form and content as set forth on Exhibit "H" attached hereto, or otherwise reasonably acceptable to Landlord. Tenant may, at its option, deposit with Landlord the amount of Four Hundred Seventy Thousand Two Hundred Eighteen Dollars ($470,218.00) in cash in lieu of the L-C within thirty (30) days following execution of this Lease. Landlord hereby approves Silicon Valley Bank as the issuing bank for the L-C. Tenant shall pay all expenses, points and/or fees incurred by Tenant in and maintaining the L-C. The L-C shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Lease term (including renewals). The L-C shall not be mortgaged, assigned or encumbered in any manner whatsoever by Tenant without the prior written consent of Landlord. If Tenant defaults with respect to any provisions of this Lease (following the expiration of all applicable cure periods without cure), including, but not limited to, the provisions relating to the payment of rent, or if Tenant fails to renew the L-C at least thirty (30) days before its expiration, Landlord may, but shall not be required to, draw upon all or any portion of the L-C for payment of any rent or any other sum in default, or for the payment of any amount that Landlord may reasonably spend or may become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default. The use, application or retention of the L-C, or any portion thereof, by Landlord shall not prevent Landlord from exercising any other right or remedy provided by this Lease or by law, it being intended that Landlord shall not first be required to proceed against the L-C and shall not operate as a limitation on any recovery to which Landlord may otherwise be entitled. Any amount of the L-C which is drawn upon by Landlord, but is not used or applied by Landlord, shall be held by Landlord and deemed a security deposit (the "L-C Security Deposit"). If any portion of the L-C is drawn upon, Tenant shall, within three (3) business days after written demand therefor, either (i) deposit cash with Landlord (which cash shall be applied by Landlord to the L-C Security Deposit) in an amount sufficient to cause the sum of the L-C Security Deposit and the amount of the remaining L-C to be equivalent to the amount of the L-C then required under this Lease or (ii) reinstate the L- C to the amount then required under this Lease, and if any portion of the L-C Security Deposit is so used or applied, Tenant shall, within three (3) business days after written demand therefor, deposit cash with Landlord (which cash shall be applied by Landlord to the L-C Security Deposit) in an amount sufficient to restore the L-C Security Deposit to the amount then required under this Lease, and Tenant's failure to do so shall be a default under this Lease. Tenant acknowledges that Landlord has the right to transfer or mortgage its interest in the Building and in this Lease and Tenant agrees that in the event of any such transfer or mortgage, Landlord shall have the right to transfer or assign the L-C Security Deposit and/or the L-C to the transferee or mortgagee, and in the event of such transfer, Tenant shall look solely to such transferee or mortgagee for the return of the L-C Security Deposit and/or the L-C, provided that Landlord delivers commercially reasonable written evidence of such transfer to Tenant. Tenant shall, within ten (10) business days of request by Landlord, execute such further instruments or assurances as Landlord may reasonably deem necessary to evidence or confirm Landlord's transfer or assignment of the L-C Security Deposit and/or the L-C to such transferee or mortgagee.

7. Permitted Use. Tenant may only use and occupy the Premises for general office, laboratory research and development, manufacturing, animal research on laboratory mice, rats and hamsters only, and related uses which are permitted by applicable zoning ordinances and the covenants, conditions, and restrictions for Menlo Business Park and which are approved by Landlord in writing, (the "Permitted Use"), and for no other use or purpose without Landlord's prior written consent; provided, that the use of the Premises for the manufacture of integrated circuits is expressly prohibited. Tenant shall be responsible, at Tenant's sole cost and expense, to provide all permits required by the City of Menlo Park and County of San Mateo in connection with such animal research. The use of any laboratory animals other than laboratory mice, rats or hamsters in the Premises is subject to the prior written approval of Landlord, which approval may be withheld in Landlord's sole discretion. Any use of the Premises by Tenant or by any sublessee or assignee approved by Landlord pursuant to Paragraph 16 shall comply with the provisions of this Paragraph 7.

8. Hazardous Materials.

(a) The term "Hazardous Materials" as used in this Lease shall include any substance defined or regulated as radioactive, flammable, toxic, a biohazard, medical waste, "hazardous material", "extremely hazardous material", "hazardous waste", "hazardous substance," "toxic substance," "industrial process waste," or "special waste" in any Environmental Laws as hereafter defined. Hazardous Materials shall include, but not be limited to, petroleum, gasoline, natural gas, natural gas liquids, liquefied natural gas, synthetic gas, and/or crude oil or any products, by-products or fractions thereof.

(b) Except as otherwise specifically provided herein, Tenant shall not engage in any activity in or on the Premises or the Property which constitutes a Reportable Use of Hazardous Materials without the express prior written consent of Landlord and timely compliance (at Tenant's expense) with all Environmental Laws. ^Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of Hazardous Materials that require a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises or the Property of Hazardous Materials with respect to which any Environmental Law requires that a notice be given to persons entering or occupying the Premises, or the Property, or neighboring properties. Notwithstanding the foregoing, Tenant may use the Hazardous Materials on the Premises that are listed on Exhibit "E" attached hereto and incorporated by reference herein, and any ordinary and customary office supplies, cleaning materials, and other materials reasonably required to be used in the normal course of Tenant's agreed use of the Premises, so long as such use is in compliance with all Environmental Laws, and does not expose the Premises, or the Property, or neighboring property to any unusual or atypical risk of contamination or damage or expose Landlord to any liability therefor. If Tenant's use of Hazardous Materials changes during the Term of this Lease (as may be extended), Tenant shall complete, execute, and deliver to Landlord, a Hazardous Materials Disclosure Certificate ("HazMat Certificate"), a copy of which is attached as Exhibit "F", attached hereto and incorporated by reference herein, describing Tenant's present use of the Hazardous Materials on the Premises, and any other reasonably necessary documents as requested by Landlord. The HazMat Certificate required hereunder shall be in substantially the form as that which is attached hereto as Exhibit "F." In addition, Landlord may condition its consent to any Reportable Use upon receiving such additional assurances as Landlord reasonably deems necessary to protect itself, the public, the Premises and the Property, and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of any protective modifications installed by Tenant (such as concrete encasements). Landlord hereby covenants and agrees that any and all information provided to Landlord on Exhibit "E" or otherwise under this Paragraph 8(b) shall be kept strictly confidential and is not to be disclosed to any person without the prior written consent of Tenant, other than as required by law or at the request or order of any statutory, regulatory or supervisory authority with whom Landlord regularly complies, or as may be necessary for Landlord to enforce its rights and remedies under this Lease.

(c) "Environmental Laws" shall mean and include any Federal, State, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning, any hazardous, toxic, or dangerous waste, substance, element, compound, mixture or material, as now or at any time hereafter in effect including, without limitation, California Health and Safety Code §§25100 et seq., §§25300 et seq., Sections 25281(f) and 25501 of the California Health and Safety Code, Section 13050 of the Water Code, the Federal Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §§9601 et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act, 42 U.S.C. §§6901 et seq., the Federal Toxic Substances Control Act, 15 U.S.C. §§2601 et seq., the Federal Resource Conservation and Recovery Act as amended, 42 U.S.C. §§9601 et seq., the Federal Hazardous Material Transportation Act, 49 U.S.C. §§1801 et seq., the Federal Clean Air Act, 42 U.S.C. §7401 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the River and Harbors Act of 1899, 33 U.S.C. §§401 et seq., and all rules and regulations of the Environmental Protection Agency, the California Environmental Protection Agency, or any other state or federal department, board or any other agency or governmental board or entity having jurisdiction over the environment, as any of the foregoing have been, or are hereafter amended.

(d) If Tenant knows, or has reasonable cause to believe, that Hazardous Materials have come to be located in, on, under or about the Premises or the Property that constitutes a Reportable Use, other than as previously consented to by Landlord, Tenant shall immediately give written notice of such fact to Landlord and provide Landlord with a copy of any report, notice, claim or other documentation which it has, concerning the presence of such Hazardous Materials.

(e) Tenant and Tenant's agents, employees, and contractors shall not cause any Hazardous Materials to be discharged or released into the Building or into the plumbing or sewage system of the Building or into or onto the Land underlying or adjacent to the Building in violation of any Environmental Laws. Tenant shall promptly, at Tenant's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination in violation of Environmental Laws or the terms of this Lease caused by Tenant or caused by any of Tenant's employees, agents, or contractors, and for the maintenance, security and/or monitoring of the Premises, the Property, or neighboring properties if such contamination is caused by a release or emission of any Hazardous Materials by Tenant or by any of Tenant's employees, agents, or contractors.

(f) Tenant shall indemnify, defend and hold Landlord and its agents, employees, and lenders and the Premises and the Property harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the Term of this Lease (as may be extended) out of or involving any Hazardous Materials brought on to the Premises, the Property, or Menlo Business Park by or for Tenant or by anyone under Tenant's control in violation of Environmental Laws or the terms of this Lease. Tenant's obligations under this Paragraph 8(f) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, as required by Environmental Laws, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Materials, unless specifically so agreed by Landlord in writing at the time of such agreement.

(g) Landlord shall indemnify, defend and hold Tenant and its agents, employees, and contractors harmless from any and all claims, damages, fines, judgments, penalties, costs, liabilities or losses (including, without limitation, any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising prior during or after the Term of this Lease out of or involving any Hazardous Materials existing on, in or under the Premises, the Property, or Menlo Business Park as of the Commencement Date, or brought on to the Premises, the Property, or Menlo Business Park by or for Landlord or by anyone under Landlord's control, in violation of Environmental Laws. Landlord's obligations under this Paragraph 8(g) shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation (including consultants' and attorneys' fees and testing), removal, remediation, restoration and/or abatement thereof, or of any contamination therein involved, as required by Environmental Laws, and shall survive the expiration or earlier termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Landlord from its obligations under this Lease with respect to Hazardous Materials, unless specifically so agreed by Tenant in writing at the time of such agreement.

(h) The terms of this Paragraph 8 shall survive the expiration or earlier termination of this Lease.

9. Taxes on Tenant's Property. Tenant shall pay before delinquency any and all taxes, assessments, license fees, and public charges levied, assessed, or imposed and which become payable during the Term and any extension thereof upon Tenant's equipment, fixtures, furniture, and personal property installed or located on the Premises.

10. Insurance.

(a) Types of Insurance: Tenant shall maintain in full force and effect at all times during the Term of this Lease and any extension thereof, at Tenant's sole cost and expense, for the protection of Tenant and Landlord, as their interests may appear, policies of insurance issued by a carrier or carriers reasonably acceptable to Landlord and its lender(s) which afford the following coverages:

(i) Commercial general liability insurance naming the Landlord as an additional insured against any and all claims for bodily injury and property damage occurring in, or about the Premises arising out of Tenant's use and occupancy of the Premises. Such insurance shall have a combined single limit of not less than One Million Dollars ($1,000,000) per occurrence with a Two Million Dollar ($2,000,000) aggregate limit and excess umbrella liability insurance in the amount of Five Million Dollars ($5,000,000). Such liability insurance shall be primary and not contributing to any insurance available to Landlord and Landlord's insurance shall be in excess thereto. In no event shall the limits of such insurance be considered as limiting the liability of Tenant under this Lease.

(ii) Personal property insurance insuring all equipment, trade fixtures, inventory, fixtures, and personal property located on or in the Premises for perils covered by the causes of loss—special form (all risk) and in addition, coverage for flood, wind, earthquake, terrorism and boiler and machinery (if applicable). Such insurance shall be written on a replacement cost basis in an amount equal to one hundred percent (100%) of the full replacement value of the aggregate of the foregoing.

(iii) Business interruption and extra expense insurance in such amounts to reimburse Tenant for direct or indirect loss attributable to all perils commonly insured against by prudent Tenants or attributable to prevention of access to the Premises or the Building as result of such perils.

(iv) Workers' compensation insurance in accordance with statutory law and employers' liability insurance with a limit of not less than $1,000,000 per accident, $1,000,000 disease, policy limit and $1,000,000 disease limit each employee.

(v) Such other insurance as Landlord deems necessary and prudent or required by Landlord's beneficiaries or mortgagees of any deed of trust or mortgage encumbering the Premises.

(b) Insurance Policies: The policies required to be maintained by Tenant shall be with companies rated A-X or better by A.M. Best. Insurers shall be licensed to do business in the state in which the Premises are located and domiciled in the USA. Any deductible amounts under any insurance policies required hereunder shall not exceed $1,000. Certificates of insurance (certified copies of the policies may be required) shall be delivered to Landlord prior to the commencement date and annually thereafter at least thirty (30) days prior to the policy expiration date. Tenant shall have the right to provide insurance coverage which it is obligated to carry pursuant to the terms hereof in a blanket policy, provided such blanket policy expressly affords coverage to the Premises and to Landlord as required by this Lease. Each policy of insurance shall provide notification to Landlord at least thirty (30) days prior to any cancellation or modification to reduce the insurance coverage.

(c) Additional Insureds and Coverage: Landlord, any property management company and/or agent of Landlord for the Premises, the Building, the Lot or the Park, and any lender(s) of Landlord having a lien against the Premises, the Building, the Lot or the Park shall be named as additional insureds under all of the policies required in Section 10(a) above. Additionally, such policies shall provide for severability of interest. All insurance to be maintained by Tenant shall, except for workers' compensation and employer's liability insurance, be primary, without right of contribution from insurance maintained by Landlord. Any umbrella/excess liability policy (which shall be in "following form") shall provide that if the underlying aggregate is exhausted, the excess coverage will drop down as primary insurance. The limits of insurance maintained by Tenant shall not limit Tenant's liability under this Lease. It is the parties' intention that the insurance to be procured and maintained by Tenant as required herein shall provide coverage for any and all damage or injury arising from or related to Tenant's operations of its business and/or Tenant's or Tenant's Representatives' use of the Premises and/or any of the areas within the Park, whether such events occur within the Premises (as described in Exhibit "A" hereto) or in any other areas of the Park. It is not contemplated or anticipated by the parties that the aforementioned risks of loss be borne by Landlord's insurance carriers, rather it is contemplated and anticipated by Landlord and Tenant that such risks of loss be borne by Tenant's insurance carriers pursuant to the insurance policies procured and maintained by Tenant as required herein.

(d) Failure of Tenant to Purchase and Maintain Insurance: In the event Tenant does not purchase the insurance required in this Lease or keep the same in full force and effect throughout the Term of this Lease (including any renewals or extensions), Landlord may, but without obligation to do so, purchase the necessary insurance and pay the premiums therefor. If Landlord so elects to purchase such insurance, Tenant shall promptly pay to Landlord as Additional Rent, the amount so paid by Landlord, upon Landlord's demand therefor. In addition, Landlord may recover from Tenant and Tenant agrees to pay, as Additional Rent, any and all Enforcement Expenses and damages which Landlord may sustain by reason of Tenant's failure to obtain and maintain such insurance. If Tenant fails to maintain any insurance required in this Lease, Tenant shall be liable for all losses, damages and costs resulting from such failure.

(e) Landlord's Insurance: Landlord shall obtain and carry in Landlord's name, as insured, as an Operating Expense of the Property to the extent provided in Paragraph 4, during the Term (including any renewals or extensions), "all risk" property insurance coverage (with rental loss insurance coverage for a period of one (1) year), flood insurance, public liability and property damage insurance, and insurance against such other risks or casualties as Landlord shall reasonably determine, including, but not limited to, insurance coverages required of Landlord by the beneficiary of any deed of trust which encumbers the Premises, including earthquake insurance coverage insuring Landlord's interest in the Premises (including any other leasehold improvements to the Premises constructed by Landlord or by Tenant with Landlord's prior written approval) in an amount not less than the full replacement cost of the Building. The proceeds of any such insurance shall be payable solely to Landlord and Tenant shall have no right or interest therein. Landlord shall have no obligation to insure against loss by Tenant to Tenant's equipment, fixtures, furniture, inventory, or other personal property of Tenant in or about the Premises occurring from any cause whatsoever.

(f) Waiver of Subrogation: Notwithstanding anything to the contrary contained in this Lease, the parties release each other, and their respective authorized representatives, employees, officers, directors, shareholders, managers, members, trustees, beneficiaries, assignees, subtenants, invitees, successors, agents, contractors and property managers, from any claims for damage to any person or to the Premises or the Property and to the fixtures, personal property, leasehold improvements and alterations of either Landlord or Tenant in or on the Premises or the Property, to the extent that are caused by or result from risks required by this Lease to be insured against (or actually insured against) under any property insurance policies carried by the parties and such policy is in force at the time of any such damage, whichever is greater. This waiver applies whether or not the loss is due to the negligent acts or omissions of Landlord or Tenant or their respective authorized representatives, employees, officers, directors, shareholders, managers, members, trustees, beneficiaries, assignees, subtenants, invitees, successors, agents, contractors and property managers. Subject to the foregoing, this release and waiver shall be complete and total even if such loss or damage may have been caused by the negligence of the other party, its managers, members, employees, agents, contractors, property managers or invitees. Tenant covenants that the insurance policies required to be maintained by Tenant under this Lease will contain waiver of subrogation endorsements.

11. Indemnification. Tenant shall indemnify, defend, and hold harmless Landlord from claims, suits, actions, or liabilities for personal injury, death or for loss or damage to property that arise from (1) any activity, work, or thing done or permitted by Tenant in or about the Premises, the Property or the Park, (2) bodily injury or damage to property which arises in or about the Property to the extent the injury or damage to property results from the acts or omissions of Tenant, its employees, agents or contractors, or (3) based on any event of default by Tenant in the performance of any obligation on Tenant's part to be performed under this Lease. Tenant also waives all claims against Landlord and its employees, agents and contractors for damages to property, or to goods, wares, and merchandise stored in, upon, or about the Premises or the Property, and for injuries to persons in, upon, or about the Premises or the Property from any cause arising at any time, except to the extent covered by an express indemnity provision of this Lease or caused by the active negligence or willful misconduct of Landlord or its employees, agents or contractors.

(a) Landlord shall indemnify, defend, and hold harmless Tenant from claims, suits, actions, or liabilities for personal injury, death or for loss or damage to property to the extent arising from (1) any activity, work, or thing done by Landlord in or about the Premises or the Property, (2) breach by Landlord in the performance of any obligation on Landlord's part to be performed under this Lease beyond all applicable cure periods without cure, or (3) bodily injury or damage to property which arises in or about the Property to the extent the injury or damage to property results from the active negligent acts of Landlord, its employees, agents or contractors.

(b) In the absence of comparative or concurrent negligence on the part of Tenant or Landlord, their respective agents, affiliates, and subsidiaries, or their respective officers, directors, members, employees or contractors, the foregoing indemnities by Tenant and Landlord shall also include reasonable costs, expenses and attorneys' fees incurred in connection with any indemnified claim or incurred by the indemnitee in successfully establishing the right to indemnity. The indemnitor shall have the right to assume the defense of any claim subject to the foregoing indemnities with counsel reasonably satisfactory to the indemnitee. The indemnitee agrees to cooperate fully with the indemnitor and its counsel in any matter where the indemnitor elects to defend, provided the indemnitor shall promptly reimburse the indemnitee for reasonable costs and expenses incurred in connection with its duty to cooperate.

The foregoing indemnities shall survive the expiration or earlier termination of this Lease and are conditioned upon the indemnitee providing prompt notice to the indemnitor of any claim or occurrence that is likely to give rise to a claim, suit, action or liability that will fall within the scope of the foregoing indemnities, along with sufficient details that will enable the indemnitor to make a reasonable investigation of the claim.

When the claim is caused by the joint negligence or willful misconduct of Tenant and Landlord or by the indemnitor party and a third party unrelated to the indemnitor party (except indemnitor's agents, officers, employees or invitees), the indemnitor's duty to indemnify and defend shall be proportionate to the indemnitor's allocable share of joint negligence or willful misconduct.

(c) Landlord shall not be liable to Tenant for any damage because of any act or negligence of any other occupant of the Building or any other owner or occupant of adjoining or contiguous property, nor for overflow, breakage, or leakage of water, steam, gas, or electricity from pipes, wires, or otherwise in the Premises or the Building, except to the extent caused by the gross negligence or willful misconduct of Landlord or Landlord's employees, agents, or contractors. Except as otherwise provided herein, Tenant will pay for damage to the Premises or the Property caused by the misuse or neglect of the Premises or the Property by Tenant or its employees, agents, or contractors, including, but not limited to, the breakage of glass in the Building.

12. Tenant Improvements.

(a) Landlord shall cause to be constructed the interior tenant improvements and modifications to the Premises described in Exhibit "G" attached hereto (the '"Work Letter"). The Tenant Improvements shall be performed in accordance with the Work Letter.

13. Maintenance and Repairs; Alterations; Surrender and Restoration.

(a) Landlord shall, at Landlord's sole expense, keep in good order, condition, and repair and replace when necessary, the structural elements of the roof (excluding the roof membrane which Landlord shall maintain, but the cost of which shall be included as an Operating Expense as permitted under Paragraph 4), the structural elements of the foundation and exterior walls (except the interior faces thereof) of the Building, and other structural elements of the Building and the Property as "structural elements" are defined in building codes applicable to the Building, excluding any alterations, structural or otherwise, made by Tenant to the Building which are not approved in writing by Landlord prior to the construction or installation thereof by Tenant. Landlord shall perform and construct, and Tenant shall not be responsible for performing or constructing, any repairs, maintenance, or improvements (1) required as a result of any casualty damage (not caused by the willful or negligent acts or omissions of Tenant or its employees, agents, contractors or invitees), which shall be subject to Paragraph 19 below, or as a result of any taking pursuant to the exercise of the power of eminent domain, or (2) for which Landlord has a right of reimbursement from third parties based on construction or other warranties, contractor guarantees, or insurance claims.

(b) Landlord shall provide or cause to be provided and shall supervise the performance of, as an Operating Expense of the Property to the extent permitted under Paragraph 4 hereof, all services and work relating to the operation, maintenance, repair, and replacement, as needed, of the Property, including the HVAC, mechanical, electrical, and plumbing systems in the Building; the interior of the Building; the roof membrane; the outside areas of the Property; the janitorial service for the Building; landscaping, tree trimming, resurfacing and restriping of the parking lot, repairing and maintaining the walkways; exterior building painting, exterior building lighting, parking lot lighting, and exterior security patrol. In the event Tenant provides Landlord with written notice of the need for any repairs, Landlord shall commence any such repairs promptly following receipt by Landlord of such notice and Landlord shall diligently prosecute such repairs to completion.

(c) Subject to the foregoing and except as provided elsewhere in this Lease, Tenant shall at all times use and occupy the Premises in a manner which keeps the Premises in good and safe order, condition, and repair. Landlord shall execute and maintain in full force and effect throughout the term as an Operating Expense of the Property to the extent permitted under Paragraph 4 a service contract with a recognized air conditioning service company. Landlord may, if Landlord determines that it is necessary to do so, obtain on a semi-annual basis an inspection report of the HVAC system from a separate HVAC service firm designated by Landlord for the purpose of monitoring the performance of the HVAC maintenance and repair work performed by the HVAC service firm which performs the regular repair and maintenance. The cost of such inspection report shall be an Operating Expense pursuant to Paragraph 4. Subject to the release of claims and waiver of subrogation contained in Paragraph 10(f), if Landlord is required to make any repairs to the Property by reason of Tenant's negligent acts or omissions, Landlord may add the cost of such repairs to the next installment of rent which shall thereafter become due, and Tenant shall promptly pay the same upon receipt of an invoice therefor.

(d) Tenant may, from time to time, at its own cost and expense and without the consent of Landlord, make nonstructural alterations to the interior of the Premises that do not affect the Building systems, including without limitation, the HVAC, life-safety, mechanical, electrical, and plumbing systems in the Building, and the cost of which in any one instance is Fifty Thousand Dollars ($50,000) or less, and the aggregate cost of all such work during the Term this Lease (as may be extended) does not exceed One Hundred Thousand Dollars ($100,000), provided Tenant first notifies Landlord in writing of any such nonstructural alterations. Otherwise, Tenant shall not make any additional alterations, improvements, or additions to the Premises without delivering to Landlord a complete set of plans and specifications for such work, obtaining and delivering copies to Landlord of all permits or other governmental approvals required for such work and obtaining Landlord's prior written consent thereto. All alterations and additions requiring Landlord's prior written consent shall be installed by a licensed contractor reasonably approved by Landlord, at Tenant's sole cost and expense and in compliance with all applicable laws, rules, regulations and ordinances. Tenant shall keep the Premises and the Property on which the Premises are situated free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant. If any nonstructural alterations to the interior of the Premises exceed Fifty Thousand Dollars ($50,000) in cost in any one instance, or exceed the aggregate cost of One Hundred Thousand Dollars ($100,000) during the Term of this Lease (as may be extended), Tenant shall employ, at Tenant's expense, Tarlton Properties, Inc. as construction manager for such alterations at a fee equal to four point five percent (4.5%) of the first Two Hundred Fifty Thousand Dollars ($250,000) of hard construction costs (i.e., the amounts paid to any general contractor, subcontractors, vendors, and suppliers for labor and materials for the construction of the alterations or improvements) and then four percent (4%) of such hard construction costs in excess of Two Hundred Fifty Thousand Dollars ($250,000). Landlord may condition its consent to, among other things, Tenant agreeing in writing to remove any such alterations prior to the expiration of the Lease term and Tenant agreeing to restore the Premises to its condition prior to such alterations at Tenant's expense. Upon Tenant's written request, Landlord shall advise Tenant in writing at the time consent is granted whether Landlord reserves the right to require Tenant to remove any alterations from the Premises prior to the expiration or sooner termination of this Lease.

All alterations, trade fixtures and personal property installed in the Premises solely at Tenant's expense shall during the term of this Lease remain Tenant's property and Tenant shall be entitled to all depreciation, amortization and other tax benefits with respect thereto (excluding the Tenant Improvements).

(e) Tenant shall, at Tenant's sole cost and expense, fully, diligently and in a timely manner, comply with all present and future "Laws," which term is used in this Lease to mean all laws, rules, regulations, ordinances, directives, orders, covenants, permits of all governmental agencies and authorities, easements and restrictions of record, the requirements of any applicable fire insurance underwriter or rating bureau or board of fire underwriters, relating in any manner to the Premises and/or Tenant's use or occupancy of the Premises (including but not limited to matters pertaining to industrial hygiene, environmental conditions on, in, under or about the Premises, including soil and groundwater conditions, subject to the provisions of Paragraph 8 hereof, and the use, generation, manufacture, production, installation, maintenance, removal, transportation, storage, spill, or release of any Hazardous Materials (which are addressed in Paragraph 8 hereof)), now in effect or which may hereafter come into effect. Tenant shall, within five (5) days after receipt of Landlord's written request, provide Landlord with copies of all documents and information, including but not limited to permits, registrations, manifests, applications, reports and certificates, evidencing Tenant's compliance with any Laws specified by Landlord, and shall immediately upon receipt, notify Landlord in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving failure by Tenant or the Premises to comply with any Laws. Notwithstanding the foregoing, any structural changes or repairs or other changes or repairs to the Property of any nature which would be considered a capital expenditure under generally accepted accounting principles to the Premises shall be made by Landlord at Tenant's expense if such structural repairs or changes are required by reason of the specific nature of the use of the Premises by Tenant. If such changes or repairs are not required by reason of the specific nature of Tenant's use of the Premises and are capital expenditures, the cost of such changes or repairs shall be treated as an Operating Expense and amortized in accordance with the provisions of Paragraph 4(b).

(f) Subject to Paragraph 30, Landlord, Landlord's agents, employees, contractors and designated representatives, and the holders of any mortgages, deeds of trust or ground leases on the Premises ("Lenders") shall have the right to enter the Premises at any time in the case of an emergency, and otherwise at reasonable times after at least 24 hours prior notice to Tenant, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all Laws, and Landlord shall be entitled to employ experts and/or consultants in connection therewith to advise Landlord with respect to Tenant's activities, including but not limited to Tenant's installation, operation, use, monitoring, maintenance, or removal of any Hazardous Substance on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a default or breach of this Lease by Tenant or a violation of Laws or a contamination, caused or materially contributed to by Tenant, is found to exist or to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In such case, Tenant shall upon request reimburse Landlord or Landlord's Lender, as the case may be, for the costs and expenses of such inspections. In connection with the provision of janitorial services, Landlord shall comply with reasonable access restrictions established by Tenant from time to time with respect to the animal facility where Tenant's laboratory mice are kept in the Premises; provided, however, Landlord shall have access to such facility in the case of an emergency.

(g) During the term of this Lease, Tenant shall comply, at Tenant's expense, with all of the covenants, conditions, and restrictions affecting the Premises which are recorded in the Official Records of San Mateo County, California, and which are in effect as of the date of this Lease.

(h) Tenant shall surrender the Premises by the last day of the lease Term (as may be extended) or any earlier termination date, with all of the improvements to the Premises, parts, and surfaces thereof clean and free of debris and in good operating order, condition, and state of repair, ordinary wear and tear excepted. Tenant's failure to surrender the Premises in accordance with the terms and conditions of this Lease, including, without limitation, this Paragraph 13(h) shall be deemed to be a material default under the Lease. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice or by Tenant performing all of its obligations under this Lease. Notwithstanding the foregoing, prior to the last day of the Term, as may be extended, (or earlier termination of the Lease), Tenant shall (i) restore all walls in the Premises to the same condition existing immediately following completion of the Tenant Improvements, including patching and sanding all holes to match the original texture of the walls and painting; and (ii) vacuum and steam clean all carpets and remove all stains. In addition to the foregoing, the obligations of Tenant shall include the repair of any damage occasioned by the installation, maintenance, or removal of Tenant's trade fixtures, furnishings, equipment, and alterations, and the restoration by Tenant of the Premises to its condition upon completion of the Tenant Improvements (Tenant shall not be required to remove any of the Tenant Improvements) (A) if Landlord's consent to alteration, additions or improvements was conditioned upon such removal and restoration upon expiration or sooner termination of the Lease term, or (B) if Tenant made any such alterations, additions, or improvements without obtaining Landlord's prior written consent, and within a reasonable time after the expiration or sooner termination of the Lease term Landlord gives written notice to Tenant requiring Tenant to perform such removal and restoration. Subject to the foregoing, upon the expiration or sooner termination of this Lease all alterations, fixtures and improvements to the Premises, whether made by Landlord or installed by Tenant at Tenant's expense, shall be surrendered by Tenant with the Premises and shall become the property of Landlord; provided, however, that Tenant's furniture and other personal property, not provided by or paid for by Landlord and not permanently affixed to the Premises which can be removed without damaging the Premises may be removed by Tenant. Tenant shall repair to Landlord's reasonable satisfaction all damage to the Premises occasioned by removal of Tenant's Property. Prior to the expiration of the term of this Lease or any earlier termination date, Tenant shall, at Tenant's expense, obtain written closure reports from the San Mateo County Health Department and from the Menlo Park Fire Protection District with respect to any Hazardous Materials used, stored, or released by Tenant on or about the Premises. Both written closure reports shall provide written certification that all Hazardous Materials have been removed from the Premises and that no further action is required in connection with the closure of the Premises. Any removal and remediation of Hazardous Materials by Tenant shall be certified in writing as (1) complete and (2) having been properly performed, by the San Mateo County Health Department and the Menlo Park Fire Protection District and a copy of such written certifications shall be delivered by Tenant to Landlord no later than the last day of the Term of this Lease (as may be extended).

(i) Tenant waives all right to make repairs at the expense of Landlord, or to deduct the costs thereof from the rent, and Tenant waives all rights under Section 1941 and 1942 of the Civil Code of the State of California.

(j) Compliance with Americans with Disabilities Act: Landlord and Tenant hereby agree and acknowledge that the Premises, the Building and/or the Menlo Business Park may be subject to the requirements of the Americans with Disabilities Act, a federal law codified at 42 U.S.C. 12101 et seq, including, but not limited to Title III thereof, all regulations and guidelines related thereto, together with any and all Laws now or hereafter enacted by local or state agencies having jurisdiction thereof, including all requirements of Title 24 of the State of California, as the same may be in effect on the date of this Lease and may be hereafter modified, amended or supplemented (collectively, the "ADA"). Any Tenant Improvements to be constructed hereunder shall be in compliance with the requirements of the ADA, and all costs incurred for purposes of compliance therewith shall be a part of and included in the costs of the Tenant Improvements. Tenant shall be solely responsible for conducting its own independent investigation of this matter and for ensuring that the design of all Tenant Improvements strictly comply with all requirements of the ADA. Subject to reimbursement pursuant to Paragraph 5 of the Lease, if any barrier removal work or other work is required to the Building, the Common Areas or the Menlo Business Park under the ADA, then such work shall be the responsibility of Landlord; provided, if such work is required under the ADA as a result of Tenant's specific use of the Premises or any work or alteration made to the Premises by or on behalf of Tenant, then such work shall be performed by Landlord at the sole cost and expense of Tenant. Except as otherwise expressly provided in this provision, Tenant shall be responsible at its sole cost and expense for fully and faithfully complying with all applicable requirements of the ADA, including without limitation, not discriminating against any disabled persons in the operation of Tenant's business in or about the Premises, and offering or otherwise providing auxiliary aids and services as, and when, required by the ADA. Within ten (10) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other with copies of (as applicable), any notices alleging violation of the ADA relating to any portion of the Premises or the Building; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the Premises or the Building; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Premises or the Building. Tenant shall and hereby agrees to protect, defend (with counsel reasonably acceptable to Landlord) and hold Landlord and the other Indemnitees harmless and indemnify the Indemnitees from and against all liabilities, damages, claims, losses, penalties, judgments, charges and expenses (including reasonable attorneys' fees, costs of court and expenses necessary in the prosecution or defense of any litigation including the enforcement of this provision) arising from or in any way related to, directly or indirectly, Tenant's or Tenant's Representatives' violation or alleged violation of the ADA. Tenant agrees that the obligations of Tenant herein shall survive the expiration or earlier termination of this Lease.

(k) CASp Disclosure: For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that (check one):

To Landlord's actual knowledge, the Premises have undergone inspection by a Certified Access Specialist (CASp).

If the Premises have undergone inspection by a CASp prior to the execution of this Lease and, to the best of Landlord's knowledge, there have been no modifications or alterations completed or commenced between the date of the inspection and the date of this Lease which have impacted the Premises' compliance with construction-related accessibility standards, Section 1938 requires Landlord to provide to Tenant, prior to execution of this Lease, a copy of any report prepared by the CASp. If, prior to the date of this Lease, the Premises were issued an inspection report by a CASp indicating that it meets applicable standards, as defined in paragraph (4) of subdivision (a) of California Civil Code Section 55.52, Landlord is required to provide a copy of the current disability access inspection certificate and any inspection report to Tenant that was not already provided pursuant to the foregoing sentence, within seven (7) days of the date of the execution of this Lease.

☒ To Landlord's actual knowledge, the Premises have not undergone inspection by a CASp.

or

☐ To Landlord's actual knowledge, the Premises have undergone inspection by a CASP but, to the best of Landlord's knowledge, there have been intervening modifications or alterations completed or commenced which have impacted the Premises compliance with construction related accessibility standards.

California Civil Code Section 1938 states:

"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or Landlord may not prohibit the Tenant or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the Tenant, if requested by the Tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."

Notwithstanding anything to the contrary in this Lease, Landlord and Tenant hereby agree that, during the Term of this Lease (as may be extended), as the same may be extended, Tenant shall be responsible for (i) the payment of the fee for any CASp inspection that Tenant desires, and (ii) making, at Tenant's cost, any repairs necessary to correct violations of construction-related accessibility standards within the Premises provided that such repairs shall be in accordance with the terms of the Lease (as amended). Tenant hereby agrees that: any CASp inspecting the Premises shall be selected by Landlord; Tenant shall promptly deliver to Landlord any CASp report regarding the Premises obtained by Tenant; and Tenant shall keep information contained in any CASp report regarding the Premises confidential, except as may be necessary for Tenant or its agents to complete any repairs or correct violations with respect to the Premises that Tenant agrees to undertake. Tenant shall have no right to cancel or terminate the Lease (as amended) due to violations of construction-related accessibility standards within the Premises identified in a CASp report obtained during the Term of the Lease (as may be extended).

14. Utilities and Services.

(a) Landlord shall contract for and pay for, and Tenant shall reimburse Landlord therefor pursuant to Paragraph 4 as an Operating Expense, all electricity, gas, water, heat and air conditioning service, janitorial service[1], refuse pick-up, sewer charges, and all other utilities or services supplied to or consumed by Tenant, its agents, employees, contractors, and invitees on or about the Premises, excluding telephone service to the Premises for which Tenant shall contract and pay directly.

(b) Landlord shall not be liable to Tenant for any interruption or failure of any utility services to the Building or the Premises which is not caused by the active negligence or willful acts of Landlord. Tenant shall not be relieved from the performance of any covenant or agreement in this Lease because of any such failure. Landlord shall make all repairs to the Premises required to restore such services to the Premises and the cost thereof shall be payable by Tenant pursuant to Paragraph 4 as a current Operating Expense, or as a capital expense which is amortized over its useful life (together with interest thereon) as an Operating Expense in accordance with generally accepted accounting principles as described in Paragraph 4(b); provided, however, if such failure is caused by the active negligence or willful acts of Landlord, then Landlord shall bear such costs.

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1 Note to Landlord: To discuss janitorial services. Landlord's vendors cannot be permitted into the animal lab. Also, Tenant may need to secure certain portions of the Premises as part of its safety protocols and confidentiality concerns.

(c) In the event that Tenant is permitted and elects to contract directly for the provision of electricity, gas and/or water services to the Premises with the third-party provider thereof (all in Landlord's reasonable discretion), Tenant shall within ten (10) business days following its receipt of written request from Landlord, provide Landlord with a copy of each requested invoice
from the applicable utility provider. Tenant acknowledges that pursuant to California Public Resources Code Section 25402.10 and the regulations adopted pursuant thereto (collectively, the "Energy Disclosure Requirements"), Landlord may be required to disclose information concerning Tenant's energy usage at the Building to certain third parties, including without limitation, prospective purchasers, lenders and Tenants of the Building (the "Tenant Energy Use Disclosure"). Tenant hereby (A) consents to all such Tenant Energy Use Disclosures, and (B) acknowledges that Landlord shall not be required to notify Tenant of any Tenant Energy Use Disclosure. Further, Tenant hereby releases Landlord from any and all losses, costs, damages, expenses and liabilities relating to, arising out of and/or resulting from any Tenant Energy Use Disclosure. The terms of this Paragraph shall survive the expiration or earlier termination of this Lease.

15. Liens. Tenant agrees to keep the Premises free from all liens arising out of any work performed, materials furnished, or obligations incurred by Tenant. Tenant shall give Landlord at least ten (10) calendar days prior written notice before commencing any work of improvement on the Premises, the contract price for which exceeds Ten Thousand Dollars ($10,000). Landlord shall have the right to post notices of non-responsibility with respect to any such work. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense, defend and protect itself, Landlord and the Property against the same, and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Property. If Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one-half times the amount of such contested claim or demand, indemnifying Landlord against liability for the same, as required by law for the holding of the Property free from the effect of such lien or claim.

16. Assignment and Subletting.

(a) Except as otherwise provided in this Paragraph 16, Tenant shall not assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Tenant excepted) to occupy or use the Premises, or any portion thereof, without the prior written consent of Landlord in each instance pursuant to the terms and conditions set forth below, which consent shall not be unreasonably withheld or delayed, subject to the following provisions; provided, however, Tenant shall not assign this Lease, or any interest, voluntarily or involuntarily, and shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and servants of Tenant excepted) to occupy or use the Premises, or any portion thereof, if Tenant shall be in default under this Lease past any applicable cure period.

(b) Prior to any assignment or sublease which Tenant desires to make, other than a Permitted Transfer (as defined in Paragraph 16(f) below), Tenant shall provide to Landlord the name and address of the proposed assignee or sublessee, and true and complete copies of all documents relating to Tenant's prospective agreement to assign or sublease, a copy of a current financial statement for such proposed assignee or sublessee (or if unavailable, such other information as may be reasonably acceptable to Landlord with regard to the financial capacity of such proposed assignee or sublessee), and any other relevant information requested by Landlord within five (5) days after receipt of notice of the proposed assignment or sublease and Tenant shall specify all consideration to be received by Tenant for such assignment or sublease in the form of lump sum payments, installments of rent, or otherwise. For purposes of this Paragraph 16, the term "consideration" shall include all money or other consideration to be received by Tenant for such assignment or sublease. Within ten (10) days after the receipt of such documentation and other information, Landlord (1) shall notify Tenant in writing that Landlord elects to consent to the proposed assignment or sublease subject to the terms and conditions hereinafter set forth; (2) shall notify Tenant in writing that Landlord refuses such consent, specifying reasonable grounds for such refusal; or (3) except with respect to a Permitted Transferee, if at the time Tenant requests that Landlord consent to an assignment or sublease Tenant has vacated thirty-three percent (33%) or more of the Premises and is not conducting on-going operations in the Building, and to the extent that any proposed sublease is for the substantial remainder of the Term, Landlord may notify Tenant that Landlord elects to terminate this Lease, provided that with respect to a proposed sublease of a portion of the Premises Landlord's termination right shall apply only to the proposed sublease space, and specifying the effective date of termination which shall be the same as the commencement date of the proposed sublease. If Landlord elects to terminate this Lease pursuant to the foregoing provision, upon the effective date of termination, Landlord and Tenant shall each be released and discharged from any liability or obligation to the other under this Lease accruing thereafter with respect to the Premises or the portion thereof to which the termination applies, except for any obligations then outstanding and except for any indemnity obligations which survive the expiration or termination of this Lease by the express terms hereof, and Tenant agrees that Landlord may enter into a direct lease with such proposed assignee or sublessee without any obligation or liability to Tenant. Notwithstanding the foregoing, or anything to the contrary contained herein, if Landlord exercises its option to terminate this Lease in accordance with this Paragraph, then Tenant shall have the right to withdraw its request for consent by delivering written notice of such election within five (5) days after Landlord's delivery of notice electing to exercise Landlord's option to terminate this Lease. In the event Tenant withdraws its request as provided in this Paragraph, then the Lease shall continue in full force and effect. No failure of Landlord to exercise its option to terminate this Lease shall be deemed to be Landlord's consent to a proposed assignment or sublease.

In deciding whether to consent to any proposed assignment or sublease, Landlord may take into account whether reasonable conditions have been satisfied, including, but not limited to, the following:

(1) In Landlord's reasonable judgment, the proposed assignee or subtenant is engaged in such a business, that the Premises, or the relevant part thereof, will be used in such a manner which complies with Paragraph 7 hereof entitled the "Permitted Use" and Tenant or the proposed assignee or sublessee submits to Landlord, documentary evidence reasonably satisfactory to Landlord that such proposed use constitutes a permitted use of the Premises pursuant to the ordinances and regulations of the City of Menlo Park;

(2) The proposed assignee or subtenant is a reputable entity or individual with sufficient financial net worth so as to reasonably indicate that it will be able to meet its obligations under this Lease or the sublease in a timely manner;

(3) If at the time of the proposed transfer, Landlord has substantially similar space available for rent in the Menlo Business Park, the proposed assignee or subtenant is not a tenant of the Building or any other building in the Menlo Business Park; and

(4) The proposed assignment or sublease is approved by Landlord's mortgage lender if such lender has the right to approve or disapprove proposed assignments or subleases. Landlord shall use its good faith efforts to obtain such approval from its lender within ten (10) days after receipt by Landlord of Tenant's written request for consent and the documentation and information referred to in the first sentence of Paragraph 16(b) above.

(c) As a condition to Landlord's granting its consent to any assignment or sublease, except with respect to any Permitted Transferees, (1) Landlord may require that Tenant pay to Landlord, as and when received by Tenant, fifty percent (50%) of the amount of any excess of the consideration to be received by Tenant in connection with said assignment or sublease over and above the Monthly Base Rent and Additional Rent fixed by this Lease and payable by Tenant to Landlord, after deducting only (A) a standard leasing commission payable by Tenant in consummating such assignment or sublease, (B) the cost of reasonable tenant improvements performed specifically for the sublease and required to be made to the Premises to effectuate the sublease, provided that such improvements are performed in compliance with Paragraph 13(d) of this Lease, and (C) reasonable attorneys' fees incurred by Landlord in negotiating and reviewing the assignment or sublease documentation; and (2) Tenant and the proposed assignee or sublessee shall demonstrate to Landlord's reasonable satisfaction that each of the criteria referred to in subparagraph (b) above is satisfied.

(d) Each assignment or sublease agreement to which Landlord has consented shall be an instrument in writing in form satisfactory to Landlord, and shall be executed by both Tenant and the assignee or sublessee, as the case may be. Each such assignment or sublease agreement shall recite that it is and shall be subject and subordinate to the provisions of this Lease, that the assignee or sublessee accepts such assignment or sublease, that Landlord's consent thereto shall not constitute a consent to any subsequent assignment or subletting by Tenant or the assignee or sublessee, and, except as otherwise set forth in a sublease approved by Landlord, agrees to perform all of the obligations of Tenant hereunder (to the extent such obligations relate to the portion of the Premises assigned or subleased), and that the termination of this Lease shall, at Landlord's sole election, constitute a termination of every such assignment or sublease.

(e) In the event Landlord shall consent to an assignment or sublease, Tenant shall nonetheless remain primarily liable for all obligations and liabilities of Tenant under this Lease, including but not limited to the payment of rent.

(f) Notwithstanding the foregoing, Tenant may, without Landlord's prior written consent and without any participation by Landlord in assignment and subletting proceeds, but with prior notice and documentation, as required pursuant to this Paragraph 16(f), provided to Landlord, sublet a portion or the entire Premises or assign this Lease to (i) a subsidiary, affiliate, division or corporation controlled or under common control with Tenant ("affiliate"); (ii) to a successor corporation related to Tenant by merger, consolidation or reorganization; or (iii) to a purchaser of substantially all of Tenant's business operations conducted on the Premises (each such transaction referred to herein as a "Permitted Transfer" and each of the foregoing transferees referred to herein as a "Permitted Transferee"), provided that any such Permitted Transferee shall have a current verifiable net worth prior to the transfer at least equal to that of Tenant on the Commencement Date of this Lease, or, if less, financial resources sufficient, in Landlord's reasonable good faith judgment, to perform the obligations under the assignment or sublease, as applicable. Tenant's foregoing rights in this Paragraph 16(f) to assign this Lease or to sublease all or a portion of the entire Premises shall be subject to the following conditions: (1) Tenant shall not be in default hereunder past any applicable cure period; (2) in the case of an assignment or subletting to an affiliate, Tenant shall remain liable to Landlord hereunder if Tenant is a surviving entity; (3) the transferee or successor entity shall expressly assume in writing all of Tenant's obligations hereunder; and (4) Tenant shall provide Landlord with prior notice of such proposed transfer and deliver to Landlord all documents reasonably requested by Landlord relating to such transfer, including but not limited to documentation sufficient to establish such proposed transferee's current verifiable net worth prior to the transfer at least equal to that of Tenant on the Commencement Date of this Lease, or, if less, financial resources sufficient, in Landlord's reasonable good faith judgment, to perform the obligations under the assignment or sublease, as applicable.

(g) Neither the sale nor transfer of Tenant's capital stock shall be deemed an assignment, subletting, or other transfer of this Lease or the Premises, provided, that in the event of the sale, transfer or issuance of Tenant's securities to an affiliate or in connection with a transaction described in Paragraph 16(f), the conditions set forth in Paragraph 16(f) shall apply.

(h) Subject to the provisions of this Paragraph 16 any assignment or sublease (if such consent is required hereunder) without Landlord's prior written consent shall at Landlord's election be void. The consent by Landlord to any assignment or sublease shall not constitute a waiver of the provisions of this Paragraph 16, including the requirement of Landlord's prior written consent, with respect to any subsequent assignment or sublease. If Tenant shall purport to assign this Lease, or sublease all or any portion of the Premises, or permit any person or persons other than Tenant to occupy the Premises, without Landlord's prior written consent (if such consent is required hereunder), Landlord may collect rent from the person or persons then or thereafter occupying the Premises and apply the net amount collected to the rent reserved herein, but no such collection shall be deemed a waiver of Landlord's rights and remedies under this Paragraph 16, or the acceptance of any such purported assignee, sublessee, or occupant, or a release of Tenant from the further performance by Tenant of covenants on the part of Tenant herein contained.

(i) Tenant shall not hypothecate or encumber its interest under this Lease or any rights of Tenant hereunder, or enter into any license or concession agreement respecting all or any portion of the Premises, without Landlord's prior written consent which consent Landlord may grant or withhold in Landlord's absolute discretion without any liability to Tenant. Tenant's granting of any such encumbrance, license, or concession agreement shall constitute an assignment for purposes of this Paragraph 16.

(j) In the event of any sale or exchange of the Premises by Landlord and assignment of this Lease by Landlord, Landlord shall, upon providing Tenant with written confirmation that the assignee has assumed all obligations of Landlord under this Lease and Landlord has delivered any Security Deposit held by Landlord to Landlord's successor in interest, be and hereby is entirely relieved of all liability under any and all of Landlord's covenants and obligations contained in or derived from this Lease with respect to the period commencing with the consummation of the sale or exchange and assignment.

(k) Tenant hereby acknowledges that the foregoing terms and conditions are reasonable and, therefore, that Landlord has the remedy described in California Civil Code Section 1951.4 (Landlord may continue the Lease in effect after Tenant's breach and abandonment and recover rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

17. Non-Waiver.

(a) No waiver of any provision of this Lease shall be implied by any failure of Landlord to enforce any remedy for the violation of that provision, even if that violation continues or is repeated. Any waiver by Landlord of any provision of this Lease must be in writing.

(b) No receipt of Landlord of a lesser payment than the rent required under this Lease shall be considered to be other than on account of the earliest rent due, and no endorsement or statement on any check or letter accompanying a payment or check shall be considered an accord and satisfaction. Landlord may accept checks or payments without prejudice to Landlord's right to recover all amounts due and pursue all other remedies provided for in this Lease.

Landlord's receipt of any rent or other payment from Tenant after giving notice to Tenant terminating this Lease shall in no way reinstate, continue, or extend the Lease term or affect the termination notice given by Landlord before the receipt of such rent or payment. After serving notice terminating this Lease, filing an action, or obtaining final judgment for possession of the Premises, Landlord may receive and collect any rent, and the payment of that rent shall not waive or affect such prior notice, action, or judgment.

18. Holding Over. Tenant shall vacate the Premises and deliver the same to Landlord upon the expiration or sooner termination of this Lease. In the event of holding over by Tenant after the expiration or termination of this Lease, such holding over shall be on a month-to-month tenancy and all of the terms and provisions of this Lease shall be applicable during such period, except that in addition to the payment of Additional Rent, Tenant shall pay Landlord as Monthly Base Rent during such holdover an amount equal to the greater of (i) one hundred fifty percent (150%) of the Monthly Base Rent in effect at the expiration of the term, or (ii) the then market rent for comparable research and development/office space. If such holdover is without Landlord's written consent, Tenant shall be liable to Landlord for all costs, expenses, and consequential damages incurred by Landlord as a result of such holdover, including but not limited to damages resulting from Landlord's inability to timely deliver possession of the Premises to a new tenant. The rental payable during such holdover period without Landlord's written consent shall be payable to Landlord on demand.

19. Damage or Destruction.

(a) In the event of a total destruction of the Building during the term from any cause, either party may elect to terminate this Lease by giving written notice of termination to the other party within thirty (30) days after the casualty occurs. A total destruction shall be deemed to have occurred for this purpose if the Building or the Premises that are the subject of this Lease are destroyed to the extent of seventy-five percent (75%) or more of the replacement cost thereof. If the Lease is not terminated, Landlord shall repair and restore the Premises in a diligent manner and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent of the Premises which are the subject of this Lease shall be abated in accordance with Paragraph 19(d) below.

(b) In the event of a partial destruction of the Building or the Premises to an extent less than seventy-five percent (75%) of the replacement cost thereof, and if Landlord reasonably believes that the damage thereto can be repaired, reconstructed, or restored within a period of two hundred seventy (270) days from the date of such casualty, there are at least twelve (12) months remaining in the term of this Lease, and the casualty is from a cause which is insured under Landlord's "all risk" property insurance, or is insured under any other coverage then carried by Landlord, Landlord shall forthwith repair the same, and this Lease shall continue in full force and effect, except that Monthly Base Rent and Additional Rent shall be abated in accordance with Paragraph 19(d) below. If any of the foregoing conditions are not met, Landlord shall have the option of either repairing and restoring the Building and Improvements, or terminating this Lease by giving written notice of termination to Tenant within sixty (60) days after the casualty. Notwithstanding anything to the contrary contained in this Paragraph 20, Landlord shall not have the right to terminate this Lease if the cost to repair the damage to the Building or to restore the Premises would cost less than five percent (5%) of the replacement cost of the Building, regardless of whether or not the casualty is insured provided that there are at least twelve (12) months remaining in the term of this Lease.

(c) Landlord's election to repair and restore the Building and Improvements or to terminate this Lease, shall be made and written notice thereof shall be given to Tenant within sixty (60) days after the casualty. Notwithstanding the foregoing, (1) Tenant may terminate this Lease by written notice to Landlord if Landlord has not obtained all necessary governmental permits for the restoration and commenced construction of the restoration within ninety (90) days after the casualty; or (2) if Landlord elects to repair and restore the Building and Improvements under Paragraph 19(b) above, but the repairs and restoration are not substantially completed within two hundred seventy (270) days after the casualty plus the period of any force majeure delays (as defined in subparagraph (e)), Tenant may terminate this Lease by written notice to Landlord given within thirty (30) days after the expiration of said period of two hundred seventy (270) days after the casualty, provided that the repairs and restoration are not substantially completed prior to the receipt by Landlord of such notice of termination.

(d) In the event of repair, reconstruction, or restoration as provided herein, the Monthly Base Rent and Additional Rent shall be abated proportionally in the ratio which the Tenant's use of the Premises is completely impaired and Tenant does not use such portion of the Premises during the period of such repair, reconstruction, or restoration, from the date of the casualty until such repair, reconstruction or restoration is substantially completed.

(e) With respect to any destruction of the Building and Improvements which Landlord is obligated to repair, or may elect to repair, under the terms of this Paragraph 19, the provisions of Section 1932, Subdivision 2, and of Section 1933, Subdivision 4, of the Civil Code of the State of California are waived by the parties. Landlord's obligation to repair and restore the Building and Improvements shall include the Tenant Improvements referred to in Paragraph 12(a) up to the cost of the Tenant Improvement Allowance. Landlord's time for completion of the repairs and restoration of the Building and Improvements referred to above shall be extended by a period equal to any delays ("force majeure delays") caused by strikes, labor disputes, unavailability of materials, inclement weather, circumstances not within Landlord's control, or acts of God, but in no event by more than sixty (60) days.

(f) In the event of termination of this Lease pursuant to any of the provisions of this Paragraph 19, the Monthly Base Rent and Additional Rent shall be apportioned on a per diem basis and shall be paid to the date of the casualty. In no event shall Landlord be liable to Tenant for any damages resulting to Tenant from the occurrence of such casualty, or from the repairing or restoration of the Building and Improvements, or from the termination of this Lease as provided herein, nor shall Tenant be relieved thereby from any of Tenant's obligations hereunder, except to the extent and upon the conditions expressly set forth in this Paragraph 19.

20. Eminent Domain.

(a) If the whole or any substantial part of the Property is taken or condemned by any competent public authority for any public use or purpose, the term of this Lease shall end upon the earlier to occur of the date when the possession of the part so taken shall be required for such use or purpose or the vesting of title in such public authority. Rent shall be apportioned as of the date of such termination. Any award arising from the condemnation of any portion of the Property or the settlement thereof shall belong to and be paid to Landlord. However, Tenant may file a separate claim at Tenant's sole cost and expense for (i) leasehold improvements installed at Tenant's expense or other property owned by Tenant, and (ii) reasonable costs of moving by Tenant to another location in San Mateo County or surrounding areas within the San Francisco Bay Area. In all events, Landlord shall be solely entitled to any award with respect to the real property, including the bonus value of the leasehold.

(b) If there is a partial taking of the Property by eminent domain which is not a substantial part of the Property and the Premises remain reasonably suitable for continued use and occupancy by Tenant for the purposes referred to in Paragraph 7, Landlord shall complete any necessary repairs in a diligent manner and this Lease shall remain in full force and effect with a just and proportionate abatement of the Monthly Base Rent and Additional Rent, based on the extent to which Tenant's use of the Premises is completely impaired thereafter. If after a partial taking, the Premises are not reasonably suitable for Tenant's continued use and occupancy for the uses permitted herein, Tenant may terminate this Lease effective on the earlier of the date title vests in the public authority or the date possession is taken. Subject to the provisions of Paragraph 20(a), the entire award for such taking shall be the property of Landlord.

21. Remedies. If Tenant fails to make any payment of rent or any other sum due under this Lease for five (5) days after receipt by Tenant of written notice from Landlord; or if Tenant fails to comply with any term, provision or covenant of this Lease and does not cure such failure within fifteen (15) days after receipt by Tenant of written notice from Landlord or such shorter time period specified in this Lease (unless such default is incapable of cure within fifteen (15) days and Tenant commences cure within fifteen (15) days and thereafter diligently prosecutes the cure to completion within a reasonable time, not to exceed thirty (30) days); or if Tenant's interest herein, or any part thereof, is assigned or transferred, either voluntarily or by operation of law (except as expressly permitted by other provisions of this Lease); or if Tenant makes a general assignment for the benefit of its creditors; or if this Lease is rejected (i) by a bankruptcy trustee for Tenant, (ii) by Tenant as debtor in possession, or (iii) by failure of Tenant as a bankrupt debtor to act timely in assuming or rejecting this Lease; then any of such events shall constitute an event of default and breach of this Lease by Tenant and Landlord may, at its option, elect the remedies specified in either subparagraph (a) or (b) below. Any such rejection of this Lease referred to above shall not cause an automatic termination of this Lease. Whenever in this Lease reference is made to a default by Tenant, such reference shall refer to an event of default as defined in this Paragraph 21.Landlord may repossess the Premises and remove all persons and property therefrom. If Landlord repossesses the Premises because of a breach of this Lease, this Lease shall terminate and Landlord may recover from Tenant:

(1) the worth at the time of award of the unpaid rent which had been earned at the time of termination including interest thereon at a rate equal to the discount rate established by the Federal Reserve Bank of San Francisco for member banks, plus one percent (1%), or the maximum legal rate of interest, whichever is less, from the time of termination until paid;

(2) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided, including interest thereon at a rate equal to the Federal discount rate plus one percent (1%) per annum, or the maximum legal rate of interest, whichever is less, from the time of termination until paid;

(3) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided discounted at the discount rate established by the Federal Reserve Bank of San Francisco for member banks at the time of the award plus one percent (1%); and

(4) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant’s breach or by Tenant’s failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.

(c) If Landlord does not repossess the Premises, then this Lease shall continue in effect for so long as Landlord does not terminate Tenant’s right to possession and Landlord may enforce all of its rights and remedies under this Lease, including the right to recover the rent and other sums due from Tenant hereunder. For the purposes of this Paragraph 21, the following do not constitute a repossession of the Premises by Landlord or a termination of the Lease by Landlord:

(1) Acts of maintenance or preservation by Landlord or efforts by Landlord to relet the Premises; or

(2) The appointment of a receiver by Landlord to protect Landlord’s interests under this Lease.

(d) Landlord's failure to perform or observe any of its obligations under this Lease or to correct a breach of any warranty or representation made in this Lease within thirty (30) days after receipt of written notice from Tenant setting forth in reasonable detail the nature and extent of the failure referencing pertinent Lease provisions or if more than thirty (30) days is required to cure the breach, Landlord's failure to begin curing within the thirty (30) day period and diligently prosecute the cure to completion, shall constitute a default. If Landlord commits a default, Tenant's sole remedy shall be to institute an action against Landlord for damages or for equitable or injunctive relief, but Tenant shall not have the right to punitive damages, consequential damages, rent abatement, offset against rent, or to terminate this Lease in the event of any default by Landlord.

(e) All covenants and agreements to be performed by Tenant under this Lease shall be at its sole cost and expense and without abatement of rent or other sums due under this Lease, unless otherwise specified in this Lease. If Tenant shall fail to pay any sum of money required to be paid by Tenant under this Lease or shall fail to perform any other act on Tenant's part to be performed under this Lease within the time periods described in the first paragraph of Paragraph 21(a), Landlord may, but shall not be obligated so to do and without waiving or releasing Tenant from any obligations of Tenant, make any such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease. All sums paid by Landlord, whether to fulfill Tenant's unfulfilled payment obligations, to perform Tenant's unfulfilled performance obligations, or to compel Tenant to fulfill or perform its obligations under this Lease, and all incidental costs, including attorneys' fees, plus an administrative fee of five percent (5%) of all amounts so expended by Landlord, shall be deemed additional rent hereunder and shall be payable to Landlord upon demand.

22. Tenant's Personal Property. If any personal property of Tenant remains on the Premises after (1) Landlord terminates this Lease pursuant to Paragraph 21 above following an event of default by Tenant, or (2) after the expiration of the Lease Term (as may be extended) or after the termination of this Lease pursuant to any other provisions hereof, Landlord shall give written notice thereof to Tenant pursuant to applicable law. Landlord shall thereafter release, store, and dispose of any such personal property of Tenant in accordance with the provisions of applicable law.

23. Notices. All notices required under the Lease and other information concerning this Lease ("Communications") shall be personally delivered or sent by first class mail, postage prepaid, by overnight courier. In addition, the Landlord may, in its sole discretion, send such Communications to the Tenant electronically, or permit Tenant to send such Communications to the Landlord electronically, in the manner described in this Paragraph.

Such Communications sent by personal delivery, mail or overnight courier will be sent to the addresses on the signature page of this Lease, or to such other addresses as the Landlord and Tenant may specify from time to time in writing. Communications shall be effective (i) if mailed, upon the earlier of receipt or five (5) days after deposit in the U.S. mail, first class, postage prepaid, or (ii) if hand-delivered, by courier or otherwise (including telegram, lettergram or mailgram), when delivered.

Such Communications may be sent electronically by the Landlord and Tenant (i) by transmitting the Communication to the electronic address provided by the Tenant or to such other electronic address as the Tenant may specify from time to time in writing, or (ii) by posting the Communication on a website and sending the Tenant a notice to the Tenant's postal address or electronic address telling the Tenant that the Communication has been posted, its location, and providing instructions on how to view it. Communications sent electronically to the Tenant will be effective when the Communication, or a notice advising of its posting to a website, is sent to the Tenant's electronic address.

Acknowledged &
Accepted: /s/ TF
Tenant

24. Estoppel Certificate. Tenant and Landlord shall within ten (10) days following written request by the other party (the "**Requesting Party**"), execute and deliver to the Requesting Party an estoppel certificate (1) certifying that this Lease has not been modified and certifying that this Lease is in full force and effect, or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect; (2) stating the date to which the rent and other charges are paid in advance, if at all; (3) stating the amount of any Security Deposit held by Landlord; (4) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the Requesting Party hereunder, or if there are uncured defaults on the part of the Requesting Party, stating the nature of such uncured defaults; and (5) any other provisions reasonably requested *by* either party.

25. Signage. Tenant shall have the use of Tenant's Pro Rata Share of the monument sign for the Building for Tenant's sign. Tenant may place Tenant's vinyl lettering signage on the glass near the front door entrance to the Building and in the interior of the Building, subject to Landlord's reasonable requirements and consent and subject to the requirements of the City of Menlo Park. All of Tenant's signage shall comply with the City of Menlo Park sign ordinances and regulations and shall be subject to Landlord's approval as to the specific location, size and design thereof. The cost of the installation of Tenant's signage on the glass near the front entrance to the Building and within the interior of the Building shall be paid by Tenant. Any additional signage shall be subject to Landlord's prior approval and, if approved, shall be installed at Tenant's expense.

26. Real Estate Brokers. Tenant's broker is Kidder Mathews ("**Tenant's Broker**") and Landlord's brokers are Kidder Matthews Newmark Cornish & Carey ("**Landlord's Broker**" and collectively with Tenant's Broker, the "**Brokers**"). Landlord shall pay a leasing commission to the Brokers pursuant to a separate agreement. Each party represents and warrants to the other party that it has not had any dealings with any real estate broker, finder, or other person with respect to this Lease other than the Brokers and each party shall hold harmless the other party from all damages, expenses, and liabilities resulting from any claims that may be asserted against the other party by any broker, finder, or other person with whom the other party has or purportedly has dealt, other than the Brokers.

27. Parking. Tenant shall have the right to the nonexclusive use of nineteen (19) unreserved on-site vehicular parking spaces on the Land at no additional cost to Tenant in the parking area for the Building or nearby parking areas in Menlo Business Park, provided that if the City of Menlo Park requires that the number of striped parking spaces located at the Building to be reduced to conform to maximum parking allowances adopted by the City of Menlo, and so long as such requirement was not triggered by Landlord, the number of parking spaces identified in the first sentence of this Paragraph 27 shall be proportionately reduced. Parking shall be subject to such rules and regulations for such parking facilities which may be established or altered by Landlord at any time from time to time during the Lease Term (as may be extended), provided that such rules and regulations shall not unreasonably interfere with Tenant's parking rights. Vehicles of Tenant or its employees shall not park in driveways or occupy parking spaces or other areas reserved for deliveries, or loading or unloading.

28. Subordination; Attornment.

(a) This Lease, without any further instrument, shall at all times be subject and subordinate to the lien of any and all mortgages and deeds of trust which may now or hereafter be placed on, against or affect Landlord's estate in the real property of which the Premises form a part, and to all advances made or hereafter to be made upon the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding anything to the contrary in this Paragraph 28, at Tenant's request, Landlord hereby agrees to use commercially reasonable efforts to obtain from its current mortgagee a subordination and non-disturbance and attornment agreement ("SNDA") in substantially the form attached hereto as Exhibit "I" and made a part hereof, or in any other commercially reasonable form provided by any future mortgagee. Tenant is required to pay a lender fee of $1,500.00 for any such SNDA. If Tenant chooses to negotiate the language of the SNDA, additional fees may apply.

(b) In confirmation of such subordination, Tenant covenants and agrees to execute and deliver within ten (10) days of Landlord's request any certificate or other instrument which Landlord may reasonably deem proper to evidence such subordination in commercially reasonable form (which document recognizes Tenant's rights under this Lease), without expense to Tenant; provided, however, that if any person or persons purchasing or otherwise acquiring the real property of which the Premises form a part by any sale, sales and/or other proceedings under such mortgages and/or deeds of trust, shall elect to continue this Lease in full force and effect in the same manner and with like effect as if such person or persons had been named as Landlord herein, then this Lease shall continue in full force and effect as aforesaid, and Tenant hereby attorns and agrees to attorn to such person or persons in writing upon request.

(c) If Tenant is notified in writing of Landlord's default under any deed of trust affecting the Premises and if Tenant is instructed in writing by the party giving notice to make Tenant's rental payments to such beneficiary, Tenant shall comply with such request without liability to Landlord (and with full credit of any amounts paid to such party by Tenant to the corresponding amounts owed to Landlord) until Tenant receives written confirmation that such default has been cured by Landlord and that the deed of trust has been reinstated.

29. No Termination Right. Tenant shall not have the right to terminate this Lease as a result of any default by Landlord, and Tenant's remedies in the event of a default by Landlord shall be limited to the remedy set forth in Paragraph 21(c). Tenant expressly waives the defense of constructive eviction.

30. Landlord's Entry. Except in the case of an emergency, which may occur without prior notice to Tenant, Landlord and Landlord's agents shall provide Tenant with at least twenty-four (24) hours' notice prior to entry of the Premises. Provided Tenant makes a representative available by the end of the applicable notice period provided for above and excluding any entry in the event of an emergency, Tenant may request that Landlord or any representative of Landlord entering the Premises pursuant to the provisions of this Paragraph 30, be accompanied at all times by a representative of Tenant. Landlord may enter the Premises for any reasonable purpose related to Landlord's ownership and operation of the Property. Such entry by Landlord and Landlord's agents shall not impair Tenant's operations more than reasonably necessary. Landlord may enter the Premises at any time without prior notice to Tenant if the Premises are vacant, if Tenant is no longer conducting its ordinary business at the Premises, or if Tenant has made a general assignment for the benefit of creditors.

31. Attorneys' Fees. If any action at law or in equity shall be brought to recover any rent under this Lease, or for or on account of any breach of or to enforce or interpret any of the provisions of this Lease or for recovery of the possession of the Premises (including litigation, or a proceeding in a bankruptcy court), the prevailing party shall be entitled to recover from the other party costs of suit and reasonable attorneys' fees, the amount of which shall be fixed by the court and shall be made a part of any judgment rendered.

32. Quiet Enjoyment. Upon payment by Tenant of the rent for the Premises and the observance and performance of all of the covenants, conditions, and provisions on Tenant's part to be observed and performed under this Lease within applicable notice and cure periods, Tenant shall have quiet enjoyment and possession of the Premises for the entire term hereof subject to all of the provisions of this Lease.

33. Financial Information. Tenant represents and warrants to Landlord that all financial and other information that it has provided to Landlord prior to the date of this Lease is true, correct and complete.

34. SDN List. Tenant represents and warrants to Landlord that Tenant is not, and the entities or individuals that constitute Tenant, that may own or control Tenant, or that may be owned or controlled by Tenant (in all cases, other than through the ownership of publicly traded, direct or indirect ownership interests) (each a "Subject Tenant Party") are not, (i) in violation of any laws relating to terrorism or money laundering, or (ii) among the individuals or entities identified on any list compiled pursuant to Executive Order 13224 or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC") for the purpose of identifying suspected terrorists or on the most current list published by the OFAC at its official website, http://www.treas.gov/ofac/tllsdn.pdf or any replacement website or other replacement official publication of such list which identifies an "Specially Designated National" or "blocked person" (either of which are referred to herein as a "SDN"). If at any time during the Lease Term (as may be extended) Landlord discovers that Tenant has breached the foregoing representations and warranties, or Landlord reasonably believes that Tenant or any Subject Tenant Party is in violation of any laws relating to terrorism or money laundering or that Tenant or any Subject Tenant Party is identified as an SDN, Tenant shall be deemed in default under this Lease following three (3) days written notice from Landlord to Tenant unless, within such three day period, Tenant delivers written evidence, reasonably acceptable to Landlord, that Tenant is not in violation of such laws or that Tenant (or the Subject Tenant Party, as applicable) is not a person or entity identified as an SDN. Except as otherwise expressly provided in the foregoing sentence, and without further notice, any default by Tenant under this Paragraph 34 shall be deemed an incurable default by Tenant and, in addition to any other rights and remedies that Landlord may have upon such default, Landlord shall also have the right to immediately terminate this Lease upon written notice to Tenant and recover possession of the Premises.

35. Sustainable Practices for the Building. Landlord and Tenant acknowledge and agree that Landlord is committed to employing sustainable operating and maintenance practices for the Building. Tenant shall fully cooperate with Landlord in any programs in which Landlord may elect to participate relating to the Building's (i) energy efficiency, management and conservation; (ii) water conservation and management; (iii) environmental standards and efficiency; (iv) recycling and reduction programs; and/or (v) safety, which participation may include, without limitation, the Leadership in Energy and Environmental Design (LEED) program and related Green Building Rating System promoted by the U.S. Green Building Council. All carbon tax credits and similar credits, offsets and deductions are the sole and exclusive property of Landlord. Tenant affirms its support of these practices, and agrees to cooperate with Landlord by implementing reasonable conservation practices. Periodically, Landlord may offer additional examples, guidance and practices related to energy conservation measures, which Tenant agrees to consider for implementation. Notwithstanding anything herein to the contrary, Tenant shall not be restricted from operating its business in the fashion and manner which it deems appropriate for itself, in accordance with the Use provisions of this Lease. Should any specific practice(s) proposed by Landlord be deemed to be inconsistent with Tenant's business operations, Tenant shall so advise Landlord in writing as its reason for declining to implement such specific practice(s).

36. Tenant Amenities. During the Term of this Lease (as may be extended), Tenant shall have the right to use, in common with Landlord, its employees, tenants and invitees, certain shared amenities of the Property which include the Gym (including the pool located at the Gym), Restaurant and the Event Room and Conference Room located at 1430/1440 O'Brien Drive, Menlo Park, California together with the Sports Courts (which consist of the volleyball, basketball and tennis courts) located immediately adjacent to the building located at 1505 O'Brien Drive, Menlo Park, California (the "Shared Amenities"). Tenant's use of the Shared Amenities shall be subject to such rules and regulations as Landlord may reasonably prescribe from time to time upon notice to Tenant and shall be without any additional charge or cost therefore other than with respect to all food and beverages consumed within the Restaurant or any classes or personal training, individual services or separately or additionally charged services offered at the Gym. Landlord reserves the right to make all such changes, additions, improvements and replacements to the Shared Amenities as Landlord may elect, in its sole and absolute discretion, and nothing set forth herein in this Paragraph 36 shall be deemed a covenant or representation that Landlord shall offer the Shared Amenities during certain hours nor shall it be deemed a covenant or representation that Landlord shall not cease operation of (i.e., entirely shut down) all, or a portion of, the Shared Amenities during the Term (as may be extended). In addition, in Landlord's sole and absolute discretion, Tenant may, without any additional cost therefore, reserve and utilize such Event Room and Conference Room on an as-available basis. Tenant must use Landlord's reservation system for its use of the Event Room and Conference Room. Notwithstanding the foregoing or anything to the contrary contained herein, under no circumstances shall the Shared Amenities be deemed to be a part of the Common Area square footage allocations for the purposes of this Lease; provided, however the foregoing shall not prohibit Landlord from including in Park Expenses the costs associated with the Shared Amenities in accordance with Section 4 above.

37. Emergency Generator. Subject to the waivers of liability as set forth in the Paragraph 14 in connection with the occurrence of any utility service interruptions, Landlord shall connect the Premises to the existing back-up generator servicing the Property and owned, operated and maintained by Landlord. During the Term of this Lease (as may be extended), Landlord shall use its commercially reasonable efforts to keep such back-up generator in good condition and repair, shall provide for periodic maintenance and repair in accordance with manufacturer's recommendations and shall cause sufficient quantities of fuel to be present in the storage tank servicing such back-up generator; provided that Tenant acknowledges and agrees that Landlord makes no representations, warranties or guarantees concerning the performance of such back-up generator and Tenant further understands and acknowledges that upon the occurrence of a force majeure delay causing a disruption in the electrical service to the Property, Landlord may be unable to obtain sufficient quantities of fuel necessary to allow the back-up generator to provide uninterrupted electrical service to such data and telephone systems upon such inability to refuel the Property's storage tanks.

38. General Provisions

(a) Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or of partnership or of joint venture of any association between Landlord and Tenant, and neither the method of computation of rent nor any other provisions contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

(b) Each and all of the provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto, and except as otherwise specifically provided elsewhere in this Lease, their respective heirs, executors, administrators, successors, and assigns, subject at all times, nevertheless, to all agreements and restrictions contained elsewhere in this Lease with respect to the assignment, transfer, encumbering, or subletting of all or any part of Tenant's interest in this Lease.

(c) The captions of the paragraphs of this Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

(d) This Lease is and shall be considered to be the only agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations or warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this instrument.

(e) Governing Law. This Lease is governed by federal law, including without limitation the Electronic Signatures in Global and National Commerce Act (15 U.S.C. §§ 7001 *et* and, to the extent that state law applies, the laws of the State of California without regard to its conflicts of law rules.

(f) Recourse by Tenant for breach of this Lease by Landlord shall be expressly limited to the amount of Landlord's interest in the Property and the rents, issues, insurance, condemnation, and sales proceeds actually received by Landlord, and profits therefrom, and in the event of any such breach or default by Landlord, Tenant hereby waives the right to proceed against any other assets of Landlord or against any other assets of any manager or member of Landlord.

(g) Any provision or provisions of this Lease which shall be found to be invalid, void or illegal by a court of competent jurisdiction, shall in no way affect, impair, or invalidate any other provisions hereof, and the remaining provisions hereof shall nevertheless remain in full force and effect.

(h) This Lease may only be amended by a writing signed by the parties hereto, or by an electronic record that has been electronically signed by the parties hereto and has been rendered tamper-evident as part of the signing process. The exchange of email or other electronic communications discussing an amendment to this Lease, even if such communications are signed, does not constitute a signed electronic record agreeing to such an amendment.

(i) Each party represents to the other that the person signing this Lease on its behalf is properly authorized to do so, and in the event this Lease is signed by an agent or other third party on behalf of either Landlord or Tenant, written authority to sign on behalf of such party in favor of the agent or third party shall be provided to the other party hereto either prior to or simultaneously with the return to such other party of a fully executed copy of this Lease.

(j) No binding agreement between the parties with respect to the Premises shall arise or become effective until this Lease has been duly executed by both Tenant and Landlord and a fully executed copy of this Lease has been delivered to both Tenant and Landlord.

(k) Landlord and Tenant acknowledge that the terms and conditions of this Lease constitute confidential information of Landlord and Tenant. Each party shall use its reasonable good faith efforts to prevent the dissemination orally or in written form, of this Lease, lease proposals, lease drafts, or other documentation containing the terms, identity of the parties, details or conditions contained herein to any third party without obtaining the prior written consent of the other party, except to the attorneys, accountants, lenders, investors, potential investors, potential business or merger partners, potential subtenants and assignees, or other authorized business representatives or agents of the parties, or except to the extent required to comply with applicable laws, including any filings by Tenant pursuant to state or federal securities laws. Neither Landlord nor Tenant shall make any public announcement of the consummation of this Lease transaction without the prior approval of the other party. A violation of this subparagraph (1) shall not permit either party to terminate this Lease. Nothing in this Paragraph shall prevent Landlord from submitting a copy of this Lease to the Court in connection with any action to enforce the provisions hereof.

(l) Except as provided in Paragraph 21(c), the rights and remedies that either party may have under this Lease or at law or in equity, upon any breach, are distinct, separate and cumulative and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

(m) Tenant waives any claim for consequential damages which Tenant may have against Landlord for breach of or failure to perform or observe the requirements and obligations created by this Lease.

(n) Landlord and Tenant each agree to and they hereby do, to the maximum extent permitted by law, waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or any claim of injury or damage, and any statutory remedy.

(o) This Lease shall not be recorded, however, Landlord and Tenant each hereby agree that a memorandum of Lease may be recorded by Tenant in the jurisdiction where the Premises are located.

(p) Whenever this Lease requires an approval, consent, determination, selection or judgment by either Landlord or Tenant, unless another standard is expressly set forth, such approval, consent, determination, selection or judgment and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld or delayed and, in exercising any right or remedy hereunder, each party shall at all times act reasonably and in good faith.

39. Amendments. This Lease may only be amended by a writing signed by the parties hereto, or by an electronic record that has been electronically signed by the parties hereto and has been rendered tamper-evident as part of the signing process. The exchange of email or other electronic communications discussing an amendment to this Lease, even if such communications are signed, does not constitute a signed electronic record agreeing to such an amendment.

Acknowledged &
Accepted: /s/ TF
Tenant

40. Counterparts: Electronic Signatures. This Lease may be executed in counterparts, including both counterparts that are executed on paper and counterparts that are in the form of electronic records and are executed electronically. An electronic signature means any electronic sound, symbol or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or e-mail electronic signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Lease and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called pdf format shall be legal and binding and shall have the same full force and effect as if an a paper original of this Lease had been delivered had been signed using a handwritten signature. Landlord and Tenant (i) agree that an electronic signature, whether digital or encrypted, of a party to this Lease is intended to authenticate this writing and to have the same force and effect as a manual signature, (ii) intend to be bound by the signatures (whether original, faxed or electronic) on any document sent or delivered by facsimile or, electronic mail, or other electronic means, (iii) are aware that the other party will rely on such signatures, and (iv) hereby waive any defenses to the enforcement of the terms of this Lease based on the foregoing forms of signature. If this Lease has been executed by electronic signature, all parties executing this document are expressly consenting under the Electronic Signatures in Global and National Commerce Act ("**E-SIGN**") and Uniform Electronic Transactions Act ("**UETA**"), that a signature by fax, email or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

Acknowledged &
Accepted: /s/ TF
Tenant

IN WITNESS WHEREOF, the Landlord and Tenant have duly executed this Lease as of the date first set forth herein.

"LANDLORD"

MENLO PREPI I, LLC, a Delaware limited liability company

By: PRINCIPAL REAL ESTATE INVESTORS, LLC, a Delaware limited liability company, its authorized signatory

By: /s/ Jeff Uittenbogaard
Name: Jeff Uittenbogaard
Title: Investment Director

By: /s/ Mike Benson
Name: Mike Benson
Title: Managing Director

TPI INVESTORS 9, LLC,
a California limited liability company,

By: /s/ Ron Krietemeyer
Name: Ron Krietemeyer
Title: COO

Address: 1530 O'Brien Dr. Suite C, Menlo Park, CA 94025

"TENANT"

ZAI LAB (US) LLC,
a Delaware limited liability company

By: Tao Fu /s/Tao Fu

Its: President & COO

By: _____

Its: _____
Address: The Premises

EXHIBIT A

Legal Description

Real property in the City of Menlo Park, County of San Mateo, State of California, described as follows:

PARCEL I:

PARCEL A AS SHOWN ON THAT CERTAIN MAP ENTITLED, “PARCEL MAP FOR THE PURPOSE OF ELIMINATING THE LINE BETWEEN LOT 7 AND LOT 8 OF MENLO BUSINESS PARK AS SHOWN ON THE MAP FILED APRIL, 09, 1983 IN BOOK 111 OF MAPS AT PAGES 50-52, SAN MATEO COUNTY, RECORDS”, FILED IN THE OFFICE OF THE COUNTY RECORDER OF THE COUNTY OF SAN MATEO, STATE OF CALIFORNIA, ON AUGUST 19, 1986 IN BOOK 57 OF PARCEL MAPS AT PAGES 88 AND 89.

PARCEL II;

NON-EXCLUSIVE APPURTENANT EASEMENTS FOR PARKING, INGRESS, EGRESS, AND LANDSCAPING, AS CREATED, LIMITED AND DEFINED IN DOCUMENT ENTITLED “GRANT OF EASEMENT”, RECORDED APRIL 27, 1983, DOCUMENT NO. 83039672, ON AND ACROSS THE FOLLOWING DESCRIBED PARCEL:

BEGINNING AT THE NORTHWESTERLY CORNER OF LOT 7 ABOVE DESCRIBED AND RUNNING
THENCE NORTH 2° 12’ 04” WEST 80 FEET;
THENCE NORTH 89° 11’ 17” EAST 550,17 FEET;
THENCE SOUTH 2° 12’ 04” EAST 80 FEET TO THE NORTHERLY LINE OF SAID LOT 8;
THENCE ALONG SAID LAST MENTIONED LINE, AND THE NORTHERLY LINE OF LOT 7,
SOUTH 89° 11’ 17” WEST 550.17 FEET TO THE POINT OF BEGINNING.

APN: 055-473-160; JPN: 111-050-000-07 T (Affects: a portion of the Land)
And
APN: 055-473-170; JPN: 111-050-000-08 T (Affects: a portion of the Land)

EXHIBIT “A”

EXHIBIT B

MENLO BUSINESS PARK MASTER PLAN

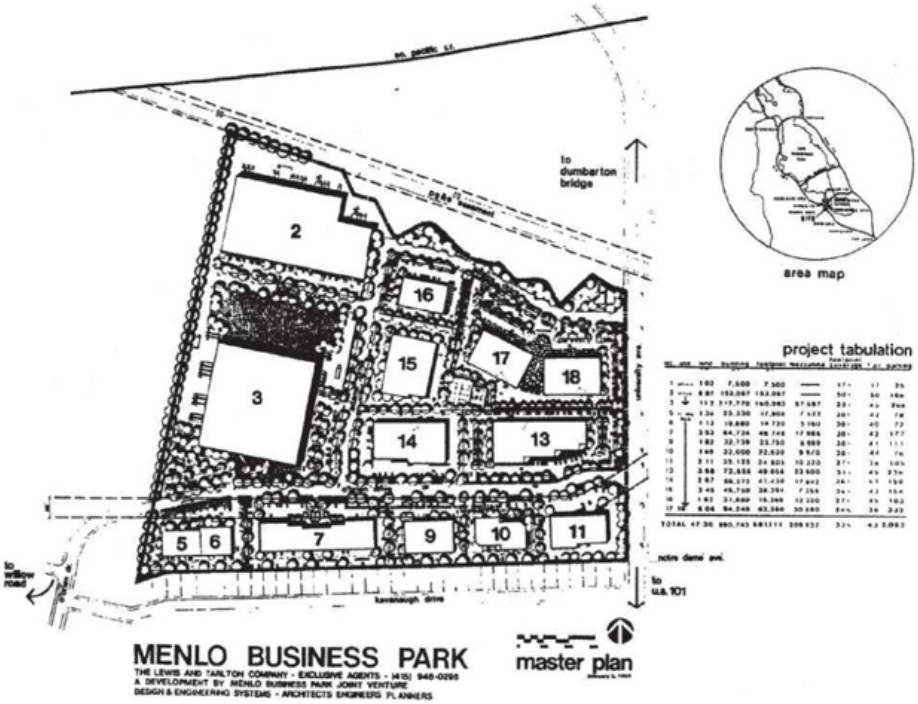


EXHIBIT “B”

EXHIBIT C

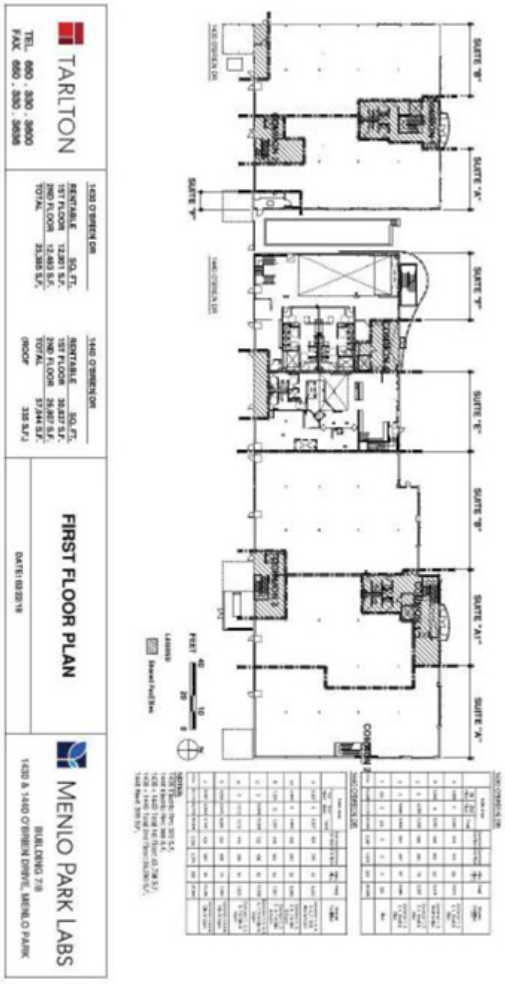
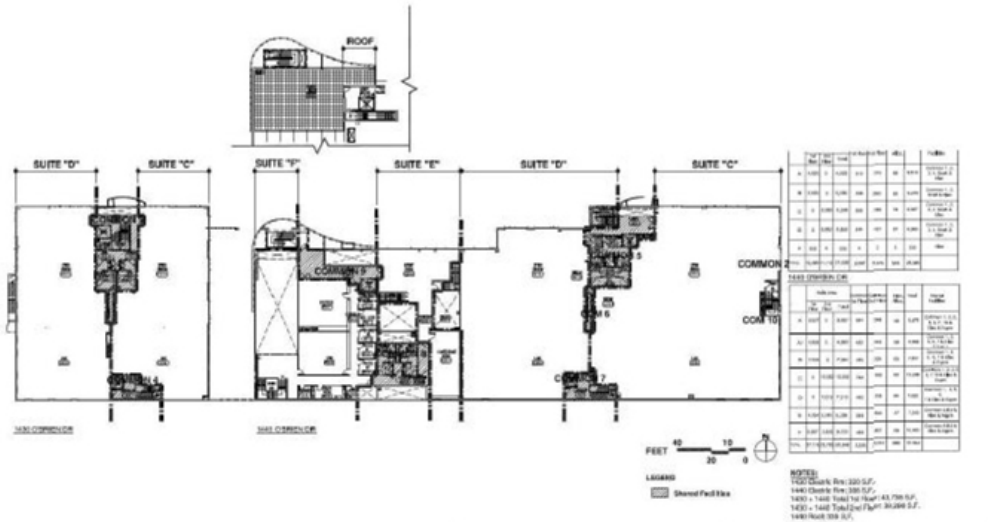


EXHIBIT “C”

EXHIBIT "C"



NOTES:
1430 Electric Rm: 220 S.F.
1440 Electric Rm: 330 S.F.
1430 + 1440 Total 1st Floor: 43,799 S.F.
1430 + 1440 Total 2nd Floor: 30,846 S.F.
1440 Roof: 335 S.F.

TARLTON

TEL. 650 . 330 . 3600
FAX. 650 . 330 . 3636

1430 O'BRIEN DR	
RENTABLE	SQ. FT.
1ST FLOOR	12,901 S.F.
2ND FLOOR	12,483 S.F.
TOTAL	25,385 S.F.

1440 O'BRIEN DR	
RENTABLE	SQ. FT.
1ST FLOOR	30,837 S.F.
2ND FLOOR	26,807 S.F.
TOTAL	57,644 S.F.
(ROOF	335 S.F.)

SECOND FLOOR PLAN

DATE: 02/22/19

MENLO PARK LABS

BUILDING 7/8
1430 & 1440 O'BRIEN DRIVE, MENLO PARK

EXHIBIT “D”

Commencement Memorandum

To: _____ Date: _____, 2019

Re: Re: Lease dated _____ between MENLO PREPI I, LLC, a Delaware limited liability company, and TPI INVESTORS 9, LLC, a California limited liability company, hereafter collectively referred to as Landlord, and ZAI LAB (US), LLC, a Delaware limited liability company, Tenant, concerning the Premises consisting of approximately 18,707 rentable square feet in the building commonly known as 1440 O’Brien Drive, Suites A& C, Menlo Park, California.

Gentlemen:

In accordance with the subject Lease, we hereby confirm the following:

1. That Tenant has possession of the Premises and acknowledges that pursuant to the Lease, the initial term of the Lease commenced on _____, 20____ (the “Commencement Date”), and shall expire on _____, 20____.

2. That in accordance with the provisions of the Lease, Monthly Base Rent and Additional Rent commenced to accrue on _____, 20____.

3. Thereafter, rent is due and payable in advance on the first day of each month during the term of the Lease. Rent checks should be made payable to Menlo Park Portfolio, Property, 435010 P.O. Box 310300, Des Moines, IA 50331-0300.

AGREED AND ACCEPTED

TENANT: LANDLORD:

_____ _____

EXHIBIT “D”

Exhibit E

Hazardous Materials Inventory

Zai Lab US LLC, St A, Chemistry							
Chemical	**Primary Fire Code Class**	**Secondary Fire Code Class**	**S, L or G?**	**Projected Storage Quantity**	**Largest Container Size**	**Amount in Use**	**Amount in Flammable Cabinet**
Iron	Flam Solid			0.2kg	0.2kg		
Pd/C	Flam Solid			100g	100g		
		Total Flammable Solids		*0.7 lbs*			
Ethyl Ether	Flam IA			1L	1L		
Trimethylamine	Flam IA	Corrosive		1L	1L		
		Total Flammable IA Liquids		*0.5 gal*			
1,4-Dioxane	Flam IB		L	5L	1L		
Acetone	Flam IB		L	10L	5L		
Acetonitrile	Flam IB		L	20L	5L		
Acetyl Chloride	Flam IB	Corr, WR2	L	0.5L	0.5L		
Alcohol	Flam IB		L	2L	1 L		
Allyl Bromide	Flam IB	Corr, Toxic		1L	1L		
Cyclohexane	Flam IB		L	10L	5L		
Ethanol	Flam IB		L	2L	1L		
Ethyl Acetate	Flam IB		L	20L	5L		
Heptane	Flam IB		L	1L	1L		
Hexane	Flam IB		L	10L	5L		
Isopropanol	Flam IB		L	1L	1L		
Methanol	Flam IB		L	5L	1L		
n-Butyllithium (2.5M solution in Hexane)	Flam IB	P, WR3, T, C	L	0.2L	0.1L		
N,N-Diisopropylethylamine	Flam IB	Corr, Toxic	L	1L	1L		
Potassium tert-butoxide	Flam IB		L	1L	0.5L		
Pyridine	Flam IB		L	1L	1L		
Tetrahydrofuran	Flam IB		L	2L	5L		
tert-Butyl methyl ether	Flam IB		L	1L	1L		
Triethylamine	Flam IB	Corr, Toxic	L	1L	1L		
Toluene	Flam IB		L	1L	1L		
Flammable Waste, Chlorinated Solvets	Flam IB		L	20L	10L		
Flammable Waste, Non-Chlorinated Solvents	Flam IB		L	20L	10L		
		Total Flammable IB Liquids		*35.9 gal*			
Butanol	Flam IC			1L	1L		
Oxalyl Chloride	Flam IC	Corr, WR3		0.2L	0.1L		
		Total Flammable IC Liquids		*0.3 gal*			
Acetic Acid	Comb II	Toxic		1L	1L		
Acetic Anhydride	Comb II	Corrosive		1L	1L		
Anisole	Comb II			1L	1L		
Formic Acid	Comb II	Corrosive		0.5L	0.5L		
N,N-dimethylformamide	Comb II			1L	1L		
		Total Combustible II Liquids		*1.2 gal*			
Benzyl Chloride	Comb IIIB	Corr, Toxic		0.5L	0.5L		
N,N-dimethylacetamide	Comb IIIA			1L	1L		
Phenol	Comb IIIA	Toxic		1L	1L		
		Total Combustible IIIA Liquids		*0.7 gal*			
Benzaldehyde	Comb IIIB			0.5L	0.5L		
Dimethyl Sulfoxide	Comb IIIB			1L	1L		
N-methylpyrrolidone	Comb IIIB			0.5L	0.5L		

EXHIBIT “E”

Chemical	Primary Fire Code Class	Secondary Fire Code Class	S, L or G?	Projected Storage Quantity	Largest Container Size	Amount in Use	Amount in Flammable Cabinet
Total Combustible IIIB Liquids				*0.5 gal*			
Hydrogen	Flam Gas			56L	56L		
Total Flammable gas				*2 cf*			
Nitrogen				1000L	1000L		
Argon	Inert			1000L	1000L		
Total non-flammable gas				*54310 cf*			
Ammonium Hydroxide	Corrosive	Toxic		1L	1L		
Benzoic Acid	Corrosive			0.2kg	0.2kg		
Calcium Hydroxide	Corrosive			1kg	1kg		
Cesium Carbonate	Corrosive			1kg	1kg		
Hydrobromic Acid	Corrosive			1L	1L		
Hydochloric Acid (36%)	Corrosive			1L	1L		
Hydochloric Acid (1N)	Corrosive			1L	1L		
Hydrogen Peroxide	Corrosive	OX2, UR1		1L	1L		
Lithium Diisopropylamide (2M solution in THF)	Corrosive	Pyro, WR2		0.2L	0.1L		
Methanesulfonic acid	Corrosive			0.5L	0.5L		
Nitric Acid	Corrosive	OX2		1L	1L		
Oxalic Acid	Corrosive			500g	500g		
p-toluenesulfonic acid	Corrosive	Toxic		500g	500g		
Phosphoric Acid	Corrosive			1L	1L		
Potassium Hydroxide (1N)	Corrosive			1L	1L		
Sodium Hydroxide	Corrosive	Toxic, WR1		100g	100g		
Sodium Hydroxide (1N)	Corrosive			1L	1L		
Sulfuric Acid	Corrosive	Toxic		1L	1L		
Thionyl Chloride	Corrosive	Toxic, WR2		0.5L	0.5L		
Trifluoroacetic Acid	Corrosive	Toxic		1L	1L		
Trifluoroacetic Anhydride	Corrosive	WR2		1L	1L		
Trifluoroacetyl Chloride	Corrosive	Toxic, WR2		0.5L	0.5L		
Trifluoromethanesulfonic Acid	Corrosive			0.5L	0.5L		
Corrosive Waste, Acidic	Corrosive			20L	10L		
Corrosive Waste, Basic	Corrosive			20L	10L		
Total Corrosives				*14.4 gal + 7.3 lbs*			
Total Corrosives incl. Secondary Hazards				*16.2 gal + 7.7 lbs*			
3-Chloroperoxybenzoic acid	OP III	OX3		0.2kg	0.2kg		
Total Organic Peroxide III				*0.4 lbs*			
Dichloromethane	Toxic			20L	5L		
Total Toxic				*53 lbs*			
Total Toxic incl. Secondary Hazards				*80 lbs*			
Sodium Cyanide	H. Toxic	Corrosive		0.2kg	0.2kg		
Total Highly Toxic				*0.4 lbs*			
Total Water Reactive 1				*0.2 lbs*			
Total Water Reactive 2				*7.1 lbs*			
Total Water Reactive 3				*1 lbs*			
Total Unstable Reactive 1				*2.6 lbs*			
Total Oxidizer 2				*5.3 lbs*			
Total Oxidizer 3				*0.4 lbs*			
Total Pyrophoric				*1 lbs*			
Lq N2	cryo		L	500 liters	250 liters	500 liters	

EXHIBIT “E”

Chemical	Primary Fire Code Class	Secondary Fire Code Class	S, L or G?	Projected Storage Quantity	Largest Container Size	Amount in Use	Amount in Flammable Cabinet
			Total Inert cryogens	*132 gal*			
Ammonium Cloride				0.5kg	0.5kg		
Potassium Carbonate				1kg	1kg		
Sodium Bicarbonate				1kg	1kg		
Sodium Carbonate				1kg	1kg		
Tetrakis(triphenylphosphine)palladium(0)				0.25kg	0.25kg		
Tetrathylammonium Chloride				250g	250g		
Aqueous liquid waste (neutral)				20L	10L		

EXHIBIT “E”

Exhibit E

Hazardous Materials Inventory

Zai Lab US LLC, St C							
Chemical	Primary Fire Code Class	Secondary Fire Code Class	S, L or G?	Projected Storage Quantity	Largest Container Size	Amount in Use	Amount in Flammable Cabinet
Alcohol	Flam IB		L	30L	0.5 L	4L	26L
			Total Flammable IB Liquids	*7.9 gal*			
Broad-spectrum disinfectants	Comb II	Corr	L	8L	4L	2L	
Phenol	Comb IIIA	Corr, Tox	L	500 mL	100 mL	100 mL	
Dimethyl Sulfoxide	Comb IIIB		L	1L	100ml	5 mL	
Mercaptoethanol	Comb IIIB	Toxic	L	500 mL	250 mL	100 mL	0
SYBR Green	Comb IIIB		S	1 g	1g	0.1g	
Tween 20	Comb IIIB		L	5L	500mL	5 mL	
			Total Combustible Liquids	*4 gal*			
CO2	NFG		G	2700cf	450cf	1350cf	
			Total Non-Flammable Gas	*2700 cf*			
Oxygen			G	450cf	450cf	450cf	
			Total Oxidizing Gas	*450 cf*			
LN2	cryo		L	500 liters	250 liters	500 liters	
			Total Cryogens	*132 gal*			
HCl (Hydrochloric acid), 2N	Corrosive		L	1L	500ml	0	0
NaOH (Sodium Hydroxide), 2N	Corrosive		L	1L	1L	0	0
			Total Corrosives	*0.5 gal*			
			Total Corrosives including secondary hazards	*2.8 gal*			
Azaserine	Toxic		S	100 mg	5 mg	5 mg	0
Chloroform	Toxic		L	1 L	500 mL	100 mL	
Ethidium bromide	Toxic		S	1 g	1g	0.1g	
Geneticin (G418 Sulfate)	Toxic		S	5g	1g	0.1g	
Guanadinium hydrochloride	Toxic		S	100g	50g	10g	
			Total Toxics	*2.7 lb*			
			Total Toxic incl. secondary hazards	*5.3 lb*			
Aminoterine	H toxic		L	1500 mL	100 mL	10 mL	0
Hygromycin B	H toxic		S	5g	1g	0.1g	
Sodium Azide	H toxic	UR3	S	10g	10g	1 g	0
			Total Highly toxic	*4 lb*			
			Total Unstable Reactive 3	*0.02 lb*			
Sodium Bicarbonate	None		S	3000g	500g	100g	
Sodium Chloride	None		S	10kg	1000g	500g	0
TMB (3,3',5,5'-tetramethylbenzidine)	None		L		1L	2L	0
PNPP (p-Nitrophenyl Phosphate, Disodium	None		L		100ml	200ml	0
Puromycin Dihydrochloride	none		S	1g	0.2g	0.1g	
Isoflurane			L	1L	100mL	100mL	

EXHIBIT “E”

EXHIBIT “F”

Hazardous Materials Disclosure Certificate

Your cooperation in this matter is appreciated. Initially, the information provided by you in this Hazardous Materials Disclosure Certificate is necessary for the Landlord (identified below) to evaluate and finalize a lease agreement with you as tenant. After a lease agreement is signed by you and the Landlord (the “Lease Agreement”), on an annual basis in accordance with the provisions of the signed Lease Agreement, you are to provide an update to the information initially provided by you in this certificate. The information contained in the initial Hazardous Materials Disclosure Certificate and each annual certificate provided by you thereafter will be maintained in confidentiality by Landlord subject to release and disclosure as required by (i) any lenders and owners and their respective environmental consultants, (ii) any prospective purchaser(s) of all or any portion of the property on which the Premises are located, (iii) Landlord to defend itself or its lenders, partners or representatives against any claim or demand, and (iv) any laws, rules, regulations, orders, decrees, or ordinances, including, without limitation, court orders or subpoenas. Any and all capitalized terms used herein, which are not otherwise defined herein, shall have the same meaning ascribed to such term in the signed Lease Agreement. Any questions regarding this certificate should be directed to, and when completed, the certificate should be delivered to:

Landlord: _____

_____

Name of (Prospective) Tenant: _____

Mailing Address: _____

_____

Contact Person, Title and Telephone Number(s): _____

Contact Person for Hazardous Waste Materials Management and Manifests and Telephone Number(s): _____

_____

Address of (Prospective) Premises: _____
Length of (Prospective) initial Term: _____

_____

1. GENERAL INFORMATION:

   Describe the initial proposed operations to take place in, on, or about the Premises, including, without limitation, principal products processed, manufactured or assembled services and activities to be provided or otherwise conducted. Existing tenants should describe any proposed changes to on-going operations.

EXHIBIT “E”

2. USE, STORAGE AND DISPOSAL OF HAZARDOUS MATERIALS

2.1 Will any Hazardous Materials be used, generated, stored or disposed of in, on or about the Premises (excluding nominal amounts of ordinary household cleaners and janitorial supplies which are not regulated by any Environmental Laws)? Existing tenants should describe any Hazardous Materials which continue to be used, generated, stored or disposed of in, on or about the Premises.

Wastes	Yes, indicate amounts stored below	No
Chemical Products	Yes, indicate amounts stored below	No
Other	Yes, indicate amounts stored below	No

If Yes is marked, please explain and indicate amounts of each item stored:

2.2 If Yes is marked in Section 2.1, attach a list of any Hazardous Materials to be used, generated, stored or disposed of in, on or about the Premises, including the applicable hazard class and an estimate of the quantities of such Hazardous Materials at any given time; estimated annual throughput; the proposed location(s) and method of storage); and the proposed location(s) and method of disposal for each Hazardous Material, including, the estimated frequency, and the proposed contractors or subcontractors. Existing tenants should attach a list setting forth the information requested above and such list should include actual data from on-going operations and the identification of any variations in such information from the prior year's certificate.

3. STORAGE TANKS AND SUMPS

3.1 Is any above or below ground storage of gasoline, diesel, petroleum, or other Hazardous Materials in tanks or sumps proposed in, on or about the Premises? Existing tenants should describe any such actual or proposed activities.

Yes No

If yes, please explain:

4. WASTE MANAGEMENT

4.1 Has your company been issued an EPA Hazardous Waste Generator I D. Number? Existing tenants should describe any additional identification numbers issued since the previous certificate.

Yes No

4.2 Has your company filed a biennial or quarterly reports as a hazardous waste generator? Existing tenants should describe any new reports filed.

Yes No

If yes, attach a copy of the most recent report filed.

5. WASTEWATER TREATMENT AND DISCHARGE

5.1 Will your company discharge wastewater or other wastes to:

_____ storm drain? _____ sewer?

_____ surface water? _____ no wastewater or other wastes discharged.

Existing tenants should indicate any actual discharges. If so, describe the nature of any proposed or actual discharge(s).

5.2 Will any such wastewater or waste be treated before discharge?

Yes No

If yes, describe the type of treatment proposed to be conducted. Existing tenants should describe the actual treatment conducted.

6. AIR DISCHARGES

6.1 Do you plan for any air filtration systems or stacks to be used in your company's operations in, on or about the Premises that will discharge into the air; and will such air emissions be monitored? Existing tenants should indicate whether or not there are any such air filtration systems or stacks in use in, on or about the Premises which discharge into the air and whether such air emissions are being monitored.

Yes No

If yes, please describe:

6.2 Do you propose to operate any of the following types of equipment, or any other equipment requiring an air emissions permit? Existing tenants should specify any such equipment being operated in, on or about the Premises.

_____ Spray booth(s) _____ Incinerator(s)

_____ Dip tank(s) _____ Other (Please describe)

_____ Drying oven(s) _____No Equipment Requiring Air Permits

If yes, please describe: : _____

_____

_____

7. HAZARDOUS MATERIALS DISCLOSURES

7.1 Has your company prepared or will it be required to prepare a Hazardous Materials management plan ("Management Plan") pursuant to Fire Department or other governmental or regulatory agencies' requirements? Existing tenants should indicate whether or not a Management Plan is required and has been prepared.

Yes No

If yes, attach a copy of the Management Plan. Existing tenants should attach a copy of any required updates to the Management Plan.

7.2 Are any of the Hazardous Materials, and in particular chemicals, proposed to be used in your operations in, on or about the Premises regulated under Proposition 65? Existing tenants should indicate whether or not there are any new Hazardous Materials being so used which are regulated under Proposition 65. (California Only)

Yes No

If yes, please explain: :_____

8. ENFORCEMENT ACTIONS AND COMPLAINTS

8.1 With respect to Hazardous Materials or Environmental Laws, has your company ever been subject to any agency enforcement actions, administrative orders, or consent decrees or has your company received requests for information, notice or demand letters, or any other inquiries regarding its operations of similar nature to the space in question? Existing tenants should indicate whether or not any such actions, orders or decrees have been, or are in the process of being, undertaken or if any such requests have been received.

Yes No

If yes, describe the actions, orders or decrees and any continuing compliance obligations imposed as a result of these actions, orders or decrees and also describe any requests, notices or demands, and attach a copy of all such documents. Existing tenants should describe and attach a copy of any new actions, orders, decrees, requests, notices or demands not already delivered to Landlord pursuant to the provisions of Section 29 of the signed Lease Agreement.

8.2 Have there ever been, or are there now pending, any lawsuits against your company regarding any environmental or health and safety concerns?

Yes No

If yes, describe any such lawsuits and attach copies of the complaint(s), cross-complaint(s), pleadings and all other documents related thereto as requested by Landlord. Existing tenants should describe and attach a copy of any new complaint(s), cross-complaint(s), pleadings and other related documents not already delivered to Landlord pursuant to the provisions of Section 29 of the signed Lease Agreement.

8.3 Have there been any problems or complaints from adjacent tenants, owners or other neighbors at your company's current facility with regard to environmental or health and safety concerns? Existing tenants should indicate whether or not there have been any such problems or complaints from adjacent tenants, owners or other neighbors at, about or near the Premises.

Yes No

If yes, please describe. Existing tenants should describe any such problems or complaints not already disclosed to Landlord under the provisions of the signed Lease Agreement.

9. PERMITS AND LICENSES

9.1 Attach copies of all Hazardous Materials permits and licenses including a Transporter Permit number issued to your company with respect to its proposed operations in, on or about the Premises, including, without limitation, any wastewater discharge permits, air emissions permits, and use permits or approvals. Existing tenants should attach copies of any new permits and licenses as well as any renewals of permits or licenses previously issued.

The undersigned hereby acknowledges and agrees that (A) this Hazardous Materials Disclosure Certificate is being delivered in connection with, and as required by, Landlord in connection with the evaluation and finalization of a Lease Agreement and will be attached thereto as an exhibit; (B) that this Hazardous Materials Disclosure Certificate is being delivered in accordance with, and as required by, the provisions of the Lease Agreement; and (C) that Tenant shall have and retain full and complete responsibility and liability with respect to any of the Hazardous Materials disclosed in the HazMat Certificate notwithstanding Landlord's/Tenant's receipt and/or approval of such certificate. Tenant further agrees that none of the following described acts or events shall be construed or otherwise interpreted as either (a) excusing, diminishing or otherwise limiting Tenant from the requirement to fully and faithfully perform its obligations under the Lease with respect to Hazardous Materials, including, without limitation, Tenant's indemnification of the Indemnitees and compliance with all Environmental Laws, or (b) imposing upon Landlord, directly or indirectly, any duty or liability with respect to any such Hazardous Materials, including, without limitation, any duty on Landlord to investigate or otherwise verify the accuracy of the representations and statements made therein or to ensure that Tenant is in compliance with all Environmental Laws; (i) the delivery of such certificate to Landlord and/or Landlord's acceptance of such certificate, (ii) Landlord's review and approval of such certificate, (iii) Landlord's failure to obtain such certificate from Tenant at any time, or (iv) Landlord's actual or constructive knowledge of the types and quantities of Hazardous Materials being used, stored, generated, disposed of or transported on or about the Premises by Tenant or Tenant's Representatives. This should not be interpreted as a relief of tenant's responsibility to follow environmental laws and best practices so as not to impact the property by the use of the disclosed materials. Notwithstanding the foregoing or anything to the contrary contained herein, the undersigned acknowledges and agrees that Landlord and its partners, lenders and representatives may, and will, rely upon the statements, representations, warranties, and certifications made herein and the truthfulness thereof in entering into the Lease Agreement and the continuance thereof throughout the term, and any renewals thereof, of the Lease Agreement.

EXHIBIT "F"

I (print name) _____, acting with full authority to bind the (proposed) Tenant and on behalf of the (proposed) Tenant, certify, represent and warrant that the information contained in this certificate is true and correct.

(PROSPECTIVE) TENANT: _____

Name of Tenant

By: _____

Title: _____

Date: _____

EXHIBIT “F”

EXHIBIT “G”

Work Letter

This Work Letter is attached to and made a part of that certain Lease dated August 14 , 2019, between MENLO PREPI I, LLC, a Delaware limited liability company and TPI Investors 9, LLC, a California limited liability company, hereafter collectively referred to as Landlord, and ZAI LAB (US), LLC, a Delaware limited liability company, as Tenant, concerning the Premises consisting of approximately 18,707 rentable square feet in the building commonly known as 1440 O’Brien Drive, Suites A& C, Menlo Park, California.

In consideration of the mutual covenants contained below, Landlord and Tenant agree as follows:

1. Definitions. For purposes of this Work Letter, (i) capitalized terms not defined in this Work Letter but defined in the Lease shall have the same meaning ascribed to such terms in the Lease and (ii) other terms used in this Work Letter shall have the meaning ascribed to such term as set forth in this paragraph 1 or elsewhere in this Work Letter.

a. “Tenant Improvements” shall mean the work and improvements to be performed by Landlord as shown on the Construction Drawings. All such work shall be performed by Landlord at Tenant’s sole cost and expense, subject to reimbursement in the amount of the Tenant Improvement Allowance (as hereinafter defined).

b. “Construction Drawings” shall mean the approved plans and specifications for the Tenant Improvements (“Plans”).

c. [Intentionally omitted.]

d. “Substantially Completed” or “Substantial Completion” shall mean Landlord has completed the Tenant Improvements subject only to items which need correction or completion and are of a nature and degree as to typically appear on a construction project punch list (“Punch List Items”) and to a state of completion to allow Tenant to have unhindered access to the Premises to install its trade fixtures, furniture, equipment, cabling, telecommunications and similar alterations within the Premises, which installation shall be Tenant’s responsibility, at Tenant’s cost. Within five (5) business days after Substantial Completion, Landlord and Tenant shall perform a joint walk-through of the Premises and mutually and reasonably identify in a written statement executed by each of them (“Punch List”) the remaining Punch List Items. Landlord shall cause the Punch List Items to be corrected or completed as soon as reasonably possible.

2. Landlord’s Work. Except as provided in this Work Letter, the Premises shall be delivered to Tenant in its AS-IS condition. Landlord shall, at Landlord’s cost deliver the Building in “warm shell condition” (collectively, “Landlord’s Work”). “Warm shell condition” shall mean: (i) a Building lobby, elevator, equipment lift and restroom core; (ii) HVAC installed on roof with capacity of 1 ton/300 sf; (iii) electrical subpanel in each suite; (iv) exterior walls furred; (v) insulated roof; and (viii) lab waste/drain line to each suite.

EXHIBIT “G”

3. Design Process/Working Drawings

a. Architect and Contractor. Upon execution of the Lease, Landlord will retain the services of an architect ("Architect") and a licensed general contractor (the "Contractor") to build the Tenant Improvements in accordance with the Budget and the Construction Drawings.

b. Submission of Plans and Specifications. Landlord shall work with the Architect for the purpose of creating construction drawings and specifications for the Tenant Improvements. Tenant shall advise Landlord within five (5) days of receipt of Landlord's proposed construction drawings and specifications under this Work Letter whether Tenant approves or disapproves such construction drawings and specifications. If Tenant reasonably disapproves Landlord's construction drawings and specifications, or any portion thereof, Tenant shall, within a reasonable time, but in any event within the five (5) days, notify Landlord thereof and of the revisions which Tenant reasonably requires in order to obtain Tenant's reasonable approval. If Tenant does not advise Landlord within such five (5) day period of its disapproval setting forth the basis of such disapproval in reasonable detail, such approval shall be deemed granted. As promptly as reasonably possible thereafter, Landlord shall request the Architect to submit to Tenant construction drawings and specifications incorporating the revisions reasonably requested by Tenant. All such revisions shall be subject to Tenant's and Landlord's approval (which shall not be unreasonably withheld) and such consent shall be withheld or granted by Tenant or Landlord (as the case may be) within five (5) days. If Tenant does not advise Landlord within such five (5) day period of its disapproval of the revisions, such approval shall be deemed granted. This process shall be repeated until Landlord and Tenant reasonably approve the constructing drawings and specifications. Notwithstanding the foregoing, if Landlord and Tenant are unable to approve the construction drawings and specifications on or before September 30, 2019, Landlord's last version of such construction drawings and specifications shall be deemed approved. The final approved, or deemed approved, construction drawings and specifications shall be referred to as the "Plans".

c. Budget. Landlord shall work with the Architect and Contractor for the purpose of creating a budget or the Tenant Improvements. Tenant shall advise Landlord within five (5) days of receipt of Landlord's proposed budget under this Work Letter whether Tenant approves or disapproves such budget. If Tenant reasonably disapproves Landlord's budget, or any portion thereof, Tenant shall, within a reasonable time, but in any event within the five (5) days, notify Landlord thereof and of the revisions which Tenant reasonably requires in order to obtain Tenant's reasonable approval. If Tenant does not advise Landlord within such five (5) day period of its disapproval setting forth the basis of such disapproval in reasonable detail, such approval shall be deemed granted. As promptly as reasonably possible thereafter, Landlord shall revise the Budget incorporating the revisions reasonably requested by Tenant. All such revisions shall be subject to Tenant's and Landlord's approval (which shall not be unreasonably withheld) and such consent shall be withheld or granted by Tenant or Landlord (as the case may be) within five (5) days. If Tenant does not advise Landlord within such five (5) day period of its disapproval of the revisions, such approval shall be deemed granted. This process shall be repeated until Landlord and Tenant reasonably approve the budget. Notwithstanding the forgoing, if Landlord and Tenant are unable to approve the budget on or before September 30, 2019, Landlord's last version of such budget shall be deemed approved. The final approved, or deemed approved, budget shall be referred to as the "Budget".

EXHIBIT "G"

d. Commencement of Construction. At such time as all necessary governmental permits and other required approvals have been obtained by Landlord, Landlord shall commence construction of and, once commenced, shall diligently pursue the completion of the Tenant Improvements substantially in compliance with the Construction Drawings, the Budget and this Work Letter.

4. Tenant Improvement Allowance.

a. Provided that Tenant is not in default under the Lease or this Work Letter (following the expiration of all applicable notice and cure periods without cure), Landlord shall contribute $125/psf or Two Million Three Hundred Thirty-Eight Thousand Three Hundred Seventy-Five and 00/100ths Dollars ($2,338,375.00) (the "Tenant Improvement Allowance") as set forth herein toward the cost of the Tenant Improvements. The Tenant Improvement Allowance shall be used to pay for the cost of (i) the Construction Drawings for the Tenant Improvements within the Premises, (ii) engineering required in connection with the performance of such work, (iii) all permit fees required by any administrative or governmental agency in connection with the performance of the Tenant Improvements or other costs expended in obtaining approvals and permits, (iv) actual contractor costs and charges for materials, supplies and labor, contractor's profit, overhead and general conditions, (v) any other costs incurred in connection with the hard and soft costs of construction of the Tenant Improvements; provided, however, that no portion of the Tenant Improvement Allowance shall be used to pay for furniture, moving or Tenant's trade fixtures, furniture, furnishings or equipment. Tenant shall be solely responsible for all costs of Tenant Improvements in excess of the Tenant Improvement Allowance ("Excess TI Costs"). Until the Budget is approved, Landlord shall pay all invoices coming due before the Budget is approved in connection with the Tenant Improvements ("Interim Construction Payments"). Once the Budget is approved, Tenant shall reimburse Landlord its proportionate share (in the proportion of the Excess TI Costs payable by Tenant to the Tenant Improvement Allowance payable by Landlord) of the Interim Construction Payments on a pari passu basis within fifteen (15) days of the first invoicing by Landlord, and thereafter, Tenant shall pay its proportion of the Excess TI Costs payable by Tenant to the Tenant Improvement Allowance payable by Landlord on a pari passu basis with Landlord as the costs become due, within fifteen (15) days of invoicing by Landlord. For clarity, Landlord shall not be required to pay any costs of the Tenant Improvements in excess of the Tenant Improvement Allowance and Tenant shall pay any costs of the Tenant Improvements in excess of the Tenant Improvement Allowance (once such Tenant Improvement Allowance is exhausted as set forth herein) within ten (10) days after written demand by Landlord accompanied by supporting materials including invoices.

5. Consents/Approvals/Representatives. Landlord has appointed Ron Krietemeyer, as its authorized representative ("Landlord's Representative") to act for Landlord in all matters covered by this Work Letter. Tenant hereby designates Peter Brams, as its authorized representative ("Tenant's Representative") with full power and authority to bind Tenant for all actions taken with regard to the Tenant Improvements. Except as otherwise provided in this Work Letter, within three (3) Business Days of receipt of any requested approval of any item or document, Landlord's Representative shall approve or disapprove (with sufficient detail) any such request, unless the scope of Tenant's request is such that Landlord's Representative cannot, using commercially reasonable efforts, complete the required modifications within three (3) Business Days, in which case such three (3) Business Day period shall be extended for such period after Landlord receives the request as is reasonably necessary to respond to such request.

EXHIBIT "G"

6. Construction Management Fee. Landlord shall employ Tarlton Properties, Inc. as the construction manager for construction of the Tenant Improvements at a fee equal to four percent (4%) of hard construction costs (i.e., amounts paid to any general contractor, subcontractors, vendors and suppliers of labor and materials for the construction of the Tenant Improvements). Such construction management fee shall be a cost of the Tenant Improvements.

7. Miscellaneous. Tenant shall not be required to post any bond or other security for the performance of Tenant's Improvements performed pursuant to this Work Letter. In the event of a conflict between the Lease (including the Work Letter) and the Construction Drawings, the Construction Drawings shall control.

8. Construction of the Tenant Improvements. All materials (as well as methods and processes) used in the performance of the Tenant Improvements shall be new and of good quality and conform to all reasonable standards of the Building. All of the Tenant Improvements shall be performed in a good and workmanlike manner and in accordance with any and all applicable codes, statutes, rules, regulations, ordinances and orders of any federal, state, county or municipal agency or other governmental body having jurisdiction over the Premises, and in substantial compliance with the Construction Drawings and Budget.

9. Tenant Delays. Any delay directly related to or arising from any interference by Tenant or its employees, agents or contractors with Landlord's completion of the Tenant Improvement, or any default by Tenant under the Lease or failure to comply with the terms of this Work Letter which causes delay in construction of the Tenant Improvements shall constitute a "Tenant Delay". Landlord shall give Tenant written notice of any claimed Tenant Delay within four (4) business days after the beginning of the delay, which notice includes a specific description of the claimed Tenant Delay. Should a Tenant Delay occur, Landlord shall not be responsible for such Tenant Delay, including without limitation, increased construction costs, increased general condition costs and other costs, the construction schedule and Tenant's ability to conduct business or occupy the Premises.

10. Tenant Default. If Tenant is in default of the Lease (following the expiration of all applicable notice and cure periods without cure), at any time on or before the Substantial Completion of the Tenant Improvements, then in addition to all other rights and remedies granted to Landlord under the Lease, Landlord shall have the right to immediately cease all construction of the Tenant Improvements and all other obligations of Landlord under this Work Letter shall be suspended until such time as such default is cured pursuant to the terms of the Lease.

EXHIBIT "G"

EXHIBIT “H”

Form of Letter of Credit

[Insert Name and Address of Issuing Bank]
IRREVOCABLE LETTER OF CREDIT

Letter of Credit No. _____
Date:_____, 20__

Ladies and Gentlemen:

At the request and for the account of [Name of Tenant] [Address of Tenant],we hereby establish our Irrevocable Letter of Credit in your favor in the amount of _____Dollars ($_____) available with us at our above office by payment of your draft(s) drawn on us at sight in the form of Exhibit H-l hereto with the instructions in brackets therein complied with accompanied by your signed and dated statement in the form of Exhibit H-2 hereto with the instructions in brackets therein complied with.

Each drawing must also be accompanied by the original of this Letter of Credit for our endorsement on this Letter of Credit of our payment of such drawing. Partial and multiple drawings are permitted under this Letter of Credit.

If any instructions accompanying a drawing under this Letter of Credit request that payment is to be made by transfer to an account with us or at another bank, we and/or such other bank may rely on an account number specified in such instructions even if the number identifies a person or entity different from the intended payee.

This Letter of Credit expires at our above office on _____, 20___ but shall be automatically extended, without written amendment, to _____ in each succeeding calendar year up to, but not beyond, _____, 20___ unless we have sent written notice to you at your address above by registered mail or express courier that we elect not to renew this Letter of Credit beyond the date specified in such notice (the “Non-Renewal Expiration Date”), which Non-Renewal Expiration Date will be, _____ 20__ or any subsequent _____ occurring before _____, 20__ and be at least sixty (60) calendar days after the date we send you such notice.

This Letter of Credit is transferable one or more times, but in each instance to a single transferee and only in the full amount available to be drawn under this Letter of Credit at the time of such transfer. Any such transfer may be effected only through ourselves and only upon presentation to us at our above-specified office of a duly executed instrument of transfer in the form attached hereto as Exhibit H-3 with the instructions in brackets therein complied with together with the original of this Letter of Credit. Any transfer of this Letter of Credit may not change the place of expiration of this Letter of Credit from our above-specified office. Each transfer shall be evidenced by our endorsement on the reverse of the original of this Letter of Credit, and we shall deliver the original of this Letter of Credit so endorsed to the transferee. All commissions and charges in connection with this transfer are for the account of [Name of Tenant].

EXHIBIT “H”

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 revision), International Chamber of Commerce Publication No. 600, and engages us in accordance therewith.

Very truly yours,
[Insert name of issuing bank]

EXHIBIT “H”

EXHIBIT “H-1”

[Insert name of issuing bank]
Letter of Credit No.

[Insert name and address of issuing bank]
Attention:

DRAFT

Date of Draft: [insert date]

To the order of [insert Beneficiary Name], pay [insert amount of drawing in words] UNITED STATES DOLLARS (US. $ [insert amount of drawing in numbers]) at sight for value received under Letter of Credit No._____.

“Drawn under _____ Letter of Credit _____ No _____ dated _____, 20___.”

[Insert Beneficiary Name]

_____

_____
By: [insert typed or printed name]
Its: [insert title]

EXHIBIT “H-1”

[Insert name of issuing bank]
Letter of Credit No.

[Insert name and address of issuing bank]
Attention: _____

Re: Letter of Credit No. _____

Ladies and Gentlemen:

1. The undersigned Beneficiary, [insert Beneficiary Name], is Landlord under that certain Office Lease dated _____, 20 (“Lease”) with [Name of Tenant], as Tenant.

2. The undersigned Beneficiary is entitled to payment under the Office Lease in the amount of US$[insert amount of draft which accompanies this statement] (the “Draw Amount”) in accordance with the applicable provisions of the Office Lease (as the same may have been amended to date), which is the same amount as the Draft accompanying this Certificate and is less than or equal to the amount currently available under the Letter of Credit.

3. The individual executing this Certificate on behalf of Beneficiary is a duly authorized officer of Beneficiary.

Date: [Insert Date]

[Insert Beneficiary Name]

By: [insert typed or printed name]
Its: [insert title]

[Insert name of issuing bank]
Letter of Credit No.

Date: [insert date]

[Insert name and address of issuing bank]
Attention: _____

Subject: Your Letter of Credit No. _____

Ladies and Gentlemen:

For value received, we hereby irrevocably assign and transfer all our rights under the above-captioned Letter of Credit, as heretofore and hereafter amended, extended or increased, to:

[Insert Name of Transferee]

[Insert Address of Transferee]

By this transfer, all of our rights in the Letter of Credit are transferred to the transferee, and the transferee shall have sole rights as beneficiary under the Letter of Credit, including sole rights relating to any amendments, whether increases or extensions or other amendments, and whether now existing or hereafter made. You are hereby irrevocably instructed to advise future amendment(s) of the Letter of Credit to the transferee without our consent or notice to us, right, title and interest under that certain Office Lease dated _____, 20___ (as the same may have been amended to date), with [Name of Tenant], as Tenant.

Enclosed are the original Letter of Credit and the original of all amendments to this date. Please notify the transferee of this Transfer and of the terms and conditions of the Letter of Credit as transferred. All fees and charges in connection with this Transfer are for the account of [Name of Tenant].

Very truly yours,
[Insert Name of Beneficiary]

_____
By: [insert typed or printed name]
Its: [insert title]
Signature of Transferor Guaranteed
[Insert Name of Bank]
By: [insert signature]
Name: [insert typed or printed name]
Its: [insert title]

EXHIBIT “I”

Form of Non-Disturbance and Attornment Agreement

Record and return to:

Principal Real Estate Investors, LLC
801 Grand Avenue
Des Moines, IA 50392-1370
ATTN: Jill Lauckner

NON-DISTURBANCE
AND ATTORNMENT AGREEMENT
Loan 757406

THIS AGREEMENT, made and entered into as of the _____ day of _____, 2019, by and between PRINCIPAL LIFE INSURANCE COMPANY, an Iowa corporation, with an address for purposes of notice at c/o Principal Real Estate Investors, LLC, 801 Grand Avenue, Des Moines, Iowa 50392-1450 (hereinafter called “Lender”) and _____ with its principal office at _____ (hereinafter called “Lessee”);

WITNESSETH:

WHEREAS, Lessee has by a written lease dated _____, as amended by _____ (hereinafter called the “Lease” and the definition of “Lease” shall also include any future amendments or modifications specifically approved in writing by Lender), leased from the landlord named in the Lease (hereinafter called “Lessor”), all or part of certain real estate and improvements thereon located at _____, as more particularly described in Exhibit A attached hereto (the “Demised Premises”); and

WHEREAS, Lessor is encumbering (or has previously encumbered) the Demised Premises as security for a loan (the “Loan”) from Lender to Lessor (the “Mortgage”); and

WHEREAS, Lessee and Lender have agreed to the following with respect to their mutual rights and obligations pursuant to the Lease and the Mortgage;

NOW, THEREFORE, for and in consideration of Ten Dollars ($10.00) paid by each party to the other and the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt whereof is hereby acknowledged, the parties hereto do hereby covenant and agree as follows:

EXHIBIT “I”

(1) In the event of any foreclosure of the Mortgage or any conveyance in lieu of foreclosure, provided that the Lessee shall not then be in default beyond any grace period under the Lease and that the Lease shall then be in full force and effect, then Lender shall neither terminate the Lease nor join Lessee in foreclosure proceedings, nor disturb Lessee's possession, and the Lease shall continue in full force and effect as a direct lease between Lessee and Lender. Lender further agrees not to join Lessee in any foreclosure proceeding except to the extent necessary under applicable law, but such joinder shall not be in derogation of the rights of Lessee as set forth in this Agreement.

(2) After the receipt by Lessee of notice from Lender of any foreclosure of the Mortgage or any conveyance of the Demised Premises in lieu of foreclosure, Lessee will thereafter attorn to and recognize Lender or any purchaser at any foreclosure sale or otherwise as its substitute lessor on the terms and conditions set forth in the Lease.

(3) Lessee hereby agrees that if Lessee has the right to terminate the Lease or to claim a partial or total eviction, or to abate or reduce rent due to a Lessor default under the Lease, Lessee will not exercise such right until it has given written notice to Lender, and Lender has failed within thirty (30) days after both receipt of such notice and the date when it shall have become entitled to remedy the same, to commence to cure such default and thereafter diligently prosecute such cure to completion within ninety (90) days of Lender's commencement to cure such default.

(4) Lessee agrees that if the Lease is terminated pursuant to the terms of the Lease, or otherwise, Lessee will remit any payments made in connection with such termination directly and immediately to Lender.

(5) In no event shall Lender be liable for: (a) the return of any security deposit provided to Lessor under the Lease unless said security deposit is actually received by Lender and then only pursuant to the terms of the Lease; (b) any act or omission of the Lessor; (c) any covenant of Lessor to undertake or complete the initial construction or installation of improvements on the Demised Premises; (d) any sums due Lessee under the Lease related to the costs of preparing, furnishing or moving into the Demised Premises (for example, a construction or tenant improvement allowance); or (e) any covenant of Lessor related to restrictive uses or exclusives which pertain to properties outside of the Demised Premises and which Lender could not reasonably comply with if it became Lessor under the Lease. Further, Lender shall not be subject to any offsets or deficiencies which Lessee may be entitled to assert against the Lessor as a result of any act or omission of Lessor occurring prior to Lender's obtaining title to the Demised Premises, it being understood that nothing in this clause shall be deemed to exclude Lender from responsibility for repairs and maintenance required of the Lessor under the Lease from and after the date Lender takes title to the Demised Premises, whether or not the need for such repairs or maintenance accrued before or after such date; provided, however, that in no event shall Lender be responsible for consequential damages resulting from the failure of Lessor to undertake such repairs and maintenance.

(6) This Agreement and its terms shall be governed by the laws of the state where the Demised Premises are located and shall be binding upon and inure to the benefit of Lender and Lessee and their respective successors and assigns, including, without limitation, any purchaser at any foreclosure sale or otherwise. This Agreement may not be modified orally or in any manner other than by an agreement, in writing, signed by the parties.

EXHIBIT "I"

(7) This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts when taken together shall constitute but one agreement.

IN WITNESS WHEREOF, this Agreement has been fully executed on the day and year first above written.

LESSEE:

Signature block here

Insert Notary Form

EXHIBIT “I”

314 MAIN STREET
CAMBRIDGE, MASSACHUSETTS

LEASE SUMMARY SHEET

Execution Date:	December 22, 2020
Tenant:	Zai Lab (US) LLC, a Delaware limited liability company
Tenant's Mailing Address Prior to Occupancy:	c/o Ropes & Gray LLP 1211 Avenue of the Americas New York, NY 10036 Attention: Laurie C. Nelson
Landlord:	MIT 314 Main Street Leasehold LLC, a Massachusetts limited liability company
Building:	A 17-story building commonly known as 314 Main Street, Cambridge, Massachusetts. The Building consists of approximately 440,506 rentable square feet[1] of retail, institutional and office space. The land on which the Building is located (the "**Land**") is more particularly described in Exhibit 1 attached hereto and made a part hereof (the Land, together with the Building, are hereinafter collectively referred to as the "**Property**").
Premises:	Approximately 6,766 rentable square feet[1] of space on the fourth (4th) floor of the Building, as more particularly shown as hatched, highlighted or outlined on the plan attached hereto as Exhibit 2A and made a part hereof (the "**Lease Plan**").
Commencement Date:	The date on which the Premises are delivered to Tenant in the condition required by Section 3.1 of this Lease.
Rent Commencement Date:	Subject to Section 2(e) of the Work Letter, the Rent Commencement Date shall occur on the Commencement Date.
Expiration Date:	The last day of the seventh (7th) Rent Year.[2]
Extension Term:	Subject to Section 1.2 below, one (1) extension term of five (5) years.
Parking Passes:	Subject to Section 1.4(c) below, 0.80 parking pass for each 1,000 rentable square feet of the Premises.

1 Measured in accordance with the BOMA 2010 (ANSI Z65.l-2010)] standard for measuring office space

2 For the purposes of this Lease, the first "**Rent Year**" shall be defined as the period commencing as of the Rent Commencement Date and ending on the last day of the month in which the first (1st) anniversary of the Rent Commencement Date occurs; provided, however, if the Rent Commencement Date occurs on the first day of a calendar month, then the first Rent Year shall end on the day immediately preceding the first (1st) anniversary of the Rent Commencement Date. Thereafter, "Rent Year" shall be defined as any subsequent twelve (12) month period during the term of this Lease.

Permitted Uses: Subject to Legal Requirements (hereinafter defined) as of right, general office use and uses ancillary thereto in proportions consistent with the design of the Building.

Base Rent:

RENT YEAR	ANNUAL BASE RENT	MONTHLY PAYMENT	RATE PER RSF
1	$696,898.00	$58,074.83	$103.00
2	$717,804.94	$59,817.08	$106.09
3	$739,339.09	$61,611.59	$109.27
4	$761,519.26	$63,459.94	$112.55
5	$784,364.84	$65,363.74	$115.93
6	$807,895.78	$67,324.65	$119.41
7	$832,132.66	$69,344.39	$122.99

Operating Costs and Taxes: See Sections 5.2 and 5.3.

Tenant's Share: A fraction, the numerator of which is the number of rentable square feet in the Premises and the denominator of which is the number of rentable square feet in the premises demised under the Master Lease. As of the Execution Date, Tenant's Share is 1.85%.

Tenant's Tax Share: A fraction, the numerator of which is the number of rentable square feet in the Premises and the denominator of which is the number of rentable square feet in the buildings on the Tax Lot (hereinafter defined) recognized by the City of Cambridge as being used for purposes which are not exempt from real estate taxation as of the date on which the assessment is made for the tax year in question. As of the Execution Date, Tenant's Tax Share is estimated to be 1.85%.

Letter of Credit: Two Hundred Thirty-Two Thousand Three Hundred Dollars ($232,300)

TABLE OF CONTENTS

THIS INDENTURE OF LEASE (this "**Lease**") is hereby made and entered into on the Execution Date by and between Landlord and Tenant.

1. LEASE GRANT; TERM; APPURTENANT RIGHTS; EXCLUSIONS.

1.1 Lease Grant. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises upon and subject to matters of record as of the Execution Date and subject further to the terms and conditions of this Lease, for a term of years commencing on the Commencement Date and, unless earlier terminated or extended pursuant to the terms hereof, ending on the Expiration Date (the "**Initial Term**"; the Initial Term and the Extension Term, if duly exercised, are hereinafter collectively referred to as the "**Term**"). Once the Commencement Date and the Rent Commencement Date are determined, Landlord and Tenant shall execute an agreement confirming the Commencement Date, the Rent Commencement Date and the Expiration Date in substantially the form attached hereto as Exhibit 3. Tenant's failure to execute and return any such agreement proposed by Landlord, or to provide written objection to the statements contained therein, within ten (10) business days after the date of Tenant's receipt thereof, shall be deemed an approval by Tenant of Landlord's determination of such dates as set forth therein.

1.2 Extension Term.

(a) Provided that the following conditions (the "**Extension Conditions**"), any or all of which may be waived by Landlord in its sole discretion, are satisfied: (i) Tenant, an Affiliate (hereinafter defined) and/or a Successor (hereinafter defined) is/are then occupying one hundred percent (100%) of the Premises; and (ii) there is no Monetary Default (hereinafter defined) nor any Event of Default (1) as of the date of the Extension Notice (hereinafter defined), nor (2) at the commencement of the Extension Term (hereinafter defined), Tenant shall have the option to extend the Initial Term for one (1) additional term of five (5) years (the "**Extension Term**"), commencing as of the expiration of the Initial Term. Tenant must exercise such option to extend, if at all, by giving Landlord written notice (the "**Extension Notice**") no earlier than eighteen (18) months and no later than twelve (12) months prior to the expiration of the Initial Term, *time being of the essence.* Notwithstanding the foregoing, Landlord may nullify Tenant's exercise of its option to extend the Term by written notice to Tenant (the "**Nullification Notice**") if (A) on the date Landlord receives the Extension Notice, there is an event which, with the passage of time and/or the giving of notice, would constitute an Event of Default hereunder and (B) Tenant fails to cure such default within the applicable cure period set forth in Section 20.1 after receipt of the Nullification Notice. Upon the satisfaction of the Extension Conditions and the timely giving of the Extension Notice without a subsequent valid nullification by Landlord, the Term shall be deemed extended for the Extension Term upon all of the terms and conditions of this Lease, except that Base Rent during such Extension Term shall be calculated in accordance with this Section 1.2. Landlord shall have no obligation to construct or renovate the Premises and Tenant shall have no further right to extend the Initial Term. If Tenant fails to give a timely Extension Notice, as aforesaid, Tenant shall have no further right to extend the Initial Term. Notwithstanding the fact that Tenant's proper and timely exercise of such option to extend the Initial Term shall be self-executing, the parties shall promptly execute a lease amendment reflecting such Extension Term after Tenant validly exercises its option. The execution of such lease amendment shall not be deemed to waive any of the conditions to Tenant's exercise of its rights under this Section 1.2.

(b) The Base Rent during the Extension Term (the "**Extension Term Base Rent**") shall be determined in accordance with the process described hereafter. Extension Term Base Rent shall be the greater of (i) the Base Rent for the last Rent Year of the Initial Term, increased by three percent (3%) on the first day of such Extension Term and annually thereafter, or (ii) the fair market rental value of the Premises then demised to Tenant as of the commencement of the Extension Term as determined in accordance with the process described below, for renewals of office space in the Kendall Square area of equivalent quality, size, utility and location, with the length of the Extension Term, the credit standing of Tenant and all other relevant factors to be taken into account, with fair market escalations. On or before the date which is eleven (11) months prior to the expiration of the Initial Term, Landlord shall deliver to Tenant written notice of its determination of the Extension Term Base Rent. Tenant shall, within thirty (30) days after receipt of such notice, notify Landlord in writing whether Tenant accepts or rejects Landlord's determination of the Extension Term Base Rent ("**Tenant's Response Notice**"). If Tenant fails timely to deliver Tenant's Response Notice, Landlord's determination of the Extension Term Base Rent shall be binding on Tenant.

(c) If and only if Tenant's Response Notice is timely delivered to Landlord and indicates both that Tenant rejects Landlord's determination of the Extension Term Base Rent and desires to submit the matter to the determination process described in this Section 1.2(c) (the "**Determination Process**"), then the Extension Term Base Rent shall be determined in accordance with the procedure set forth in this Section 1.2(c). In such event, within ten (10) days after receipt by Landlord of Tenant's Response Notice indicating Tenant's desire to submit the determination of the Extension Term Base Rent to the Determination Process, Tenant and Landlord shall each notify the other, in writing, of their respective selections of an appraiser (respectively, "**Landlord's Appraiser**" and "**Tenant's Appraiser**"). If Landlord's Appraiser and Tenant's Appraiser are unable to agree within thirty (30) days on the Extension Term Base Rent, Landlord's Appraiser and Tenant's Appraiser shall then jointly select a third appraiser (the "**Third Appraiser**") within ten (10) days after the end of such 30-day period. All of the appraisers selected shall be individuals with at least ten (10) consecutive years' commercial appraisal experience in the area in which the Premises are located, shall be members of the Appraisal Institute (M.A.I.), and, in the case of the Third Appraiser, shall not have acted in any capacity for either Landlord or Tenant within five (5) years of his or her selection. The three appraisers shall determine the Extension Term Base Rent in accordance with the requirements and criteria set forth in Section 1.2(b) above, employing the method commonly known as *Baseball Arbitration*, whereby Landlord's Appraiser and Tenant's Appraiser each sets forth its determination of the Extension Term Base Rent as defined above, and the Third Appraiser must select one or the other (it being understood that the Third Appraiser shall be expressly prohibited from selecting a compromise figure). Landlord's Appraiser and Tenant's Appraiser shall deliver their determinations of the Extension Term Base Rent to the Third Appraiser within five (5) days of the appointment of the Third Appraiser and the Third Appraiser shall render his or her decision within ten (10) days after receipt of both of the other two determinations of the Extension Term Base Rent. The Third Appraiser's decision shall be binding on both Landlord and Tenant. Each party shall bear the cost of its own appraiser, and the cost of the Third Appraiser shall be paid by the party whose determination is not selected.

1.3 Notice of Lease. Neither party shall record this Lease, but, after the Rent Commencement Date, each of the parties hereto agrees to join in the execution of a statutory notice of lease in substantially the form attached hereto as Exhibit 4, which notice of lease may be recorded by Tenant with the Middlesex South Registry of Deeds and/or filed with the Registry District of the Land Court, as appropriate (collectively, the "**Registry**") at Tenant's sole cost and expense. If a notice of lease was previously recorded with the Registry, upon the expiration or earlier termination of this Lease, Landlord shall deliver to Tenant a notice of termination of lease and Tenant shall promptly execute, acknowledge and deliver the same (together with any other instrument(s) that may be necessary in order to record and/or file the same with the Registry) to Landlord for Landlord's execution and recordation with the Registry, which obligation shall survive the expiration or earlier termination of the Lease. If Tenant fails to deliver the executed notice of termination of lease within ten (10) days of receipt thereof, time being of the essence, Tenant hereby appoints Landlord as Tenant's attorney-in-fact to execute the same, such appointment being coupled with an interest.

1.4 Appurtenant Rights.

(a) Common Areas. Subject to the terms of this Lease and the Rules and Regulations (hereinafter defined)., Tenant shall have, as appurtenant to the Premises, rights to use in common with others entitled thereto, the areas designated from time to time for the common use of Tenant and other tenants of the Property (such areas are hereinafter referred to as the "**Common Areas**"). The Common Areas include: (i) the common lobby(ies), hallways, elevators and stairways of the Building serving the Premises, (ii) the loading dock serving the Building (it being understood and agreed that Tenant shall not have exclusive use of any portion thereof); (iii) common walkways necessary for access to the Building, (iv) if the Premises include less than the entire rentable area of any floor, the common restrooms and other common facilities of such floor; (v) bicycle storage areas, and (vi) other areas designated by Landlord from time to time for the common use of Tenant and other tenants of the Building; and no other appurtenant rights or easements.

(b) Complex Areas. Subject to the terms of this Lease and reasonable rules and regulations promulgated with respect thereto (including rules regarding scheduling of access to the loading facilities serving the Building), Tenant shall have, as appurtenant to the Premises, rights to use in common with others entitled thereto, the areas designated from time to time pursuant to the SOMA REA and/or any REA (as such terms are hereinafter defined) for the common use of tenants of the Property, including the Parking Areas, roadways, driveways and other areas serving and/or providing access to/from the Building's loading dock(s), open space and indoor and outdoor bicycle storage with access to bicycle repair equipment (such areas are hereinafter referred to as the "**Complex Areas**"). As of the Execution Date, it is contemplated that the areas shown on the plan attached hereto as Exhibit 2B and made a part hereof, inter alia, shall be designated as Complex Areas.

(c) Parking. During the Term, commencing on the Commencement Date, Landlord shall, subject to the terms hereof, make available to Tenant monthly parking passes for the shared subsurface parking garage serving the Building (the "**Parking Areas**"), based upon a ratio of 0.80 parking pass for each 1,000 rentable square feet of the Premises, for the parking of passenger vehicles in unreserved stalls in the Parking Areas by Tenant's employees and the employees of any transferee pursuant to a Transfer permitted by Article 13 of this Lease ("**Permitted Pass Holders**"). Tenant shall receive one (1) parking pass, or other suitable device providing access to the Parking Areas, for each parking privilege paid for by Tenant. The number of parking passes provided to Tenant, as modified pursuant to this Lease or as otherwise permitted by Landlord, are hereinafter referred to as the "**Parking Passes**." Tenant shall have no right to hypothecate or encumber the Parking Passes, and shall not sublet, assign, or otherwise transfer the Parking Passes except in connection with a Transfer permitted by Article 13 of this Lease. During the Term, commencing on the Commencement Date, Tenant shall pay Landlord (or at Landlord's election, directly to the parking operator[3]) for all of the Parking Passes at the then-current prevailing rate, as such rate may vary from time to time. As of the Execution date, the monthly charge for parking is $400 per Parking Pass per month. Landlord shall deliver (or cause to be delivered) written notice to Tenant of any change in the monthly parking charge. If, for any reason, Tenant shall fail timely to pay the charge for any of said Parking Passes two (2) or more times, upon the second (2nd) (or any subsequent) occurrence of such default continuing for ten (10) days after written notice thereof, Landlord shall have the right to revoke Tenant's right to the Parking Passes for which Tenant failed to pay the charge under this Section 1.4(b) and Landlord may allocate such Parking Passes for use by others free and clear of Tenant's rights under this Section 1.4(b). Use of the Parking Areas and the Parking Passes will be subject to such reasonable rules and regulations as may be in effect from time to time (including Landlord's right, without additional charge to Tenant above the prevailing rate for Parking Passes, to institute a valet or attendant-managed parking system). Tenant shall provide Landlord and/or the operator of the Parking Areas with such information as may be reasonably requested, including a monthly identification roster listing, for each Parking Pass, the name of the employee and the make, color and registration number of the vehicle to which it has been assigned. Except to the extent prohibited by Legal Requirements, neither Landlord nor the operator of the Parking Areas assumes any responsibility whatsoever for loss or damage due to casualty or theft or otherwise to any automobile or to any personal property therein, howsoever caused, and Tenant agrees to notify each Permitted Pass Holder of such limitation of liability. No bailment is intended or shall be created by the provision of, or use of, the parking privileges described herein. Reserved and handicap parking spaces must be honored. Notwithstanding anything to the contrary contained herein, Landlord shall have the right to relocate the parking privileges from time to time to other property owned, leased or controlled by Landlord or its affiliates, so long as such other property is within 1,000 feet of the Land. If Landlord exercises such relocation right, Landlord shall not relocate more than Tenant's Share of the total number of parking spaces relocated.

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3 E.g., in the event that Landlord has leased or subleased the parking garage/areas to a third party.

(d) Meeting Space. Subject to the terms of this Lease and reasonable rules and regulations (including rules and regulations pertaining to security and decorum), Tenant shall have, as appurtenant to the Premises, the right to use in common with others entitled thereto, portions of the fourth (4th) floor of the Building designated by Landlord from time to time ("**Meeting Space**") for meetings and events held and hosted by Tenant ("**Events**"). The current configuration of the Meeting Space is shown on the plan attached hereto as Exhibit 2C and incorporated herein. The Meeting Space shall be available on a first-come, first-served basis. Promptly after the end of each Event, Tenant shall remove from the Meeting Space all decorations and other personal property used in connection with the Event (any personal property not timely removed therefrom shall be deemed abandoned). Subject to Section 14.5 of the Lease, Tenant shall, at Tenant's sole cost and expense, be responsible for any damage to the Building or personal property within the Building caused as a result of any Event (including any injury, breakage and damage caused by the acts or negligent omissions of Tenant or any of its employees, agents, contractors or invitees) and shall restore the Meeting Space to its condition immediately prior to such damage. Events shall be conducted by Tenant (i) at Tenant's sole cost and expense, (ii) in compliance with all legal and regulatory requirements applicable thereto, and (iii) lien-free. Tenant covenants and agrees to (A) not use the Meeting Space for any unlawful purpose or in any manner that will constitute waste, nuisance or unreasonable annoyance or unreasonably interfere with access to and from other areas on the fourth floor, (B) maintain order and decorum in and around all portions of the Meeting Space in association with such Events, and (C) not disturb occupants of the Building as a result of any Event. Without limiting the generality of the foregoing, in connection with any Event in which Tenant is serving or permitting the serving of alcoholic beverages, Tenant shall strictly comply with all applicable laws, rules, regulations, ordinances and other requirements of governmental authorities relating to the serving of alcoholic beverages, including refusing to serve alcoholic beverages to people below the legal drinking age. Without limiting any other provision of this Lease, to the maximum extent permitted by Legal Requirements, Tenant shall indemnify the Landlord Parties for any Claims arising from the use of the Meeting Space by any of the Tenant Parties, including Claims related to the provision of food and/or alcohol. Tenant shall cause each vendor and/or contractor engaged in connection with an Event to carry (1) commercial general liability insurance in the amount of One Million and 00/100 Dollars ($1,000,000.00) per occurrence and Two Million and 00/100 Dollars ($2,000,000.00) aggregate (and from time to time in such higher amounts as may be reasonably required by Landlord based on requirements of prudent owners of similar properties in East Cambridge), unless lesser limits are approved by Landlord in advance, on a primary and non-contributory basis, naming the Landlord Parties as additional insureds, (2) worker's compensation insurance with statutory limits and (3) liquor liability coverage, if alcohol will be provided, in the amount of Five Million and 00/100 Dollars ($5,000,000.00) (and from time to time in such higher amounts as may be reasonably required by Landlord based on requirements of prudent owners of similar properties in East Cambridge), unless lesser limits are approved by Landlord in advance, on a primary and non-contributory basis, naming the Landlord Parties as additional insureds. Prior to each Event, Tenant shall provide Landlord with evidence reasonably acceptable to Landlord of such general liability, worker's compensation and, if alcoholic beverages are to be served, liquor liability insurance.

1.5 Tenant's Access.

(a) From and after the Commencement Date and until the end of the Term, Tenant shall have access to the Premises (and Permitted Pass Holders shall have access to the parking areas) twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days per year, subject to Legal Requirements, the Rules and Regulations, the terms of this Lease and Force Majeure (hereinafter defined).

(b) Subject to Article 11 below. Tenant shall have the right to access the Premises, at Tenant's sole risk, at times reasonably approved by Landlord prior to the Commencement Date for purposes reasonably related to the installation of Tenant's wiring and cabling, provided such access does not materially interfere with the preparation for or performance of Tenant's Fitout (hereinafter defined). Tenant shall, prior to the first entry to the Premises pursuant to this Section 1.5(b), provide Landlord with certificates of insurance evidencing that the insurance required in Article 14 hereof is in full force and effect and covering any person or entity entering the Building. To the maximum extent permitted by Legal Requirements, Tenant shall defend, indemnify and hold the Landlord Parties (hereinafter defined) harmless from and against any and all Claims (hereinafter defined) for injury to persons or property resulting from or relating to Tenant's access to and use of the Premises prior to the Commencement Date as provided under this Section 1.5(b). Tenant shall coordinate any access to the Premises prior to the Commencement Date with Landlord's property manager.

1.6 Exclusions. The following are expressly excluded from the Premises and reserved to Landlord: all the perimeter walls of the Premises (except the inner surfaces thereof), the Common Areas, and any space in or adjacent to the Premises used for shafts, stacks, pipes, conduits, wires and appurtenant fixtures, fan rooms, ducts, electric or other utilities, sinks or other Building facilities, and the use of all of the foregoing, except as expressly permitted pursuant to Section 1.4(a) above.

2. RIGHTS RESERVED TO LANDLORD.

2.1 Additions and Alterations. Landlord reserves the right, at any time and from time to time, to make such changes, alterations, additions, improvements, repairs or replacements in or to the Property (including the Premises but, with respect to the Premises, only for purposes of repairs, maintenance, replacements and the exercise of any other rights expressly reserved to Landlord herein) and the fixtures and equipment therein, as well as in or to the street entrances and/or the Common Areas, as it may deem necessary or desirable ("**Changes**"), provided, however, that there be no material obstruction of permanent access to, or material interference with the use and enjoyment of, the Premises by Tenant. Subject to the foregoing, Landlord expressly reserves the right to temporarily close all, or any portion, of the Common Areas for the purpose of making repairs or changes thereto.

2.2 Additions to the Property. Landlord may at any time and from time to time (i) construct additional improvements and related site improvements (collectively, "**Future Development**") in all or any part of the Property, (ii) change the location or arrangement of (A) any improvement outside the Building in or on the Property and/or (B) all or any part of the Common Areas, and/or (iii) add or deduct any land to or from the Property; provided that there shall be no material increase in Tenant's obligations under this Lease in connection with the exercise of the foregoing reserved rights.

2.3 Landlord's Access. Subject to the terms hereof, Tenant shall (a) upon at least forty-eight (48) hours' advance notice, which may be oral (except that no notice shall be required in emergency situations), permit Landlord, Fee Owner (hereinafter defined) and any holder of a Mortgage (hereinafter defined) (each such holder, a "**Mortgagee**"), and their respective agents, representatives, employees and contractors, to have reasonable access to the Premises at all reasonable hours for the purposes of inspection, making repairs, replacements or improvements in or to the Premises or the Building or equipment therein (including sanitary, electrical, heating, air conditioning or other systems), complying with the Development Documents (hereinafter defined) and all applicable laws, ordinances, rules, regulations, statutes, by-laws, court decisions and orders and requirements of all public authorities (collectively, "**Legal Requirements**"), or exercising any right reserved to Landlord under this Lease (including the right to take upon or through, or to keep and store within the Premises all necessary materials, tools and equipment); (b) permit Landlord and its agents and employees, at reasonable times, upon reasonable advance notice, to show the Premises during normal business hours (i.e. Monday—Friday 8:00 A.M.—6:00 P.M. and Saturday 9:00 A.M.—1:00 P.M., excluding holidays) to any prospective Mortgagee, capital partner or purchaser of the Building and/or the Property or any portion thereof or of the interest of Landlord therein, and, during the last twelve (12) months of the Term, or at any time after the occurrence of an Event of Default, prospective tenants; (c) upon reasonable prior written notice from Landlord, permit Landlord, Fee Owner and their respective agents and contractors, at Landlord's sole cost and expense, to perform environmental audits, environmental site investigations and environmental site assessments ("**Site Assessments**") in, on, under and at the Premises and the Land, it being understood that Landlord shall repair any damage arising as a result of the Site Assessments, and such Site Assessments may include both above and below the ground testing and such other tests as may be necessary or appropriate to conduct the Site Assessments; and (d) in case any excavation shall be made for building or improvements or for any other purpose upon the land adjacent to or near the Premises, afford without charge to Landlord, or the persons or entities causing or making such excavation, license to enter upon the Premises for the purpose of doing such work as Landlord or such persons or entities shall deem to be necessary to preserve the walls or structures of the Building from injury, and to protect the Building by proper securing of foundations. In addition, to the extent that it is necessary to enter the Premises in order to access any area that serves any portion of the Building outside the Premises, then Tenant shall, upon as much advance notice as is practical under the circumstances, and in any event at least twenty-four (24) hours' prior written notice (except that no notice shall be required in emergency situations), permit contractors engaged by other occupants of the Building to pass through the Premises in order to access such areas but only if accompanied by a representative of Landlord. The parties agree and acknowledge that, despite reasonable and customary precautions (which Landlord agrees it shall exercise), any property or equipment in the Premises of a delicate, fragile or vulnerable nature may nevertheless be damaged in the course of performing Landlord's obligations. Accordingly, Tenant shall take reasonable protective precautions with unusually fragile, vulnerable or sensitive property and equipment.

2.4 Pipes, Ducts and Conduits. Tenant shall permit Landlord to erect, use, maintain and relocate pipes, ducts and conduits in and through the Premises, provided the same do not materially reduce the floor area or materially adversely affect the appearance thereof.

2.5 Minimize Interference. Except in the event of an emergency, Landlord shall use commercially reasonable efforts, consistent with accepted construction practice when applicable, to minimize any materially adverse interference with Tenant's use and occupancy of the Premises as a result of the exercise of Landlord's rights under Sections 2.1-2.4 above. Except in the event of an emergency, the exercise of Landlord's rights under Sections 2.1-2.14 above shall not prevent access to the Premises. Tenant agrees to cooperate with Landlord as reasonably necessary in connection with the exercise of Landlord's rights under this Article 2. Subject to Landlord's obligations under this Section 2.5. Tenant further agrees that dust, noise, vibration, temporary closures of Common Areas, or other inconvenience or annoyance resulting from the exercise of Landlord's rights under this Article 2 shall not be deemed to be a breach of Landlord's obligations under the Lease.

2.6 Name and Address of Building. Landlord reserves the right at any time and from time to time to change the name or address of the Building and/or the Property or any portion thereof, provided Landlord gives Tenant at least three (3) months' prior written notice thereof.

2.7 Master Declaration; SOMA REA; REA; Condominium.

(a) The Building is part of the mixed use development (the "**Development**") in the City of Cambridge, which is being developed pursuant to the Special Permit and other applicable documents (collectively, as the same may each be amended from time to time, the "**Development Documents**") which collectively govern the development, construction, use and operation of, and certain rights benefitting and restrictions burdening, the Building and the Development. The Development Documents include (i) that certain Planning Board Special Permit issued by the City of Cambridge Planning Board on June 23, 2016 and recorded in the Registry in Book 68192, page 334, as amended by Amendment No. 1 (Minor) to special Permit issued by the City of Cambridge Planning Board on March 21, 2017 (as the same may be further amended, the "**Special Permit**"), (ii) that certain Agreement of Covenants, Easements and Restrictions (Kendall Square Initiative) dated as of April 30, 2019 and recorded with the Registry in Book 72551, Page 270 (as the same may be amended, the "**Master Declaration**"), and (iii) that certain Declaration of Cross-Easements, Restrictions and Operating Agreement dated as of February 20, 2020 and recorded with the Registry in Book 74235, Page 1 (as the same may be amended, the "**SOMA REA**").

(b) Landlord and Tenant each hereby acknowledges and agrees that (i) Landlord shall have the right to enter into, and subject the Property to the terms and conditions of, one or more additional reciprocal easement agreements, declarations of covenants and/or cross-easement agreements with any one or more of the neighboring or nearby property owners (including any owner of any portion of the Property that may be divided from the whole) (each, a "**REA**"); (ii) this Lease shall be subject and subordinate to any REA, provided that such REA shall not materially impair Tenant's use or occupancy of the Premises or access thereto, and provided, further, that if any REA contains lien rights in favor of such neighboring or nearby property owners, Landlord shall obtain for Tenant's benefit a commercially reasonable subordination, non-disturbance and attornment agreement from all such neighboring property owners ("**SNDA**"); (iii) Landlord shall have the right to subdivide the Property so long as Tenant's use or occupancy of the Premises is not materially impaired; (iv) Landlord shall have the right to subject the Land and the improvements located now or in the future located thereon to a commercial condominium regime ("**Condominium**") on terms and conditions consistent with first-class office and retail buildings; (v) this Lease shall be subject and subordinate to the Master Deed and other documents evidencing the Condominium (collectively, the "**Condo Documents**") provided that Tenant's access to the Premises and Tenant's use or occupancy of the Premises are not materially impaired; and provided, further, that such subordination shall be conditioned upon execution of a SNDA; and (vi) Tenant shall execute such reasonable documents (which may be in recordable form) evidencing the foregoing within ten (10) business days after Landlord's request. Tenant shall provide to Landlord, at no cost to Landlord, any other instrument(s) that may be necessary in order to record and/or file the same with the Registry.

2.8 Construction in Vicinity. Tenant acknowledges that (a) Landlord and/or its affiliates ("**Neighboring Owners**") own several properties in the vicinity of the Building, (b) during the Term, the Neighboring Owners may undertake various construction projects, which may include the construction of new and/or additional buildings (each, a "**Project**," and collectively, the "**Projects**"), and (c) customary construction impacts (taking into account the urban nature of the Property, the proximity of the Building to the Project site and other relevant factors) may result therefrom. Landlord shall use commercially reasonable efforts to minimize (and cause its affiliates to minimize) materially adverse construction impacts in accordance with the mitigation plan described below. Prior to commencing any Project, Landlord shall deliver to Tenant a construction mitigation plan that shall detail such commercially reasonable mitigation measures. Subject to Landlord's compliance with this paragraph, and notwithstanding any other provision of this Lease, in no event shall Landlord be liable to Tenant for any compensation or reduction of rent or any other damages arising from the Projects and Tenant shall not have the right to terminate the Lease due to the construction of the Projects, nor shall the same give rise to a claim in Tenant's favor that such construction constitutes actual or constructive, total or partial, eviction from the Premises. Notwithstanding any provision in this Lease to the contrary, in no event shall Tenant seek injunctive or any similar relief to stop, delay or modify any Project.

3. CONDITION OF PREMISES; CONSTRUCTION.

3.1 Condition of Premises. Subject to Landlord's obligation to perform Tenant's Fitout in accordance with the terms of the Work Letter attached hereto as Exhibit 5, Tenant acknowledges and agrees that Tenant is leasing the Premises in their "AS IS," "WHERE IS" condition and with all faults on the Commencement Date, without representations or warranties, express or implied, in fact or by law, of any kind, and without recourse to Landlord.

3.2 Tenant's Fitout. Tenant's Fitout shall be performed by Landlord in accordance with the Work Letter attached hereto as Exhibit 5.

4. USE OF PREMISES

4.1 Permitted Uses. During the Term, Tenant shall use the Premises only for the Permitted Uses and for no other purposes. Service and utility areas (whether or not a part of the Premises) shall be used only for the particular purpose for which they are designed. All corridor doors, when not in use, shall be kept closed. Tenant shall keep the Premises equipped with appropriate safety appliances to the extent required by Legal Requirements or insurance requirements.

4.2 Prohibited Uses.

(a) Notwithstanding any other provision of this Lease, Tenant shall not use the Premises or the Building, or any part thereof, or suffer or permit the use and/or occupancy of the Premises or the Building or any part thereof by Tenant and/or Tenant's agents, servants, employees, consultants, contractors, subcontractors, licensees and or subtenants (collectively with Tenant, the "**Tenant Parties**") (i) in a manner which would violate any of the covenants, agreements, terms, provisions and conditions of this Lease or otherwise applicable to or binding upon the Premises; (ii) for any unlawful purposes or in any unlawful manner; (iii) in a manner which, in the reasonable judgment of Landlord (taking into account the use of the Building as a combination institutional, office and retail building and the Permitted Uses) shall (a) impair the appearance or reputation of the Building; (b) impair, interfere with or otherwise diminish the quality of any of the Building services or the proper and economic heating, cleaning, ventilating, air conditioning or other servicing of the Building or Premises, or the use of any of the Common Areas; (c) occasion discomfort, inconvenience or annoyance in any material respect (and Tenant shall not install or use any electrical or other equipment of any kind which, in the reasonable judgment of Landlord, will cause any such impairment, interference, discomfort, inconvenience, annoyance or injury), or cause any injury or damage to any occupants of the Premises or other tenants or occupants of the Building or their property; or (d) cause harmful air emissions or any unusual or other objectionable odors, noises or emissions to emanate from the Premises; (iv) in a manner which is inconsistent with the operation and/or maintenance of the Building as a first-class combination institutional, office and retail facility; (v) for any fermentation processes whatsoever; (vi) in a manner which shall increase such insurance rates on the Building or on property located therein over that applicable when Tenant first took occupancy of the Premises hereunder; (vii) for any use listed in Exhibit 6 attached hereto and made a part hereof; or (viii) in violation of any exclusive use granted to any tenant.

(b) With respect to the use and occupancy of the Premises and the Common Areas, Tenant will not: (i) place or maintain any garbage, trash, rubbish or other refuse (collectively, "**Trash**"), signage (except as may be permitted by Article 12 below) or other articles in any vestibule or entry of the Premises, on the footwalks or corridors adjacent thereto or elsewhere on the exterior of the Premises, nor obstruct any driveway, corridor, footwalk, parking area, mall or any other Common Areas; (ii) permit undue accumulations of or burn Trash within or without the Premises; (iii) permit the parking of vehicles so as to interfere with the use of any driveway, corridor, footwalk, parking area, or other Common Areas; (iv) receive or ship articles of any kind outside of those areas reasonably designated by Landlord; (v) conduct or permit to be conducted any auction, going out of business sale, bankruptcy sale (unless directed by court order), or other similar type sale in or connected with the Premises; (vi) use the name of Landlord, Fee Owner, or any of Landlord's affiliates or subsidiaries in any publicity, promotion, trailer, press release, advertising, printed, or display materials without Landlord's prior written consent (which may be withheld in Landlord's sole discretion); (vii) permit or keep any animals other than trained certified service animals in the Building; or (viii) except in connection with Tenant's Fitout and/or Alterations (hereinafter defined) approved by Landlord, cause or permit any hole to be drilled or made in any part of the Building.

5. RENT; ADDITIONAL RENT

5.1 Base Rent. During the Term, commencing on the Rent Commencement Date, Tenant shall pay to Landlord Base Rent in equal monthly installments, in advance and without demand on the first day of each month for and with respect to such month (except that, if the Rent Commencement Date is any day other than the first day of a calendar month, Base Rent due for the period between the Rent Commencement Date and the last day of the calendar month in which the Rent Commencement Date occurs shall be due on the Rent Commencement Date). Unless otherwise expressly provided herein, the payment of Base Rent and additional rent and other charges reserved and covenanted to be paid under this Lease with respect to the Premises (collectively, "**Rent**") shall commence on the Rent Commencement Date, and shall be prorated for any partial months. Rent shall be payable to Landlord or, if Landlord shall so direct in writing, to Landlord's agent or nominee, in lawful money of the United States which shall be legal tender for payment of all debts and dues, public and private, at the time of payment. In no event shall Tenant pay any installment of Base Rent more than one (1) month in advance.

5.2 Operating Costs.

(a) "**Operating Costs**" shall mean all costs incurred and expenditures of whatever nature made by Landlord in the operation, management, repair, replacement, maintenance and insurance (including environmental liability insurance and property insurance on Landlord-supplied leasehold improvements for tenants, but not property insurance on tenants' equipment) of the Property or allocated to the Property, including: all costs of labor (wages, salaries, fringe benefits, etc.) up to and including the group or portfolio manager, however denominated; any costs for utilities supplied to exterior areas and the Common Areas; any costs for repair and replacements, cleaning and maintenance of exterior areas and the Common Areas, related equipment, facilities and appurtenances and HVAC equipment; costs of consultants and/or experts engaged to evaluate cost-savings measures for the Building (such as, but not limited to, tax and energy conservation consultants); costs relating to open space serving the Kendall Square complex; costs incurred pursuant to the Master Declaration, the SOMA REA, any REA and/or Condo Documents (including costs related to the operation, management, repair, replacement, maintenance, and insurance of the Complex Areas and real estate taxes assessed with respect to the Complex Areas); any operating costs charged pursuant to the Master Lease (hereinafter defined); costs incurred in connection with the PTDM; costs of security services; a management fee paid to Landlord's property manager; the costs, including a commercially reasonable rental factor, of Landlord's management office for the Property (which management office may be located outside the Property and which may serve other properties in addition to the Property (in which event the costs thereof shall be equitably allocated among the properties served by such office)); and the cost of operating any amenities in the Property available to all tenants of the Property and any subsidy provided by Landlord for or with respect to any such amenity. For costs and expenditures made by Landlord in connection with the operation, management, repair, replacement, maintenance and insurance of the Property as a whole, Landlord shall make a reasonable allocation thereof between the retail and non-retail portions of the Property. Operating Costs shall not include Excluded Costs (hereinafter defined). Landlord shall have the right but not the obligation, from time to time, to equitably allocate some or all of the Operating Costs among different tenants of the Building (for example, and without limiting the generality of the foregoing, based in whole or in part on shared or similar use of particular systems or equipment).

(b) "**Excluded Costs**" shall be defined as (i) any mortgage charges (including interest, principal, points and fees); (ii) brokerage commissions; (iii) salaries of executives and owners not directly employed in the management/operation of the Property; (iv) the cost of work done by Landlord for a particular tenant; (v) the cost of items which, by generally accepted accounting principles, would be capitalized on the books of Landlord or are otherwise not properly chargeable against income, except to the extent such capital item is (A) required by any Legal Requirements enacted or first enforced after the Execution Date, (B) reasonably projected to reduce Operating Costs, or (C) reasonably expected to improve the management and or operation of the Building; (vi) any contributions made to any tenant of the Property for, or costs incurred by Landlord in connection with, the initial build-out or subsequent improvement of leasable space in the Building, including Tenant's Fitout; (vii) franchise or income taxes imposed on Landlord; (viii) costs paid directly by individual tenants to suppliers, including tenant electricity, telephone and other utility costs; (ix) increases in premiums for insurance when such increase is caused by the use of the Property by Landlord or any other tenant of the Property; (x) maintenance and repair of capital items not a part of the Property; (xi) depreciation of the Property; (xii) costs relating to maintaining Landlord's existence as a corporation, partnership or other entity; (xiii) advertising and other fees and costs incurred in procuring tenants; (xiv) the cost of any items for which Landlord is actually reimbursed by insurance, condemnation awards, refund, rebate or otherwise, and any expenses for repairs or maintenance to the extent covered by warranties, guaranties and service contracts; (xv) costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Building management, or between Landlord and other tenants or occupants; (xvi) the costs of the initial development and construction of the Building (including mitigation payments and impact fees associated therewith, if any (including traffic mitigation expenses or payments pursuant to the approvals for the project)), provided, however, that the foregoing shall not exclude from Operating Costs the reasonable costs incurred in connection with the PTDM; (xvii) costs resulting from violations by Landlord of Legal Requirements; and (xviii) the cost of testing, remediation or removal, transportation or storage of Hazardous Materials (hereinafter defined) in the Building or on the Property required by Environmental Laws (hereinafter defined), provided, however, with respect to the testing, remediation, removal, transportation or storage of (A) any material or substance that is part of the Building on the Commencement Date and which, as of the Commencement Date, is not considered, as a matter of law, to be a Hazardous Material, but which is subsequently determined to be a Hazardous Material as a matter of law and must be remediated or removed, and (B) any material or substance located in the Building after the Commencement Date and which, when placed in the Building was not considered as a matter of law to be a Hazardous Material but which is subsequently determined to be a Hazardous Material as a matter of law, then the costs thereof may be included in Operating Costs.

(c) Payment of Operating Costs. Commencing on the Rent Commencement Date, and thereafter throughout the Term, Tenant shall pay to Landlord, as additional rent, Tenant's Share of Operating Costs. Landlord may make a good faith estimate of Tenant's Share of Operating Costs for any fiscal year or part thereof during the Term, and Tenant shall pay to Landlord, on the Rent Commencement Date and on the first (1st) day of each calendar month thereafter, an amount equal to Tenant's Share of Operating Costs for such fiscal year and/or part thereof divided by the number of months therein. Landlord may estimate and re-estimate Tenant's Share of Operating Costs and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Tenant's Share of Operating Costs shall be appropriately adjusted in accordance with the estimations so that, by the end of the fiscal year in question, Tenant shall have paid all of Tenant's Share of Operating Costs as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Operating Costs are available for each fiscal year.

(d) Annual Reconciliation. Landlord shall, within one hundred twenty (120) days after the end of each fiscal year, deliver to Tenant a reasonably detailed statement of the actual amount of Operating Costs for such fiscal year ("**Year End Statement**"). Failure of Landlord to provide the Year End Statement within the time prescribed shall not relieve Tenant from its obligations hereunder. If the total of such monthly remittances on account of any fiscal year is greater than Tenant's Share of Operating Costs actually incurred for such fiscal year, then, provided there is no Event of Default nor any event which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may credit the difference against the next installment of additional rent on account of Operating Costs due hereunder, except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord (it being understood and agreed that if Tenant cures any default prior to the expiration of the notice and/or cure periods set forth in Section 20.1 below, Tenant shall then be entitled to take such credit). If the total of such remittances is less than Tenant's Share of Operating Costs actually incurred for such fiscal year, Tenant shall pay the difference to Landlord, as additional rent hereunder, within ten (10) days of Tenant's receipt of an invoice therefor. Landlord's estimate of Operating Costs for the next fiscal year shall be based upon the Operating Costs actually incurred for the prior fiscal year as reflected in the Year-End Statement plus a reasonable adjustment based upon estimated increases in Operating Costs.

(e) Part Years. If the Rent Commencement Date or the Expiration Date occurs in the middle of a fiscal year, Tenant shall be liable for only that portion of the Operating Costs with respect to such fiscal year within the Term.

(f) Gross-Up. If, during any fiscal year, less than 95% of the Building is occupied by tenants or if Landlord was not supplying at least 95% of tenants with the services being supplied to Tenant hereunder, actual Operating Costs incurred shall be reasonably extrapolated by Landlord on an item-by-item basis to the reasonable Operating Costs that would have been incurred if the Building was 95% occupied and such services were being supplied to 95% of tenants, and such extrapolated Operating Costs shall, for all purposes hereof, be deemed to be the Operating Costs for such fiscal year. This "gross up" treatment shall be applied only with respect to variable Operating Costs arising from services provided to Common Areas or to space in the Building being occupied by tenants (which services are not provided to vacant space or may be provided only to some tenants) in order to allocate equitably such variable Operating Costs to the tenants receiving the benefits thereof.

(g) Audit Right. Provided there is no Event of Default nor any event which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may, upon at least thirty (30) days' prior written notice, inspect or audit Landlord's records relating solely to Operating Costs for the fiscal year covered by the Year End Statement in question. However, no audit or inspection shall extend to periods of time before the Rent Commencement Date. If Tenant fails to object to the calculation of Tenant's Share of Operating Costs on the Year-End Statement within sixty (60) days after such statement has been delivered to Tenant and/or fails to complete any such audit or inspection within ninety (90) days after receipt of the Year End Statement, then Tenant shall be deemed to have waived its right to object to the calculation of Tenant's Share of Operating Costs for the year in question and the calculation thereof as set forth on such statement shall be final. Landlord's records shall be made available electronically or, at Landlord's election, at Landlord's offices or the offices of Landlord's property manager during business hours reasonably designated by Landlord. Tenant shall pay the cost of such audit or inspection. Tenant may not conduct an inspection or have an audit performed more than once during any fiscal year. If such inspection or audit reveals that Tenant was overcharged by more than one percent (1%) and Landlord does not reasonably object to such inspection or audit results, then, provided no Event of Default has occurred nor an event which, with the passage of time and/or the giving of notice would constitute an Event of Default, and provided, further, that Tenant has delivered to Landlord a copy of the final inspection or audit report reflecting such error. Tenant may credit the difference against the next installment of additional rent on account of Operating Costs due hereunder, except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord. If such inspection or audit reveals an underpayment by Tenant, then Tenant shall pay to Landlord, as additional rent hereunder, any underpayment of any such costs, as the case may be, within thirty (30) days after receipt of an invoice therefor. Tenant shall maintain the results of any such audit or inspection confidential and shall not be permitted to use any third party to perform such audit or inspection, other than an independent firm of certified public accountants (A) reasonably acceptable to Landlord, (B) which is not compensated on a contingency fee basis or in any other manner which is dependent upon the results of such audit or inspection, and (C) which executes Landlord's standard confidentiality agreement whereby it shall agree to maintain the results of such audit or inspection confidential. Tenant hereby acknowledges and agrees that Tenant's sole right to contest Landlord's Year End Statement shall be as expressly set forth in this Section 5.2(g). Tenant hereby waives any and all other rights provided pursuant to any Legal Requirements to examine Landlord's books and records and/or to contest Landlord's Year End Statement. No subtenant or licensee shall have any right to conduct any such examination.

5.3 Taxes.

(a) "**Taxes**" shall mean the real estate taxes and other taxes, levies and assessments imposed upon the Building and the tax lot(s) on which the Building is located (the "**Tax Lot**") and any other buildings located on the Tax Lot (collectively, the "**Tax Property**"), and upon any personal property of Landlord used in the operation thereof, or on Landlord's interest therein or such personal property or reasonably allocated thereto; charges, fees and assessments for transit, housing, police, fire or other services or purported benefits to the Tax Property (including any community preservation assessments and/or business improvement district assessments); service or user payments in lieu of taxes; and any and all other taxes, levies, betterments, assessments and charges arising from the ownership, leasing, operation, use or occupancy of the Tax Property or based upon rentals derived therefrom, which are or shall be imposed by federal, state, county, municipal or other governmental authorities. To the extent Taxes are assessed against the Tax Property as a whole, such amounts shall be allocated among the buildings located on the Tax Lot and shall be based on the assessor's records or, if the records do not provide a separate allocation, based on square footage of the buildings in question unless Landlord reasonably determines that such allocation should be made on another basis. Furthermore, if different tax rates apply to spaces in the buildings located on the Tax Lot, Taxes will be allocated based on the applicable tax rate (e.g., if retail space is taxed at a different rate than office space, then Taxes subject to such different rate shall be allocated accordingly). If any such Tax is levied or assessed directly against Tenant, then Tenant shall be responsible for and shall pay the same at such times and in such manner as the taxing authority shall require. From and after substantial completion of any occupiable improvements constructed as part of a Future Development, if such improvements are not separately assessed, Landlord shall reasonably allocate Taxes between the Building and such improvements and the land area associated with the same. Taxes shall not include any inheritance, estate, succession, gift, franchise, rental, income or profit tax, capital stock tax, capital levy or excise, or any income taxes arising out of or related to the ownership and operation of the Tax Property, provided, however, that any of the same and any other tax, excise, fee, levy, charge or assessment, however described, that may in the future be levied or assessed as a substitute for or in addition to, in whole or in part, any tax, levy or assessment which would otherwise constitute Taxes, whether or not now customary or in the contemplation of the parties on the Execution Date of this Lease, shall constitute Taxes, but only to the extent calculated as if the Tax Property were the only real estate owned by Landlord. "Taxes" shall also include reasonable expenses (including legal and consultant fees) of tax abatement or other proceedings contesting assessments or levies. Tenant shall pay, prior to delinquency, any and all Taxes levied or assessed against any personal property or trade fixtures placed by Tenant in the Premises, whether levied or assessed against Landlord or Tenant. If any Taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed valuation of the Tax Property is increased by a value attributable to improvements in or alterations to the Premises made by Tenant, whether owned by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, Landlord shall have the right, but not the obligation, to pay such Taxes. The amount of any such payment by Landlord shall constitute additional rent due from Tenant to Landlord within thirty (30) days of invoice therefor.

(b) "**Tax Period**" shall be any fiscal/tax period in respect of which Taxes are due and payable to the appropriate governmental taxing authority (i.e., as mandated by the governmental taxing authority), any portion of which period occurs during the Term of this Lease.

(c) Payment of Taxes. Commencing on the Rent Commencement Date, and thereafter throughout the Term, Tenant shall pay to Landlord, as additional rent, Tenant's Tax Share of Taxes. Landlord may make a good faith estimate of the Taxes to be due by Tenant for any Tax Period or part thereof during the Term, and Tenant shall pay to Landlord, on the Rent Commencement Date and on the first (1st) day of each calendar month thereafter, an amount equal to Tenant's Tax Share of Taxes for such Tax Period or part thereof divided by the number of months therein. Landlord may estimate and re-estimate Tenant's Tax Share of Taxes and deliver a copy of the estimate or re-estimate to Tenant. Thereafter, the monthly installments of Tenant's Tax Share of Taxes shall be appropriately adjusted in accordance with the estimations so that, by the end of the Tax Period in question, Tenant shall have paid all of Tenant's Tax Share of Taxes as estimated by Landlord. Any amounts paid based on such an estimate shall be subject to adjustment as herein provided when actual Taxes are available for each Tax Period. If the total of such monthly remittances is greater than Tenant's Tax Share of Taxes actually due for such Tax Period, then, provided no Event of Default has occurred nor any event which, with the passage of time and/or the giving of notice would constitute an Event of Default, Tenant may credit the difference against the next installment of additional rent on account of Taxes due hereunder, except that if such difference is determined after the end of the Term, Landlord shall refund such difference to Tenant within thirty (30) days after such determination to the extent that such difference exceeds any amounts then due from Tenant to Landlord (it being understood and agreed that if Tenant cures any default prior to the expiration of the notice and/or cure periods set forth in Section 20.1 below, Tenant shall then be entitled to take such credit). If the total of such remittances is less than Tenant's Tax Share of Taxes actually due for such Tax Period, Tenant shall pay the difference to Landlord, as additional rent hereunder, within thirty (30) days of Tenant's receipt of an invoice therefor. Landlord's estimate for the next Tax Period shall be based upon actual Taxes for the prior Tax Period plus a reasonable adjustment based upon estimated increases in Taxes. In the event that Payments in Lieu of Taxes ("**PILOT**"), instead of or in addition to Taxes, are separately assessed to certain portions of the Tax Property including the Premises, Tenant agrees, except as otherwise expressly provided herein to the contrary, to pay to Landlord, as additional rent, the portion of such PILOT attributable to the Premises in the same manner as provided above for the payment of Taxes.

(d) Effect of Abatements. Appropriate credit against Taxes and/or PILOT shall be given for any refund obtained by reason of a reduction in any Taxes by the assessors or the administrative, judicial or other governmental agency responsible therefor after deduction of Landlord's expenditures for reasonable legal fees and for other reasonable expenses incurred in obtaining the Tax or PILOT refund.

(e) Part Years. If the Rent Commencement Date or the Expiration Date occurs in the middle of a Tax Period, Tenant shall be liable for only that portion of the Taxes, as the case may be, with respect to such Tax Period within the Term.

5.4 Late Payments.

(a) Any payment of Rent due hereunder not paid when due shall bear interest for each month or fraction thereof from the due date until paid in full at the annual rate of ten percent (10%), or at any applicable lesser maximum legally permissible rate for debts of this nature (the "**Default Rate**"). Acceptance of interest or any partial payment shall not constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord under this Lease or at law or in equity now or hereafter in effect.

(b) For each Tenant payment check to Landlord that is returned by a bank for any reason, Tenant shall pay a returned check charge equal to the amount as shall be customarily charged by Landlord's bank at the time.

(c) Money paid by Tenant to Landlord shall be applied to Tenant's account in the following order: first, to any unpaid additional rent, including late charges, returned check charges, legal fees and/or court costs chargeable to Tenant hereunder; and then to unpaid Base Rent.

5.5 No Offset; Independent Covenants; Waiver. Rent shall be paid without notice or demand, and without setoff, counterclaim, defense, abatement, suspension, deferment, reduction or deduction, except as expressly provided herein. TENANT WAIVES ALL RIGHTS (I) TO ANY ABATEMENT, SUSPENSION, DEFERMENT, REDUCTION OR DEDUCTION OF OR FROM RENT, AND (II) EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15.2 BELOW, TO QUIT, TERMINATE OR SURRENDER THIS LEASE OR THE PREMISES OR ANY PART THEREOF. TENANT HEREBY ACKNOWLEDGES AND AGREES THAT THE OBLIGATIONS OF TENANT UNDER THIS LEASE SHALL BE SEPARATE AND INDEPENDENT COVENANTS AND AGREEMENTS, THAT RENT SHALL CONTINUE TO BE PAYABLE IN ALL EVENTS AND THAT THE OBLIGATIONS OF TENANT HEREUNDER SHALL CONTINUE UNAFFECTED, UNLESS THE REQUIREMENT TO PAY OR PERFORM THE SAME SHALL HAVE BEEN TERMINATED PURSUANT TO AN EXPRESS PROVISION OF THIS LEASE. LANDLORD AND TENANT EACH ACKNOWLEDGES AND AGREES THAT THE INDEPENDENT NATURE OF THE OBLIGATIONS OF TENANT HEREUNDER REPRESENTS FAIR, REASONABLE, AND ACCEPTED COMMERCIAL PRACTICE WITH RESPECT TO THE TYPE OF PROPERTY SUBJECT TO THIS LEASE, AND THAT THIS AGREEMENT IS THE PRODUCT OF FREE AND INFORMED NEGOTIATION DURING WHICH BOTH LANDLORD AND TENANT WERE REPRESENTED BY COUNSEL SKILLED IN NEGOTIATING AND DRAFTING COMMERCIAL LEASES IN MASSACHUSETTS, AND THAT THE ACKNOWLEDGEMENTS AND AGREEMENTS CONTAINED HEREIN ARE MADE WITH FULL KNOWLEDGE OF THE HOLDING IN WESSON V. LEONE ENTERPRISES, INC., 437 MASS. 708 (2002). SUCH ACKNOWLEDGEMENTS, AGREEMENTS AND WAIVERS BY TENANT ARE A MATERIAL INDUCEMENT TO LANDLORD ENTERING INTO THIS LEASE.

5.6 Survival. Any obligations under this Article 5 which shall not have been paid at the expiration or earlier termination of the Term shall survive such expiration or earlier termination and shall be paid when and as the amount of same shall be determined and be due.

6. INTENTIONALLY OMITTED.

7. LETTER OF CREDIT.

7.1 Amount. Within ten (10) business days after the Execution Date, Tenant shall deliver to Landlord an irrevocable letter of credit which shall (a) be in the amount specified in the Lease Summary Sheet and otherwise in the form attached hereto as Exhibit 7: (b) issued by a FDIC insured financial institution (i) reasonably acceptable to Landlord upon which presentment may be made (A) in Boston, Massachusetts (if Landlord so requires at the time of its approval thereof) or (B) by facsimile expressly pursuant to the terms of the letter of credit), and (ii) which satisfies the Minimum Rating Agency Threshold and the Minimum Capital Threshold (as such terms are hereinafter defined); and (c) be for a term of one (1) year, subject to extension in accordance with the terms hereof (the "**Letter of Credit**"). The Letter of Credit shall be held by Landlord, without liability for interest, as security for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease by the Tenant to be kept and performed during the Term. In no event shall the Letter of Credit be deemed to be a prepayment of Rent nor shall it be considered a measure of liquidated damages. Unless the Letter of Credit is automatically renewing, at least thirty (30) days prior to the maturity date of the Letter of Credit (or any replacement Letter of Credit), Tenant shall deliver to Landlord a replacement Letter of Credit which shall have a maturity date no earlier than the next anniversary of the Commencement Date or one (1) year from its date of delivery to Landlord, whichever is later.

7.2 Application of Proceeds of Letter of Credit. Upon an Event of Default, or if any proceeding shall be instituted by or against Tenant pursuant to any of the provisions of any Act of Congress or State law relating to bankruptcy, reorganizations, arrangements, compositions or other relief from creditors (and, in the case of any proceeding instituted against it, if Tenant shall fail to have such proceedings dismissed within thirty (30) days) or if Tenant is adjudged bankrupt or insolvent as a result of any such proceeding, or upon the end of the Term if there remains any uncured default of which Tenant shall have received notice, Landlord at its sole option may draw down all or a part of the Letter of Credit. The balance of any Letter of Credit cash proceeds shall be held in accordance with Section 7.5 below. Should the entire Letter of Credit, or any portion thereof, be drawn down by Landlord, Tenant shall, upon the written demand of Landlord, deliver a replacement Letter of Credit in the amount drawn, and Tenant's failure to do so within ten (10) days after receipt of such written demand shall constitute an additional Event of Default hereunder. The application of all or any part of the cash proceeds of the Letter of Credit to any obligation or default of Tenant under this Lease shall not deprive Landlord of any other rights or remedies Landlord may have nor shall such application by Landlord constitute a waiver by Landlord.

7.3 Transfer of Letter of Credit. In the event that Landlord transfers its interest in the Premises, Tenant shall upon notice from and at no cost to Landlord, deliver to Landlord an amendment to the Letter of Credit or a replacement Letter of Credit naming Landlord's successor as the beneficiary thereof. If Tenant fails to deliver such amendment or replacement within ten (10) business days after written notice from Landlord, Landlord shall have the right to draw down the entire amount of the Letter of Credit and hold the proceeds thereof in accordance with Section 7.5 below.

7.4 Credit of Issuer of Letter of Credit. The "**Minimum Rating Agency Threshold**" shall mean that the issuing bank has outstanding unsecured, uninsured and unguaranteed senior long-term indebtedness that is then rated (without regard to qualification of such rating by symbols such as "+" or "-" or numerical notation) "Baa" or better by Moody's Investors Service, Inc. and/or "BBB" or better by Standard & Poor's Rating Services, or a comparable rating by a comparable national rating agency designated by Landlord in its discretion. The "**Minimum Capital Threshold**" shall mean that the issuing bank has combined capital, surplus and undivided profits of not less than $10,000,000,000. If the issuer of the Letter of Credit fails to satisfy either or both of the Minimum Rating Agency Threshold or the Minimum Capital Threshold, Tenant shall be required to deliver a substitute letter of credit from another issuer reasonably satisfactory to the Landlord and that satisfies both the Minimum Rating Agency Threshold and the Minimum Capital Threshold not later than ten (10) business days after Landlord notifies Tenant of such failure.

7.5 Security Deposit. Landlord shall hold the balance of proceeds remaining after a draw on the Letter of Credit (hereinafter referred to as the "**Security Deposit**") as security for Tenant's performance of all its Lease obligations. After an Event of Default, or upon the end of the Term if there remains any uncured default of which Tenant shall have received notice, Landlord may apply the Security Deposit, or any part thereof, to Landlord's damages without prejudice to any other Landlord remedy. Should Landlord apply all or any portion of the Security Deposit in accordance with the terms of this Lease, Tenant shall, upon the written demand of Landlord, deliver cash in the amount applied, and Tenant's failure to do so within twenty (20) days after receipt of such written demand shall constitute an additional Event of Default hereunder without further notice or opportunity to cure. Tenant shall have the right to deliver a replacement Letter of Credit in the form and amount required hereunder, and upon receipt of such replacement Letter of Credit, Landlord shall return the Security Deposit to Tenant. Landlord has no obligation to pay interest on the Security Deposit and may co-mingle the Security Deposit with Landlord's funds. If Landlord conveys its interest under this Lease, the Security Deposit, or any part not applied previously, may be turned over to the grantee in which case Tenant shall look solely to the grantee for the proper application and return of the Security Deposit.

7.6 Return of Security Deposit or Letter of Credit. Should Tenant comply with all of such terms, covenants and conditions and promptly pay all sums payable by Tenant to Landlord hereunder, the Letter of Credit or the remaining proceeds therefrom, as applicable, shall be returned to Tenant within sixty (60) days after the end of the Term, less any portion thereof which may have been utilized by Landlord to cure any default or applied to any actual damage suffered by Landlord.

8. SECURITY INTEREST IN TENANT'S PROPERTY. In addition to any statutory landlord's lien, now or hereafter enacted, Tenant grants to Landlord, to secure performance of Tenant's obligations hereunder, a first priority security interest in Tenant's Property (for purposes of this Article 8, "**Tenant's Collateral**"), and Tenant's Collateral shall not be removed from the Premises without the prior written consent of Landlord until all obligations of Tenant have been fully performed. Landlord is hereby authorized, and granted a power of attorney to file UCC-1 financing statements or any other instrument, at any time during the Term of this Lease, necessary or appropriate to perfect Landlord's security interest under this Article 8, which power is coupled with an interest and is irrevocable during the Term. Upon the occurrence of an Event of Default, Landlord may, in addition to all other remedies, without notice or demand except as provided below, exercise the rights afforded to a secured party under the Uniform Commercial Code of the Commonwealth of Massachusetts (the "**UCC**"). To the extent the UCC requires Landlord to give to Tenant notice of any act or event and such notice cannot be validly waived before a default occurs, then five (5) days' prior written notice thereof shall be reasonable notice of the act or event. Landlord hereby subordinates the security interest provided under this Article 8 or by statute to any security in Tenant's Collateral granted to any national banking association or institutional lender of Tenant (provided, however, that it is understood and agreed by Tenant that the foregoing provisions shall not affect the prohibition set forth in Section 25.12 hereof) and Landlord shall, at Tenant's expense, execute such reasonable documentation to evidence such subordination as the holder of any such security interest may request.

9. UTILITIES, HVAC; WASTE REMOVAL

9.1 Electricity. Commencing on the Commencement Date, Tenant shall pay all charges for electricity furnished to the Premises and/or any equipment exclusively serving the Premises as additional rent, based on metering equipment installed as part of Tenant's Fitout (or allocated by some other reasonable customary method). At Tenant's request, Landlord shall provide Tenant with reasonable backup documentation regarding the total charges and the method of allocating the charges to Tenant. Tenant shall, at Tenant's sole cost and expense, maintain and keep in good order, condition and repair such metering equipment.

9.2 Water. Commencing on the Commencement Date, Tenant shall pay all charges for cold water furnished to the Premises and/or any equipment exclusively serving the Premises as additional rent. Landlord shall install a separate water meter for the Building and shall allocate the water meter charges, together with any sewer charges based on said meter readings, among the tenants of the Building based upon either rentable square footage or other commercially reasonable method(s). Landlord shall provide Tenant with reasonable back-up documentation regarding the total charges and the method of allocating the charges to Tenant. Commencing on the Commencement Date, Tenant shall pay to Landlord, as additional rent hereunder, its allocated share of water charges within thirty (30) days of demand therefor from time to time. If Landlord reasonably determines that Tenant's use of water and sewer services is not consistent with the usage patterns of other tenants, Landlord shall have the right, at Tenant's sole cost and expense, to furnish and install in a location approved by Landlord in or near the Premises submetering equipment to measure Tenant's consumption of water in the Premises. Tenant shall, at Tenant's sole cost and expense, maintain and keep in good order, condition and repair any such submetering equipment.

9.3 Condenser Water. Subject to Landlord's reasonable rules and regulations governing the same, Tenant shall have access to the Building condenser water loop for the benefit of Tenant's air conditioning equipment, subject to reasonable usage charges.

9.4 Heat, Ventilating and Air Conditioning. Landlord shall furnish to the Premises during normal business hours (as set forth in Section 2.3 above) so as to reasonably maintain comfortable temperatures therein (a) heat during the normal heating season, and (b) air conditioning during the normal cooling season. All costs incurred by Landlord to provide HVAC service to the Premises shall be included in Operating Costs. Such costs shall include the cost of all utility services used in the operation of the HVAC system(s) providing HVAC service to the Premises and all costs incurred by Landlord in the operation, maintenance, and repair of such system(s). Whenever the air conditioning systems are in operation, Tenant agrees to use reasonable efforts to lower and close the blinds or drapes when necessary because of the sun's position, and to cooperate fully with Landlord with regard to, and to abide by all the reasonable regulations and requirements which Landlord may prescribe for the proper functioning and protection of the air conditioning systems. Landlord shall use reasonable efforts, upon no less than one (1) business day's advance written notice from Tenant, to furnish, at Tenant's sole cost and expense, additional heat or air conditioning services to the Premises on days and at times other than as above provided at Landlord's standard rates from time to time. It is expressly understood and agreed that Tenant shall be solely responsible for cooling any data center, server rooms and any other similar areas located in the Premises beyond the standard level of cooling provided.

9.5 Other Utilities; Utility Information. Subject to Landlord's reasonable rules and regulations governing the same, Tenant shall obtain and pay, as and when due, for all other utilities and services consumed in and/or furnished to the Premises, together with all taxes, penalties, surcharges and maintenance charges pertaining thereto. Within ten (10) business days after Landlord's request from time to time, Tenant shall provide Landlord with reasonably detailed information regarding Tenant's utility usage in the Premises.

9.6 Interruption or Curtailment of Utilities.

(a) When necessary by reason of accident or emergency, or for repairs, alterations, replacements or improvements which in the reasonable judgment of Landlord are desirable or necessary to be made, Landlord reserves the right, upon no less than twenty-four (24) hours' notice except in the event of an emergency, to interrupt, curtail, or stop (i) the furnishing of heat, air conditioning, ventilation and/or hot and/or cold water, and (ii) the operation of the life safety, plumbing and/or electric systems. Landlord shall exercise reasonable diligence to eliminate the cause of any such interruption, curtailment, stoppage or suspension, but, subject to Section 9.6(b) below, there shall be no diminution or abatement of Rent or other compensation due from Landlord to Tenant hereunder, nor shall this Lease be affected or any of Tenant's obligations hereunder reduced, and Landlord shall have no responsibility or liability for any such interruption, curtailment, stoppage, or suspension of services or systems.

(b) Notwithstanding anything to the contrary in this Lease contained, if the Premises are rendered untenantable, in whole or in part, as a direct result of the failure of Landlord to provide (or cause to be provided) any service which Landlord is required to provide hereunder, such that, for the duration of the Landlord Service Interruption Cure Period (hereinafter defined), the continued operation in the ordinary course of Tenant's business in any portion of the Premises is materially and adversely affected, and if Tenant ceases to use the affected portion of the Premises (the "**Affected Portion**") as the direct result of such lack of service, then, provided that Tenant ceases to use the Affected Portion during the entirety of the Landlord Service Interruption Cure Period and that Landlord's inability to cure such condition is not caused by the fault or neglect of any of the Tenant Parties, Base Rent shall thereafter be abated with respect to the Affected Portion until the day such condition is completely corrected. For purposes hereof, the "**Landlord Service Interruption Cure Period**" shall be defined as six (6) consecutive days after Landlord's receipt of written notice from Tenant of the condition causing untenantability in the Affected Portion. The remedy set forth in this Section 9.6(b) shall be Tenant's sole and exclusive remedy on account of an interruption of services. The provisions of this Section 9.6(b) shall not apply in the event of Casualty or Taking (which shall be governed by Article 15 below) or in the event of untenantability caused by Force Majeure or if Landlord is unable to cure such condition as the result of Force Majeure.

9.7 Telecommunications Providers. Notwithstanding anything to the contrary herein or in this Lease contained, Landlord has no obligation to allow any particular telecommunications service provider to have access to the Building or to Premises other than AT&T, Comcast and Verizon (collectively, the "**Approved Providers**"). If Landlord determines there is available space and elects to permit access by providers other than the Approved Providers, Landlord may condition such access upon (a) the execution of Landlord's standard telecommunications agreement (which shall include a provision requiring the payment of fair market rent for any space in the Property dedicated, licensed and/or leased to such provider), and (b) the payment to Landlord by Tenant or the service provider of any costs incurred by Landlord in facilitating such access. Subject to the preceding sentence, Landlord's consent to providing access to the Building to any service provider other than the Approved Providers shall not be unreasonably withheld, conditioned or delayed provided such access does not require any street opening permits or approvals (unless otherwise agreed to by the City of Cambridge) or would unreasonably interfere with the use of the Common Areas.

9.8 Trash Removal; Recycling Removal; Composting Removal. Throughout the Term, Tenant shall, at its sole cost and expense: keep any Trash, recycling materials and composting materials in separate vermin-proof containers within the interior of the Premises until removed. Subject to reimbursement pursuant to Section 5.2, and subject further to Force Majeure, Landlord shall furnish services for the removal of Trash and recycling materials from the Premises and may provide a service for the removal of composting materials from the Premises. If any Legal Requirements or the trash removal company requires that any substances in the Premises be disposed of separately from ordinary trash, Tenant shall make arrangements at Tenant's expense for such disposal directly with a qualified and licensed disposal company at a lawful disposal site.

9.9 Landlord's Services. Subject to reimbursement pursuant to Section 5.2 above, and subject further to Force Majeure, Landlord shall provide the services described in Exhibit 8 attached hereto and made a part hereof ("**Landlord's Services**"). All costs incurred in connection with the provision of Landlord's Services shall be included in Operating Costs.

10. MAINTENANCE AND REPAIRS.

10.1 Maintenance and Repairs by Tenant. Subject to Force Majeure, Tenant shall keep the Premises (including all electronic, phone and data cabling and related equipment exclusively serving the Premises, fixtures, lighting, electrical equipment and wiring, non-structural walls, interior windows, floor coverings, doors and door frames and plate glass (provided that Landlord shall have the right to repair plate glass at Tenant's cost)) neat and clean and free of insects, rodents, vermin and other pests and, subject to Section 9.8 above, Trash, and in such good repair, order and condition as the same are in on the Commencement Date or in such better condition as the Premises may be put in during the Term, reasonable wear and tear and damage by insured Casualty excepted. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the proper maintenance and repair of all building systems, sanitary, electrical, heating, air conditioning, plumbing, security or other systems and of all equipment and appliances to the extent installed and/or operated by Tenant and/or exclusively serving the Premises (provided that Landlord shall have the right to repair the same at Tenant's cost). Tenant agrees to provide regular maintenance by contract with a reputable qualified service contractor for the heating and air conditioning, electrical, plumbing and life-safety equipment exclusively servicing the Premises. Such maintenance contract and contractor shall be subject to Landlord's reasonable approval. Tenant, at Landlord's request, shall at reasonable intervals provide Landlord with copies of such contracts and maintenance and repair records and/or reports.

10.2 Maintenance and Repairs by Landlord. Except as otherwise provided in Article 15, and subject to Tenant's obligations in Section 10.1 above, and subject further to Force Majeure, Landlord shall maintain the roof, Building structure (including the foundation, structural floor slabs and columns) and Building core (including the restroom facilities), exterior window frames, and except to the extent exclusively serving the Premises (or any other leasable space in the Building), the base building systems and equipment (including sanitary, electrical, heating, air conditioning, plumbing and security systems) in reasonable repair, order and condition and in compliance with Legal Requirements. In addition, Landlord shall operate and maintain the Common Areas in compliance with Legal Requirements and otherwise in substantially the same manner as comparable combination institutional, office and retail facilities in the Kendall Square area. All costs incurred by Landlord under this Section 10.2 shall be included in Operating Costs as provided in Section 5.2.

10.3 Accidents to Sanitary and Other Systems. To the extent Tenant is actually aware of the same, Tenant shall give to Landlord prompt notice of any fire or accident in the Premises or in the Building and of any damage to, or defective condition in, any part or appurtenance of the Building including the sanitary, electrical, ventilation, heating and air conditioning or other systems located in, or passing through, the Premises. Except as otherwise provided in Article 15, and subject to Tenant's obligations in Section 10.1 above, such damage or defective condition shall be remedied by Landlord with reasonable diligence, but, subject to Section 14.5 below, if such damage or defective condition was caused by any of the Tenant Parties, the cost to remedy the same shall be paid by Tenant.

10.4 Floor Load—Heavy Equipment. Tenant shall not place a load upon any floor of the Premises exceeding the floor load per square foot of area which such floor was designed to carry and which is allowed by Legal Requirements. Landlord reserves the right to prescribe the weight and position of all safes, heavy machinery, heavy equipment, freight, bulky matter or fixtures (collectively, "**Heavy Equipment**"), which shall be placed so as to distribute the weight. Heavy Equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance. Tenant shall not move any Heavy Equipment into or out of the Building without giving Landlord prior written notice thereof and observing all of Landlord's Rules and Regulations with respect to the same. If such Heavy Equipment requires special handling, Tenant agrees to employ only persons holding a Master Rigger's License to do said work, and that all work in connection therewith shall comply with Legal Requirements. Any such moving shall be at the sole risk and hazard of Tenant and, to the maximum extent permitted by Legal Requirements, Tenant will defend, indemnify and save Landlord, Fee Owner and their respective agents (including its property manager), contractors and employees (collectively with Landlord, the "**Landlord Parties**") harmless from and against any and all claims, damages, judgments, losses, penalties, costs, expenses and fees (including reasonable legal fees) (collectively, "**Claims**") resulting directly or indirectly from such moving. Proper placement of all Heavy Equipment in the Premises shall be Tenant's responsibility.

11. ALTERATIONS AND IMPROVEMENTS BY TENANT.

11.1 Landlord's Consent Required.

(a) Tenant shall not make any alterations, decorations, installations, removals, additions or improvements (collectively, "**Alterations**") in or to the Premises without Landlord's prior written approval (including the contractor(s) and a time schedule therefor). Landlord reserves the right to require that Tenant use Landlord's preferred vendor(s) for any Alterations that involve roof penetrations, alarm tie-ins, sprinklers, fire alarm and other life safety equipment. Tenant shall not make any amendments or additions to plans and specifications approved by Landlord without Landlord's prior written consent. Tenant shall be responsible for all elements of the design of Tenant's plans (including compliance with Legal Requirements, functionality of design, the structural integrity of the design, the configuration of the Premises and the placement of Tenant's furniture, appliances and equipment), and Landlord's approval of Tenant's plans shall in no event relieve Tenant of the responsibility for such design. In seeking Landlord's approval, Tenant shall provide Landlord, at least fourteen (14) business days in advance of any proposed construction, with the items listed in Exhibit 9 attached hereto and made a part hereof, written plans and specifications, bid proposals, certified stamped engineering drawings and calculations by Tenant's engineer of record or architect of record (including connections to the Building's structural system, modifications to the Building's envelope, non-structural penetrations in slabs or walls, and modifications or tie-ins to life safety systems), code compliance certifications, work contracts, requests for laydown areas and such other information concerning the nature and cost of the Alterations as Landlord may reasonably request. Landlord shall have no liability or responsibility for any claim, injury or damage alleged to have been caused by the particular materials (whether building standard or non-building standard), appliances or equipment selected by Tenant in connection with any work performed by or on behalf of Tenant.

(b) Landlord's approval of non-structural Alterations shall not be unreasonably withheld, conditioned or delayed.

(c) Notwithstanding the foregoing, (i) Landlord may withhold its consent in its sole discretion (A) to any Alteration to or affecting the roof and/or building systems, (B) with respect to matters of aesthetics relating to Alterations to or affecting the exterior of the Building, (C) to any Alteration affecting the Building structure, (D) to any Alteration changing the rentable square footage of the Premises, and/or (E) with respect to any density of use of the Premises in a manner inconsistent with the design of the base building ("**Restricted Alterations**"); and (ii) Landlord's consent shall not be required (but the applicable Exhibit 9 items shall be provided if reasonably required by Landlord) with respect to any Alterations that are purely decorative in nature nor with respect to non-structural Alterations that are not Restricted Alterations and which cost less than $50,000 in any one instance (and $100,000 in the aggregate per calendar year, prorated for any partial calendar year) so long as any such Alterations are consistent with the quality and character of the Building, are in compliance with Legal Requirements and do not (i) affect, and do not require access to, any part of the Building outside the Premises; nor (ii) trigger any Legal Requirement to perform work outside the Premises (each, a "**Permitted Alteration**"), provided Tenant shall provide Landlord with reasonably detailed written notice thereof.

(d) Except as otherwise expressly set forth herein, all Alterations shall be done at Tenant's sole cost and expense and at such times and in such manner as Landlord may from time to time reasonably designate.

(e) If Tenant shall make any Alterations, then Landlord may elect to require Tenant at the expiration or sooner termination of the Term to restore the Premises to substantially the same condition as existed immediately prior to the Alterations, provided, however, in no event shall Tenant be required to remove any of Tenant's Fitout or any Alterations which are considered standard office improvements (as compared to "specialty" Alterations, in the nature of internal stairways, raised floors, personal baths and showers, vaults, rolling file systems, etc.). If requested by Tenant, Landlord shall make such election at the time Landlord approves such Alteration (or in the case of Permitted Alterations, within thirty (30) days after receipt of request for Landlord to make such election, together with reasonably detailed notice regarding the Permitted Alterations in question). If Landlord does not so elect, then any such Alteration shall become part of the Premises upon installation, and shall be surrendered with the Premises at the end of the Term.

(f) Within sixty (60) days after completion of any Alterations (other than Alterations that are purely cosmetic in nature such as paint and carpeting), Tenant shall provide Landlord with (i) reproducible record drawings (in CAD format) of all Alterations, (ii) final cost affidavits (in form reasonably approved by Landlord), and (iii) final unconditional lien waivers from all contractors, vendors, service providers and consultants engaged in connection with such Alterations.

11.2 Supervised Work. Landlord and Tenant recognize that to the extent Landlord permits Tenant to perform any Alterations outside the Premises and/or affecting the Building systems, or if required by Legal Requirements, Landlord may need to make arrangements to have supervisory personnel on site. Accordingly, Landlord and Tenant agree as follows: Tenant shall give Landlord at least two (2) business days' prior written notice of any proposed Alterations outside the Premises and or affecting the Building systems (the "**Supervised Work**"). Tenant shall reimburse Landlord, within thirty (30) days after demand therefor, for the reasonable cost of Landlord's supervisory personnel overseeing the Supervised Work.

11.3 Harmonious Relations. Tenant agrees that it will not, either directly or indirectly, use any contractors and/or materials if their use will create any difficulty, whether in the nature of a labor dispute or otherwise, with other contractors and/or labor engaged by Tenant or Landlord or others in the construction, maintenance and/or operation of the Property or any part thereof. In the event of any such difficulty, upon Landlord's request, Tenant shall cause all contractors, mechanics or laborers causing such difficulty to leave the Property immediately.

11.4 Liens. No Alterations shall be undertaken by Tenant until Tenant has made provision for written waiver of liens from all contractors for such Alteration and taken other appropriate protective measures approved and/or required by Landlord. If the cost of any Alteration exceeds $75,000, then Tenant shall either: (a) demonstrate to Landlord, to Landlord's reasonable satisfaction, that Tenant is able to pay for the cost of such Alteration, or (b) procure appropriate surety payment and performance bonds naming Landlord as an additional obligee and file lien bond(s) (in jurisdictions where available) on behalf of such contractors. Any mechanic's lien filed against the Premises or the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant shall be discharged by Tenant within ten (10) days thereafter, at Tenant's expense by filing the bond required by law or otherwise.

11.5 General Requirements. Unless Landlord and Tenant otherwise agree in writing, Tenant shall (a) obtain Landlord's written approval of any and all building permit applications relating to Alterations (including Permitted Alterations) to the Premises prior to submission thereof; (b) procure or cause others to procure on its behalf all necessary permits before undertaking any Alterations in the Premises (and provide copies thereof to Landlord); (c) perform all of such Alterations in a good and workmanlike manner, employing materials of good quality and in compliance with Landlord's construction rules and regulations, all insurance requirements of this Lease, and Legal Requirements; and (d) to the maximum extent permitted by Legal Requirements, defend, indemnify and hold the Landlord Parties harmless from and against any and all Claims occasioned by or growing out of such Alterations. Tenant shall cause contractors employed by Tenant to (i) carry the insurance specified in Exhibit 9A, and (ii) submit certificates evidencing such coverage to Landlord prior to the commencement of any such Alterations. In addition, if construction during normal business hours unreasonably disturbs other tenants of the Property, in Landlord's sole discretion, Landlord may require Tenant to stop the performance of Alterations during normal business hours and to perform the same after hours. If Landlord reasonably determines that, in connection with Alterations by Tenant, (A) any base Building system (including the fire alarm system) should be or is required to be shut down, and/or (B) base Building system cleaning or other maintenance or repair is required (including the changing of base Building system filters pre- or post-construction), Tenant shall reimburse Landlord for the reasonable out-of-pocket costs incurred by Landlord in connection therewith.

12. SIGNAGE

12.1 Restrictions. Tenant shall have the right to install Building standard signage identifying Tenant's business at the entrance to the Premises, which signage shall be (a) at Tenant's sole cost and expense, and (b) subject to Landlord's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed). Except for interior signage at the entrance to the Premises as permitted in the preceding sentence, Tenant shall not place or suffer to be placed or maintained on the exterior of the Premises, or any part of the interior visible from the exterior thereof, any sign, banner, advertising matter or any other thing of any kind (including any hand-lettered advertising), and shall not place or maintain any decoration, letter or advertising matter on the glass of any window or door of the Premises without first obtaining Landlord's written approval. Other than the motorized blinds installed by Landlord as part of Tenant's Fitout, no signs or blinds may be put on or in any window or elsewhere if visible from the exterior of the Building. Tenant may not remove such motorized blinds without Landlord's prior written consent. Tenant may hang its own drapes, provided that they shall not in any way interfere with such motorized blinds or be visible from the exterior of the Building, and that such drapes are so hung and installed that, when drawn, the motorized blinds are automatically also drawn.

12.2 Building Directory. Landlord shall list Tenant within the directory in the Building lobby at Landlord's sole cost and expense. Subject to reasonable limits on the number of lines on the directory Landlord can provide and all such additional signage in the lobby directory, Landlord shall, at Tenant's sole cost and expense, add the names of any approved subtenants or licensees occupying any portion of the Premises.

13. ASSIGNMENT, MORTGAGING AND SUBLETTING.

13.1 General; Transfer Defined. Tenant shall not, without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion, mortgage or otherwise encumber this Lease or the Premises in whole or in part. Except as expressly otherwise set forth in Section 13.4 below, Tenant shall not, without Landlord's prior written consent (which shall be granted or withheld in accordance with Section 13.3 below), assign, sublet, license or transfer this Lease or the Premises in whole or in part whether by changes in the ownership or control of Tenant, or any direct or indirect owner of Tenant, whether at one time or at intervals, by sale or transfer of stock, partnership or beneficial interests, operation of law or otherwise, or permit the occupancy of all or any portion of the Premises by any person or entity other than Tenant's employees (each of the foregoing, a "**Transfer**"). Tenant shall deliver to Landlord one executed copy of any and all written instruments evidencing or relating to the Transfer. Any purported Transfer made without Landlord's consent, if required hereunder, shall be void and confer no rights upon any third person, provided that if there is a Transfer, Landlord may collect rent from the transferee without waiving the prohibition against Transfers, accepting the transferee, or releasing Tenant from full performance under this Lease. In the event of any Transfer in violation of this Article 13. Landlord shall have the right to terminate this Lease upon thirty (30) days' written notice to Tenant given within sixty (60) days after receipt of written notice from Tenant to Landlord of any Transfer, or within one (1) year after Landlord first learns of the Transfer if no notice is given.

13.2 Landlord's Recapture Right.

(a) Subject to Section 13.4 below, Tenant shall, prior to offering or advertising the Premises or any portion thereof for a Transfer or accepting an offer for a Transfer, give a written notice (the "**Recapture Notice**") to Landlord which: (i) states that Tenant desires to make a Transfer, (ii) identifies the affected portion of the Premises (the "**Recapture Premises**"), (iii) identifies the period of time (the "**Recapture Period**") during which Tenant proposes to sublet the Recapture Premises, or indicates that Tenant proposes to assign its interest in this Lease, and (iv) offers to Landlord to terminate this Lease with respect to the Recapture Premises (in the case of a proposed assignment of Tenant's interest in this Lease or a subletting for the remainder of the term of this Lease) or to suspend the Term for the Recapture Period (i.e. the Term with respect to the Recapture Premises shall be terminated during the Recapture Period and Tenant's rental obligations shall be proportionately reduced). Landlord shall have fifteen (15) business days within which to respond to the Recapture Notice.

(b) If Tenant does not enter into a Transfer on the terms and conditions contained in the Recapture Notice on or before the date which is one hundred eighty (180) days after the earlier of: (x) the expiration of the 15-business day period specified in Section 13.2(a) above, or (y) the date that Landlord notifies Tenant that Landlord will not accept Tenant's offer contained in the Recapture Notice, *time being of the essence*, then prior to entering into any Transfer after such 180-day period, Tenant must deliver to Landlord a new Recapture Notice in accordance with Section 13.2(a) above.

13.3 Request for Consent. In the event Tenant desires to effect a Transfer, then, at least thirty (30) but not more than ninety (90) days prior to the date when Tenant desires the Transfer to be effective (the "**Transfer Date**"), Tenant shall provide written notice to Landlord (the "**Transfer Notice**") containing the following all in such detail as Landlord shall reasonably require: information (including references) concerning the character of the proposed Transferee; the Transfer Date; the most recent unconsolidated financial statements of Tenant and of the proposed Transferee satisfying the requirements of Section 25.15 ("**Required Financials**"); evidence reasonably satisfactory to Landlord that the value of Landlord's interest under this Lease shall not be diminished or reduced by the proposed Transfer (such evidence shall include evidence respecting the relevant business experience and financial responsibility and status of the proposed Transferee); any ownership or commercial relationship between Tenant and the proposed Transferee; and the consideration and all other material terms and conditions of the proposed Transfer. So long as Tenant shall have complied with Section 13.2 above, and subject to Landlord's rights set forth in Section 13.2. Landlord agrees that, subject to the provisions of this Article 13. Landlord shall not unreasonably withhold, condition or delay its consent to a Transfer at fair market rent and otherwise on the terms contained in the Recapture Notice. It shall be reasonable for Landlord to withhold its consent to a Transfer, inter alia, (a) if the proposed party to whom the Transfer is being made (the "**Transferee**") will not use the Premises for the Permitted Uses; (b) if, in Landlord's reasonable opinion, the Transferee (i) does not have a tangible net worth and other financial indicators sufficient to meet the Transferee's obligations under the Transfer instrument in question; (ii) does not have a business reputation compatible with the operation of a first-class combination retail and office building or the tenant mix Landlord desires for the Building; (c) intends to use the space subject to the Transfer for a use that violates any exclusive or restrictive use provisions then in effect with respect to space in the Property; and/or (d) if Tenant or the Transferee does not or cannot deliver any information required by this Section 13.3, including the Required Financials.

13.4 Permitted Transfers.

(a) Notwithstanding the foregoing provisions of this Article 13, but subject to Section 13.7 below, Tenant shall have the right, without giving Landlord a Recapture Notice and without obtaining Landlord's consent, but with at least thirty (30) days' prior written notice to Landlord (unless contractually prohibited from doing so, in which event such notice shall be provided within ten (10) days after being contractually permitted to provide such notice, but in no event later than ten (10) days after the effective date thereof), which notice shall include evidence reasonably satisfactory to Landlord that the Transfer qualifies as a Transfer permitted by this Section 13.4, to (A) make a Transfer to an Affiliate so long as such entity remains in such relationship to Tenant, and (B) assign the Lease to a Successor, provided that prior to or simultaneously with any assignment pursuant to this Section 13.4, such Affiliate or Successor, as the case may be, and Tenant execute and deliver to Landlord an assignment and assumption agreement in form and substance reasonably acceptable to Landlord whereby such Affiliate or Successor, as the case may be, shall agree to be independently bound by and upon all the covenants, agreements, terms, provisions and conditions set forth in the Lease on the part of Tenant to be performed, and whereby such Affiliate or Successor, as the case may be, shall expressly agree that the provisions of this Article 13 shall, notwithstanding such Transfer, continue to be binding upon it with respect to all future Transfers. For the purposes hereof, an "**Affiliate**" shall be defined as any entity (i) that has the financial wherewithal to meet its obligations under the Transfer instrument; and (ii) which is controlled by, is under common control with, or which controls Tenant. As used herein, "**control**" means direct or, either together with others acting as a group or otherwise, indirect ownership or possession of the right or power, by vote of stockholders or directors, or by contract, agreement or other arrangements, or otherwise, to direct, determine, prevent or otherwise dictate managerial, operational or other actions or activities of any such person, firm or corporation. For the purposes hereof, a "**Successor**" shall mean any entity into or with which Tenant is merged or with which Tenant is consolidated or which acquires all or substantially all of Tenant's stock or assets, provided that the surviving entity shall have a tangible net worth (i.e., the excess of total assets, less intangible assets, over total liabilities, as evidenced by either (1) publicly available annual report(s) or SEC or other public filings, or (2) audited financial statements prepared in accordance with GAAP and delivered to Landlord) at least equal to Tenant's tangible net worth immediately prior to the Transfer.

(b) It is understood and agreed that mere occupancy (i.e., licenses, not subleases or assignments) of up to ten percent (10%) of the Premises in the aggregate by companies, firms or other entities or individuals who are members of a group with whom Tenant has a contractual or other relationship providing for cooperative or collaborative research or development work, and who are or typically would be located by Tenant in one of its facilities (each, a "**Working Partnership**"), shall be permitted without the necessity of obtaining Landlord's consent thereto so long as each Working Partnership executes a release and waiver for the benefit of Landlord (and if applicable, Fee Owner) substantially similar to Section 14.5 hereof and a copy thereof is provided to Landlord prior to such occupancy. Tenant shall provide Landlord with at least thirty (30) days' prior written notice of occupancy by any Working Partnership (which notice shall include the number of square feet in occupancy by each such entity and such other information reasonably required for financing, insurance and other risk management purposes).

(c) Notwithstanding the provisions of this Section 13.4, no transaction or series of transactions which are effected solely for the purpose of qualifying as a transaction which does not require Landlord's consent (i.e. and thereby avoiding the operation of the provisions of this Article 13) shall be permitted pursuant to this Section 13.4.

13.5 Listing Confers no Rights. The listing of any name other than that of Tenant, whether on the doors of the Premises or on the Building directory, or otherwise, shall not operate to vest in any such other person, firm or corporation any right or interest in this Lease or in the Premises or be deemed to effect or evidence any consent of Landlord, it being expressly understood that any such listing is a privilege extended by Landlord revocable at will by written notice to Tenant.

13.6 Profits In Connection with Transfers. Other than in connection with a Transfer to a Successor, Tenant shall, within thirty (30) days of receipt thereof, pay to Landlord fifty percent (50%) of any rent, sum or other consideration to be paid or given in connection with any Transfer, either initially or over time (after deducting the following (all of which shall be amortized over the term of the Transfer in question): reasonable actual out-of-pocket legal and brokerage expenses incurred by Tenant and improvements paid for by Tenant in connection with such Transfer), in excess of Rent hereunder as if such amount were originally called for by the terms of this Lease as additional rent.

13.7 Prohibited Transfers. Notwithstanding any contrary provision of this Lease, Tenant shall have no right to make a Transfer unless on both (i) the date on which Tenant notifies Landlord of its intention to enter into a Transfer and (ii) the date on which such Transfer is to take effect, there is no default by Tenant under this Lease. Notwithstanding anything to the contrary contained herein, Tenant agrees that in no event shall Tenant make a Transfer (a) to any government agency; (b) to any tenant, subtenant or occupant of other space in the Property; (c) to any entity with whom Landlord shall have negotiated for space in the Property in the six (6) months immediately preceding such proposed Transfer; or (d) if any part of the rent payable under such Transfer instrument shall be based in whole or in part on the net income or profits of any Transferee in accordance with Code section 512(b)(3)(B)(ii), any successor provision thereto or any guidance promulgated thereunder.

13.8 Restrictions on Subleases. In addition to the other requirements set forth in this Lease and notwithstanding any other provision of this Lease, subleases or licenses of less than all of the Premises shall only be permitted under the following terms and conditions: (a) the layout of both the subleased premises and the remainder of the Premises must comply with Legal Requirements and be approved by Landlord, including all requirements concerning access and egress and any modifications necessary to have the Premises function as a multi-tenant space rather than as a single tenant space; (b) each subleased premises shall be separately physically demised from the remainder of the Premises, and Tenant shall pay all costs thereof; and (c) there shall be no more than two (2) subleases in effect in the Premises at any given time.

13.9 No Release. No Transfer shall relieve Tenant of its primary obligation as Tenant hereunder, and Tenant shall remain fully and primarily liable under this Lease. No Transfer shall reduce or increase Landlord's obligations under this Lease.

13.10 Investment Policies. Notwithstanding anything to the contrary contained herein, Tenant may not enter into any Transfer with any person or entity if the identity of such person or entity is inconsistent with the written investment policies of Landlord and/or Landlord's parent (as the same may change from time to time) as provided to Tenant by Landlord prior to Landlord's receipt of Tenant's notice of such proposed Transfer, and any such Transfer shall be void ab initio. The provisions of this Section 13.10 shall apply to all Transferees, including Affiliates and Successors. Notwithstanding the foregoing, the provisions of this Section 13.10 shall be of no further force and effect if Landlord and/or Fee Owner are no longer affiliates of Massachusetts Institute of Technology.

14. INSURANCE; INDEMNIFICATION; EXCULPATION

14.1 Tenant's Insurance. Tenant shall procure, pay for and keep in force throughout the Term (and for so long thereafter as Tenant remains in occupancy of the Premises) commercial general liability insurance and such other insurance specified on Exhibit 10 attached hereto.

14.2 Indemnification.

(a) Except to the extent caused by the gross negligence or willful misconduct of Landlord, to the maximum extent permitted by Legal Requirements, Tenant shall defend, indemnify and save the Landlord Parties harmless from and against any and all Claims asserted by or on behalf of any person, firm, corporation or public authority arising from (i) Tenant's breach of any covenant or obligation under this Lease; (ii) any injury to or death of any person, or loss of or damage to property, sustained or occurring in, upon, at or about the Premises; (iii) any injury to or death of any person, or loss of or damage to property (A) arising out of the use or occupancy of the Premises by any of the Tenant Parties and/or (B) caused by or arising from the negligence or willful misconduct of any of the Tenant Parties; and (iv) on account of or based upon any work or thing whatsoever done (other than by Landlord or any of the Landlord Parties) at the Premises during the Term and during the period of time, if any, prior to the Commencement Date that any of the Tenant Parties may have been given access to the Premises, and for so long thereafter as Tenant remains in occupancy of the Premises. Tenant shall require its subtenants and any other occupants of the Premises to provide similar indemnities in favor of the Landlord Parties in a form acceptable to Landlord.

(b) Landlord shall defend, indemnify and save Tenant harmless from and against any and all Claims asserted by or on behalf of any person, firm, corporation or public authority arising from the gross negligence or willful misconduct of Landlord.

14.3 Property of Tenant. Tenant covenants and agrees that, to the maximum extent permitted by Legal Requirements, all of Tenant's Property at the Premises shall be at the sole risk and hazard of Tenant, and that if the whole or any part thereof shall be damaged, destroyed, stolen or removed from any cause or reason whatsoever, no part of said damage or loss shall be charged to, or borne by, Landlord, except, subject to Section 14.5 hereof, to the extent such damage or loss is due to the negligence or willful misconduct of any of the Landlord Parties.

14.4 Limitation of Landlord's Liability for Damage or Injury. Landlord shall not be liable for any injury or damage to persons or property resulting from fire, explosion, falling plaster, steam, gas, air contaminants or emissions, electricity, electrical or electronic emanations or disturbance, water, rain or snow or leaks from any part of the Building or from the pipes, appliances, equipment or plumbing works or from the roof, street or sub-surface or from any other place or caused by dampness, vandalism, malicious mischief or by any other cause of whatever nature, except to the extent caused by or due to the negligence or willful misconduct of any of the Landlord Parties, and then, where notice and an opportunity to cure are appropriate (i.e., where Tenant has an opportunity to know or should have known of such condition sufficiently in advance of the occurrence of any such injury or damage resulting therefrom as would have enabled Landlord to prevent such damage or loss had Tenant notified Landlord of such condition) only after (i) notice to Landlord of the condition claimed to constitute negligence or willful misconduct, and (ii) the expiration of a reasonable time after such notice has been received by Landlord without Landlord having commenced to take all reasonable and practicable means to cure or correct such condition; and pending such cure or correction by Landlord, Tenant shall take all reasonably prudent temporary measures and safeguards to prevent any injury, loss or damage to persons or property. Notwithstanding the foregoing, in no event shall any of the Landlord Parties be liable for any loss which is covered by insurance policies actually carried or required to be so carried by this Lease; nor shall any of the Landlord Parties be liable for any acts, omissions or negligence of other tenants or persons in the Building or damage caused by operations in construction of any private, public, or quasi-public work; nor shall any of the Landlord Parties be liable for any latent defect in the Premises or in the Building.

14.5 Waiver of Subrogation; Mutual Release. Landlord and Tenant each hereby waives on behalf of itself and its property insurers (none of which shall ever be assigned any such claim or be entitled thereto due to subrogation or otherwise) any and all rights of recovery, claim, action, or cause of action against the other and its agents, officers, servants, partners, shareholders, or employees (collectively, the "**Related Parties**") for any loss or damage (excluding rights of recovery, claims, actions, and causes of action relating to damage to the roof of the Building caused by Tenant but including rights of recovery, claims, actions, and causes of action relating to damage to the roof of the Building caused by any Casualty (hereinafter defined)) that may occur to or within the Premises or the Building or any improvements thereto, or any personal property of such party therein which is insured against under any property insurance policy actually being maintained by the waiving party from time to time, even if not required hereunder, or which would be insured against under the terms of any insurance policy required to be carried or maintained by the waiving party hereunder, whether or not such insurance coverage is actually being maintained, including, in every instance, such loss or damage that may be caused by the negligence of the other party hereto and/or its Related Parties. Tenant hereby waives on behalf of itself and its liability insurers (none of which shall ever be assigned any such claim or be entitled thereto due to subrogation or otherwise) any and all rights of recovery, claim, action, or cause of action against Landlord and/or its Related Parties for any liability, loss or damage that is insured against under any liability insurance policy actually being maintained by Tenant from time to time, even if not required hereunder, or which would be insured against under the terms of any insurance policy required to be carried or maintained by Tenant hereunder, whether or not such insurance coverage is actually being maintained, including, in every instance, such loss or damage that may be caused by the negligence of Landlord and/or its Related Parties. Landlord and Tenant each agrees to cause appropriate clauses to be included in its insurance policies necessary to implement the foregoing provisions.

14.6 Tenant's Acts—Effect on Insurance. Tenant shall not do or permit any Tenant Party to do any act or thing upon the Premises or elsewhere in the Building which will invalidate or be in conflict with any insurance policies or warranties covering the Building and the fixtures and property therein; and shall not do, or permit to be done, any act or thing upon the Premises which shall subject Landlord to any liability or responsibility for injury to any person or persons or to property by reason of any business or operation being carried on upon said Premises or for any other reason. If by reason of Tenant's use of the Premises or the failure of Tenant to comply with the provisions of this Lease the insurance rate applicable to any policy of insurance shall at any time thereafter be higher than it otherwise would be, Tenant shall reimburse Landlord upon demand for that part of any insurance premiums which shall have been charged because of such use or failure by Tenant, together with interest at the Default Rate until paid in full, within ten (10) days after receipt of an invoice therefor.

15. CASUALTY; TAKING

15.1 Damage. If the Premises are damaged in whole or part because of fire or other insured casualty ("**Casualty**"), or if the Premises are subject to a taking in connection with the exercise of any power of eminent domain, condemnation, or purchase under threat or in lieu thereof (any of the foregoing, a "**Taking**"), then unless this Lease is terminated in accordance with Section 15.2 below, Landlord shall restore the Building and/or the Premises to substantially the same condition as existed immediately following completion of Tenant's Fitout, or in the event of a partial Taking which affects the Building and the Premises, restore the remainder of the Building and the Premises not so Taken to substantially the same condition as is reasonably feasible. If, in Landlord's reasonable judgment, any element of the Tenant-Insured Improvements can more effectively be restored as an integral part of Landlord's restoration of the Building or the Premises, such restoration shall also be made by Landlord, but at Tenant's sole cost and expense. Subject to delays due to Force Majeure, delays due to any act or omission by any of the Tenant Parties which causes an actual delay in the performance of Landlord's obligations (a "**Tenant Delay**"), and subject further to rights of Mortgagees, Legal Requirements then in existence and to delays for adjustment of insurance proceeds or Taking awards, as the case may be, Landlord shall use diligent efforts to substantially complete such restoration within one (1) year after Landlord's receipt of all required permits therefor. Upon substantial completion of such restoration by Landlord, Tenant shall use diligent efforts to complete restoration of the Premises to substantially the same condition as existed immediately prior to such Casualty or Taking, as the case may be, as soon as reasonably possible, subject to Force Majeure. Tenant agrees to cooperate with Landlord in such manner as Landlord may reasonably request to assist Landlord in collecting insurance proceeds due in connection with any Casualty which affects the Premises or the Building. Provided that Landlord has maintained insurance coverage for the Building that is reasonably comparable to insurance maintained by prudent landlords of similar Class A buildings in the Kendall Square area, in no event shall Landlord be required to expend more than the Net (hereinafter defined) insurance proceeds Landlord receives for damage to the Premises and/or the Building or the Net Taking award attributable to the Premises and/or the Building. "**Net**" means the insurance proceeds or Taking award actually paid to Landlord (and not paid over to a Mortgagee) less all costs and expenses, including adjusters and attorney's fees, of obtaining the same. In the fiscal year in which a Casualty occurs, there shall be included in Operating Costs Landlord's deductible under its property insurance policy. Except as Landlord may elect pursuant to this Section 15.1, under no circumstances shall Landlord be required to repair any damage to, or make any repairs to or replacements of, any Tenant-Insured Improvements.

15.2 Termination Rights.

(a) Landlord's Termination Rights. Landlord may terminate this Lease upon thirty (30) days' prior written notice to Tenant if (i) any material portion of the Building or any material means of access thereto is subject to a Taking; (ii) more than thirty-five percent (35%) of the Building is damaged by Casualty; or (iii) if the estimated time to complete Landlord's restoration exceeds one (1) year from the date on which Landlord receives all required permits for such restoration.

(b) Tenant's Termination Right. If Landlord is so required but fails to complete restoration of the Premises within the time frames and subject to the conditions set forth in Section 15.1 above, then Tenant may terminate this Lease upon thirty (30) days' written notice to Landlord; provided, however, that if Landlord completes such restoration within thirty (30) days after receipt of any such termination notice, such termination notice shall be null and void and this Lease shall continue in full force and effect. The remedies set forth in this Section 15.2(b) and in Section 15.2(c) below are Tenant's sole and exclusive rights and remedies based upon Landlord's failure to complete the restoration of the Premises as set forth herein.

(c) Either Party May Terminate. In the case of any Casualty or Taking affecting the Premises and occurring during the last twelve (12) months of the Term, then (i) if such Casualty or Taking results in more than twenty-five percent (25%) of the floor area of the Premises being unsuitable for the Permitted Uses, or (ii) the damage to the Premises costs more than $250,000 to restore, then either Landlord or Tenant shall have the option to terminate this Lease upon thirty (30) days' written notice to the other. In addition, if any Mortgagee does not release sufficient insurance proceeds to cover the cost of Landlord's restoration work, Landlord shall notify Tenant thereof. In such event, unless Landlord agrees in writing to cover the difference, Landlord or Tenant may terminate this Lease by written notice to the other within thirty (30) days after such notice.

(d) Automatic Termination. In the case of a Taking of the entire Premises, then this Lease shall automatically terminate as of the date of possession by the Taking authority.

(e) Tenant shall assign to Landlord all of its right, title and interest in and to the insurance proceeds for Tenant's Fitout and any other Alterations (a) if the Term shall expire prior to the completion of Tenant's restoration pursuant to Section 15.1 above, or (ii) if this Lease is terminated pursuant to any provision of this Lease prior to the completion of Tenant's restoration pursuant to Section 15.1 above, in each case equal to the sum of (A) the unamortized amounts paid by Landlord for Tenant's Fitout, and (B) the unamortized costs of any portion of and any other Alterations that were not designated for removal pursuant to Article 11.

(f) Notwithstanding anything to the contrary contained herein, Tenant may not terminate this Lease pursuant to this Article 15 if the Casualty in question was caused by the gross negligence or willful misconduct of any of the Tenant Parties.

15.3 Taking for Temporary Use. If the Premises are Taken for temporary use, this Lease and Tenant's obligations, including the payment of Rent, shall continue. For purposes hereof, a "**Taking for temporary use**" shall mean a Taking of ninety (90) days or less.

15.4 Disposition of Awards. Except for any separate award for Tenant's movable trade fixtures, relocation expenses, and unamortized leasehold improvements paid for by Tenant (provided that the same may not reduce Landlord's award), all Taking awards to Landlord or Tenant shall be Landlord's property without Tenant's participation, and Tenant hereby assigns to Landlord Tenant's interest, if any, in such award. Tenant may pursue its own claim against the Taking authority.

16. ESTOPPEL CERTIFICATE. Tenant shall at any time and from time to time within ten (10) business days' after written request from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), and the dates to which Rent has been paid in advance, if any, stating whether or not Landlord is in default in performance of any covenant, agreement, term, provision or condition contained in this Lease and, if so, specifying each such default, and such other facts as Landlord may reasonably request, it being intended that any such statement delivered pursuant hereto may be relied upon by Landlord, any prospective or actual capital partner, any party to the SOMA REA and/or any REA, any prospective purchaser of the Building or any portion thereof or of any interest of Landlord therein, any Mortgagee or prospective Mortgagee thereof, any lessor or prospective lessor thereof, any ground or master lessee or prospective ground or master lessee with respect thereto, or any prospective assignee of any Mortgagee. Time is of the essence with respect to any such requested certificate, Tenant hereby acknowledging the importance of such certificates in mortgage financing arrangements, prospective sales and the like.

17. HAZARDOUS MATERIALS

17.1 Prohibition. Except for customary quantities of standard office supplies and de minimis quantities of cleaning materials (it being understood that all of the foregoing shall be stored in compliance with Environmental Laws (hereinafter defined) and in proper containers), Tenant shall not, without the prior written consent of Landlord, which may be withheld in Landlord's sole discretion, bring or permit to be brought or kept in, at or on the Premises or elsewhere in the Building (a) any inflammable, combustible or explosive fluid, material, chemical or substance; or (b) any Hazardous Material (hereinafter defined). Upon at least forty-eight (48) hours' advance notice, which may be oral (except that no notice shall be required in emergency situations). Landlord shall have the right, from time to time, to inspect the Premises for compliance with the terms of this Section 17.1 at Tenant's sole cost and expense. Except in the event of an emergency. Landlord shall use commercially reasonable efforts to minimize any materially adverse interference with Tenant's use and occupancy of the Premises as a result of Landlord's access pursuant to this Section 17.1.

17.2 Environmental Laws. For purposes hereof, "**Environmental Laws**" shall mean all laws, statutes, ordinances, rules and regulations of any local, state or federal governmental authority having jurisdiction over the Premises concerning environmental, health and safety matters, including but not limited to any discharge by any of the Tenant Parties into the air (including indoor air and outdoor air), surface water, sewers, soil or groundwater of any Hazardous Material (hereinafter defined) whether within or outside the Premises, including (a) the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq., (b) the Federal Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., (c) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., (d) the Toxic Substances Control Act of 1976, 15 U.S.C. Section 2601 et seq., (e) Chapter 21C of the General Laws of Massachusetts, and (f) Chapter 21E of the General Laws of Massachusetts. Tenant, at its sole cost and expense, shall comply with (i) all Environmental Laws, and (ii) any rules, requirements and safety procedures of the Massachusetts Department of Environmental Protection, the City of Cambridge and any insurer of the Building or the Premises with respect to Tenant's use, storage and disposal of any Hazardous Materials.

17.3 Hazardous Material Defined. As used herein, the term "**Hazardous Material**" means asbestos, oil or any hazardous, radioactive or toxic substance, material or waste or petroleum derivative which is or becomes regulated by any Environmental Law, including live organisms, viruses and fungi, medical waste and any so-called "biohazard" materials, and any materials on the right to know list of the Occupational Safety and Health Administration. The term "Hazardous Material" includes oil and/or any material or substance which is (i) designated as a "hazardous substance," "hazardous material," "oil," "hazardous waste" or toxic substance under any Environmental Law or (ii) contains any component now or hereafter designated as such.

17.4 Hazardous Materials Indemnity. To the maximum extent permitted by Legal Requirements, Tenant hereby covenants and agrees to indemnify, defend and hold the Landlord Parties harmless from and against any and all Claims against any of the Landlord Parties arising out of contamination of any part of the Property or other adjacent property, or exacerbation of any contamination of any part of the Property or adjacent property, to the extent such contamination or exacerbation, as the case may be, arises from: (i) the presence of Hazardous Material in the Premises, the presence of which is caused by any act or omission of any of the Tenant Parties, or (ii) from a breach by Tenant of its obligations under this Article 17. This indemnification of the Landlord Parties by Tenant includes reasonable costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work or any other response action required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil, soil vapor, or ground water at, on or under, or any indoor air in, the Building based upon the circumstances identified in the first sentence of this Section 17.4. In the event Tenant's indemnity obligations under both Section 14.2 above and this Section 17.4 apply, the broader indemnity shall be applicable.

17.5 Non-Tenant Contamination. Notwithstanding any provision of this Lease to the contrary, Tenant shall not be liable for, nor have any obligation or responsibility under this Lease or otherwise for, any Pre-Existing Contamination (provided, however, with respect to the testing, remediation, removal, transportation or storage of any material or substance that is part of the base Building and which, as of the Commencement Date, is not considered, as a matter of law, to be a Hazardous Material, but which is subsequently determined to be a Hazardous Material as a matter of law and must be remediated and/or removed, then the costs thereof may be included in Operating Costs). For purposes of this Lease, "**Pre-Existing Contamination**" shall mean any Hazardous Material that was present at, on, in, under, or around the Building or the Property on or before the Commencement Date; provided, however, Pre-Existing Contamination shall not be deemed to include any Hazardous Materials to the extent contributed to or exacerbated by any of the Tenant Parties, it being understood and agreed that Tenant shall be responsible for the costs associated with or resulting from such contribution or exacerbation.

18. RULES AND REGULATIONS

18.1 Rules and Regulations. Tenant will faithfully observe and comply with all rules and regulations promulgated from time to time with respect to the Building, the Property and construction within the Property (collectively, the "**Rules and Regulations**"). The current version of the Rules and Regulations is attached hereto as Exhibit 11. In the case of any conflict between the provisions of this Lease and any future rules and regulations, the provisions of this Lease shall control. Nothing contained in this Lease shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or the terms, covenants or conditions in any other lease as against any other tenant and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its servants, employees, agents, contractors, visitors, invitees or licensees.

18.2 Energy Conservation. Notwithstanding anything to the contrary contained herein, Landlord may institute, upon written notice to Tenant, such policies, programs and measures as may be necessary, required, or expedient for the conservation and/or preservation of energy or energy services and/or the resiliency of the Building (with respect to flooding or otherwise), including such policies, programs and measures as may be necessary to achieve and/or maintain any LEED or similar certification (collectively, the "**Conservation Program**"), provided, however, that, except to the extent required by Legal Requirements, the Conservation Program does not, by reason of such policies, programs and measures, reduce the level of energy or energy services being provided to the Premises below the level of energy or energy services then being provided in comparable combination institutional, office and retail buildings in the Kendall Square area, or as may be necessary or required to comply with Legal Requirements or standards or the other provisions of this Lease. Upon receipt of such notice, Tenant shall comply with the Conservation Program and reasonable reporting requirements relating thereto.

18.3 Recycling. Upon reasonable prior written notice, Landlord may establish policies, programs and measures for composting and/or the recycling of paper, products, plastic, tin and other materials (a "**Recycling Program**"). Upon receipt of such notice. Tenant will comply with the Recycling Program at Tenant's sole cost and expense.

19. LAWS AND PERMITS.

19.1 Legal Requirements. Tenant shall be responsible at its sole cost and expense for complying with (and keeping the Premises in compliance with) all Legal Requirements which are applicable to Tenant's particular use or occupancy of, or Tenant's Fitout or Alterations made by or on behalf of Tenant to, the Premises. In addition, Tenant shall, at Tenant's sole expense, comply with the "tenant" obligations pursuant to that certain Parking and Traffic Demand Management Plan dated March 11, 2016 (as the same may be amended, the "**PTDM**") including the obligations to: designate a liaison to work with the employee transportation coordinator designated by Landlord; join the Charles River TMA (or replacement shuttle service provider); provide Tenant's employees and patrons with access to the Charles River TMA's programs and EZ Ride shuttle service (or equivalent shuttle service) fare free; offer an emergency ride home program to all employees who commute by non-SOV mode at least three days per week and who are eligible to park in the Parking Areas; allow employees to set aside pre-tax funds as allowed under the Commuter Choice provisions of the Federal Tax Code; and offer and provide the subsidy options described therein) and Tenant shall provide information to Landlord in connection with any reporting requirements thereunder and cooperate with Landlord in encouraging employees to seek alternate modes of transportation. Tenant is encouraged to allow flexible work schedules within typical work hours for employees in order to reduce peak impacts of commuting and to work with the Cambridge Office of Workforce Development to expand employment opportunities for Cambridge residents. Tenant shall furnish all data and information to governmental authorities, with a copy to Landlord, as required in accordance with Legal Requirements as they relate to Tenant's use or occupancy of the Premises or the Building. If Tenant receives notice of any violation of Legal Requirements applicable to the Premises or the Building, it shall give prompt notice thereof to Landlord. Nothing contained in this Section 19.1 shall be construed to expand the uses permitted hereunder beyond the Permitted Uses.

19.2 Required Permits. Tenant shall, at Tenant's sole cost and expense, use diligent good-faith efforts to apply for, seek and obtain all necessary state and local licenses, permits and approvals needed for the operation of Tenant's business in the Premises (collectively, the "**Required Permits**") as soon as reasonably possible and in any event prior to operating its business in the Premises. Tenant shall thereafter maintain all Required Permits. Tenant, at Tenant's expense, shall at all times comply with the terms and conditions of each such Required Permit. Landlord shall reasonably cooperate with Tenant, at Tenant's sole cost and expense, in connection with its application for Required Permits. Within ten (10) days of a request by Landlord, which request shall be made not more than once during each period of twelve (12) consecutive months during the Term hereof unless otherwise requested by any Mortgagee or unless Landlord reasonably suspects that Tenant has violated the provisions of this Article 19, Tenant shall furnish Landlord with copies of all Required Permits that Tenant has obtained, together with a certificate certifying that such permits are all of the permits that Tenant has obtained with respect to the Premises.

20. DEFAULT.

20.1 Events of Default. The occurrence of any one or more of the following events shall constitute an "**Event of Default**" hereunder by Tenant:

(a) If Tenant fails to make any payment of Rent or any other payment required hereunder, as and when due (a "**Monetary Default**"), and such failure shall continue for a period of five (5) business days after notice thereof from Landlord to Tenant; provided, however, an Event of Default shall occur hereunder without any obligation of Landlord to give any notice if (i) Tenant fails to make any payment on or before the due date therefor, and (ii) Landlord has given Tenant written notice under this Section 20.1(a) on more than one (1) occasion during the twelve (12) month interval preceding such failure by Tenant;

(b) If Tenant shall fail to timely perform its obligations under the Work Letter and such failure continues for fifteen (15) days after notice thereof;

(c) If Tenant shall, in the absence of a Force Majeure event impacting Tenant's ability to use and occupy the Premises, vacate all or substantially all of the Premises without having a permitted Transfer in full force and effect with respect to such vacated space, or if Tenant shall abandon the Premises (whether or not the keys shall have been surrendered or the Rent shall have been paid);

(d) If Tenant shall fail to execute and deliver to Landlord an estoppel certificate pursuant to Article 16 above or a subordination and attornment agreement pursuant to Article 22 below, within the timeframes set forth therein and such failure continues for five (5) business days after notice thereof;

(e) If Tenant shall fail to maintain any insurance required hereunder;

(f) If Tenant shall fail to deliver a replacement Letter of Credit as required under Article 7 above;

(g) If any Tenant Party causes any release of Hazardous Materials in, on or near the Property;

(h) If Tenant shall make a Transfer in violation of the provisions of Article 13 above, or if any event shall occur or any contingency shall arise whereby this Lease, or the term and estate thereby created, would (by operation of law or otherwise) devolve upon or pass to any person, firm or corporation other than Tenant, except as expressly permitted under Article 13 hereof;

(i) If Tenant fails to comply with (i) the provisions of Sections 2.3(a), 4.2(a)(ii), 4.2(a)(iii)(d), 4.2(b)(vi) or 4.2(b)(vii) above, and such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant, (ii) the provisions of Sections 2.4, 2.5, 4.2(a)(i), 4.2(a)(iii)(B), 4.2(a)(iii)(C), 4.2(a)(vi), 4.2(b)(iii), 4.2(b)(v) or 4.2(b)(vi) and such failure shall continue for a period of five (5) days after written notice thereof from Landlord to Tenant; provided, however, an Event of Default shall occur hereunder without any obligation of Landlord to give any notice if (i) Tenant fails to comply with the provisions of any of the foregoing listed subsections above, and (ii) Landlord has given Tenant written notice under this Section 20.1(i) with respect to a particular violation of the same enumerated subsection on more than one (1) occasion during the twelve (12) month interval preceding such failure by Tenant;

(j) The failure by Tenant to observe or perform any of the covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified above, and such failure continues for more than thirty (30) days after notice thereof from Landlord; provided, further, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall commence such cure within said thirty (30) day period and thereafter diligently prosecute such cure to completion, which completion shall occur not later than ninety (90) days from the date of such notice from Landlord regardless of the reason for lack of completion;

(k) Tenant shall be involved in financial difficulties as evidenced by an admission in writing by Tenant of Tenant's inability to pay its debts generally as they become due, or by the making or offering to make a composition of its debts with its creditors;

(l) Tenant shall make an assignment or trust mortgage, or other conveyance or transfer of like nature, of all or a substantial part of its property for the benefit of its creditors,

(m) An attachment on mesne process, on execution or otherwise, or other legal process shall issue against Tenant or its property and a sale of any of its assets shall be held thereunder;

(n) Any judgment, attachment or the like in excess of $500,000 shall be entered, recorded or filed against Tenant in any court, registry, etc. and Tenant shall fail to pay such judgment within thirty (30) days after the judgment shall have become final beyond appeal or to discharge or secure by surety bond such lien, attachment, etc. within thirty (30) days of such entry, recording or filing, as the case may be;

(o) The leasehold hereby created shall be taken on execution or by other process of law and shall not be revested in Tenant within sixty (60) days thereafter;

(p) A receiver, sequesterer, trustee or similar officer shall be appointed by a court of competent jurisdiction to take charge of all or any part of Tenant's Property and such appointment shall not be vacated within sixty (60) days; or

(q) Any proceeding shall be instituted by or against Tenant pursuant to any of the provisions of any Act of Congress or State law relating to bankruptcy, reorganizations, arrangements, compositions or other relief from creditors, and, in the case of any proceeding instituted against it, if Tenant shall fail to have such proceedings dismissed within sixty (60) days or if Tenant is adjudged bankrupt or insolvent as a result of any such proceeding.

Wherever "Tenant" is used in subsections (k)-(q) inclusive of this Section 20.1, it shall be deemed to include any parent entity of Tenant and any guarantor of any of Tenant's obligations under this Lease.

Tenant shall reimburse Landlord, within thirty (30) days after demand, for up to $2,000.00 of Landlord's reasonable out-of-pocket costs and expenses (including legal fees and costs) incurred in connection with the preparation and delivery of each validly issued notice of default delivered pursuant to this Section 20.1 (which notice of default may include such demand for payment).

20.2 Remedies. Upon an Event of Default, Landlord may, by notice to Tenant, elect to terminate this Lease; and thereupon (and without prejudice to any remedies which might otherwise be available to Landlord, including for arrears of Rent or preceding breach of covenant or agreement and without prejudice to Tenant's liability for damages as hereinafter stated), upon the giving of such notice, this Lease shall terminate as of the date specified therein as though that were the Expiration Date. Upon such termination, Landlord shall have the right to draw down the entire Letter of Credit and apply the proceeds thereof to its damages hereunder. Without being taken or deemed to be guilty of any manner of trespass or conversion, and without being liable to indictment, prosecution or damages therefor, Landlord may, by lawful process, enter into and upon the Premises (or any part thereof in the name of the whole); repossess the same, as of its former estate; and expel Tenant and those claiming under Tenant. The words "re-entry" and "re-enter" as used in this Lease are not restricted to their technical legal meanings.

20.3 Damages - Termination.

(a) Upon the termination of this Lease under the provisions of this Article 20, Tenant shall pay to Landlord Rent up to the time of such termination, shall continue to be liable for any preceding breach of covenant, and in addition, shall pay to Landlord as damages, at the election of Landlord, either:

(i) the amount (discounted to present value at the rate of five percent (5%) per annum) by which, at the time of the termination of this Lease (or at any time thereafter if Landlord shall have initially elected damages under Section 20.3(a)(ii) below), (x) the aggregate of Rent projected over the period commencing with such termination and ending on the Expiration Date, exceeds (y) the aggregate projected rental value of the Premises for such period, taking into account a reasonable time period during which the Premises shall be unoccupied, plus all Reletting Costs (hereinafter defined); or

(ii) amounts equal to Rent which would have been payable by Tenant had this Lease not been so terminated, payable upon the due dates therefor specified herein following such termination and until the Expiration Date, provided, however, if Landlord shall re-let the Premises during such period, that Landlord shall credit Tenant with the net rents received by Landlord from such reletting, such net rents to be determined by first deducting from the gross rents as and when received by Landlord from such re-letting the expenses incurred or paid by Landlord in terminating this Lease, as well as the expenses of re-letting, including altering and preparing the Premises for new tenants, brokers' commissions, and all other similar and dissimilar expenses properly chargeable against the Premises and the rental therefrom (collectively, "**Reletting Costs**"), it being understood that any such re-letting may be for a period equal to or shorter or longer than the remaining Term at Landlord's sole and absolute discretion without otherwise affecting this remedy; and provided, further, that (x) in no event shall Tenant be entitled to receive any excess of such net rents over the sums payable by Tenant to Landlord hereunder and (y) in no event shall Tenant be entitled in any suit for the collection of damages pursuant to this Section 20.3(a)(ii) to a credit in respect of any net rents from a re-letting except to the extent that such net rents are actually received by Landlord prior to the commencement of such suit. If the Premises or any part thereof should be re-let in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such re-letting and of the expenses of re-letting.

(b) In calculating the amount due under Section 20.3(a)(i), above, there shall be included, in addition to the Base Rent, all other considerations agreed to be paid or performed by Tenant, including Tenant's Share of Operating Costs and Tenant's Tax Share of Taxes, on the assumption that all such amounts and considerations would have increased at the rate of five percent (5%) per annum for the balance of the full term hereby granted.

(c) Suit or suits for the recovery of such damages, or any installments thereof, may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term would have expired if it had not been terminated hereunder.

(d) Nothing herein contained shall be construed as limiting or precluding the recovery by Landlord against Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any Event of Default hereunder.

(e) In lieu of any other damages or indemnity and in lieu of full recovery by Landlord of all sums payable under all the foregoing provisions of this Section 20.3, Landlord may, by written notice to Tenant, at any time after this Lease is terminated under any of the provisions herein contained or is otherwise terminated for breach of any obligation of Tenant and before such full recovery, elect to recover, and Tenant shall thereupon pay, as liquidated damages, an amount equal to the aggregate of (x) an amount equal to the lesser of (1) Rent accrued under this Lease in the twelve (12) months immediately prior to such termination, or (2) Rent payable during the remaining months of the Term if this Lease had not been terminated, plus (y) the amount of Rent accrued and unpaid at the time of termination, less (z) the amount of any recovery by Landlord under the foregoing provisions of this Section 20.3 up to the time of payment of such liquidated damages; Tenant hereby acknowledging that the damages which Landlord may suffer as the result of the termination of this Lease as a result of an Event of Default over cannot be determined as of the Execution Date.

20.4 Landlord's Self-Help; Fees and Expenses. If Tenant shall default in the performance of any covenant on Tenant's part to be performed in this Lease contained, including the obligation to maintain the Premises in the required condition pursuant to Section 10.1 above. Landlord may, upon reasonable advance notice, except that no notice shall be required in an emergency, immediately, or at any time thereafter, perform the same for the account of Tenant. Tenant shall pay to Landlord upon demand therefor any costs incurred by Landlord in connection therewith, together with interest at the Default Rate until paid in full. In addition, Tenant shall pay all of Landlord's costs and expenses, including reasonable attorneys' fees, incurred (i) in enforcing any obligation of Tenant under this Lease or (ii) as a result of Landlord or any of the Landlord Parties being made party to any litigation pending by or against any of the Tenant Parties.

20.5 Waiver of Redemption, Statutory Notice and Grace Periods. Tenant does hereby waive and surrender all rights and privileges which it might have under or by reason of any present or future Legal Requirements to redeem the Premises or to have a continuance of this Lease for the Term hereby demised after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided. Except to the extent prohibited by Legal Requirements, any statutory notice and grace periods provided to Tenant by law are hereby expressly waived by Tenant.

20.6 Landlord's Remedies Not Exclusive. The specified remedies to which Landlord may resort hereunder are cumulative and are not intended to be exclusive of any remedies or means of redress to which Landlord may at any time be lawfully entitled, and Landlord may invoke any remedy (including the remedy of specific performance) allowed at law or in equity as if specific remedies were not herein provided for, in all event without prejudice to any and all remedies contained in this Lease.

20.7 No Waiver. Landlord's failure to seek redress for violation, or to insist upon the strict performance, of any covenant or condition of this Lease, or any of the Rules and Regulations promulgated hereunder, shall not prevent a subsequent act, which would have originally constituted a violation, from having all the force and effect of an original violation. The receipt by Landlord of Rent with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The failure of Landlord to enforce any of such Rules and Regulations against Tenant and/or any other tenant in the Building shall not be deemed a waiver of any such Rules and Regulations. No provisions of this Lease shall be deemed to have been waived by either party unless such waiver shall be in writing signed by such party against whom a waiver is claimed. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent herein stipulated shall be deemed to be other than on account of the stipulated Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Rent or pursue any other remedy in this Lease provided.

20.8 Restrictions on Tenant's Rights. During the continuation of any Event of Default, (a) Landlord shall not be obligated to provide Tenant with any notice pursuant to Sections 2.3 and 2.6 above; and (b) Tenant shall not have the right to make, nor to request Landlord's consent or approval with respect to, any Alterations.

20.9 Landlord Default. Notwithstanding anything to the contrary contained in the Lease, Landlord shall in no event be in default in the performance of any of Landlord's obligations under this Lease unless Landlord shall have failed to perform such obligations within thirty (30) days (or such additional time as is reasonably required to correct any such default, provided Landlord commences cure within 30 days) after written notice by Tenant to Landlord properly specifying wherein Landlord has failed to perform any such obligation. Tenant shall not have the right to terminate or cancel this Lease or to withhold rent or to set-off or deduct any claim or damages against rent as a result of any default by Landlord or breach by Landlord of its covenants or any warranties or promises hereunder, except in the case of a wrongful eviction of Tenant from the Premises (constructive or actual) by Landlord, and then only if the same continues after notice to Landlord thereof and an opportunity for Landlord to cure the same as set forth above. In addition, Tenant shall not assert any right to deduct the cost of repairs or any monetary claim against Landlord from rent thereafter due and payable under this Lease.

21. SURRENDER; ABANDONED PROPERTY; HOLD-OVER.

21.1 Surrender.

(a) Upon the expiration or earlier termination of the Term, Tenant shall (i) peaceably quit and surrender to Landlord the Premises broom clean, in good order, repair and condition excepting only ordinary wear and tear and damage by fire or other insured Casualty; (ii) remove all of Tenant's Property (including all signage and cabling) and, to the extent required pursuant to Section 11.1 above, Alterations made by Tenant, and (iii) repair any damages to the Premises or the Building caused by the installation or removal of Tenant's Property and/or such Alterations. Tenant's obligations under this Section 21.1(a) shall survive the expiration or earlier termination of this Lease.

(b) No act or thing done by Landlord during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid, unless in writing signed by Landlord. Unless otherwise agreed by the parties in writing, no employee of Landlord or of Landlord's agents shall have any power to accept the keys of the Premises prior to the expiration or earlier termination of this Lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises.

(c) Notwithstanding anything to the contrary contained herein, Tenant shall, at its sole cost and expense, remove from the Premises, prior to the end of the Term, any item installed by or for Tenant and which, pursuant to Legal Requirements, must be removed therefrom before the Premises may be used by a subsequent tenant; provided that nothing in this Section 21.1(c) shall be deemed to require Tenant to remove any portion of Tenant's Fitout.

(d) Tenant hereby assigns to Landlord any warranties in effect on the last day of the Term with respect to any fixtures and Alterations remaining in the Premises. Tenant shall provide Landlord with copies of any such warranties prior to the expiration of the Term (or, if the Lease is earlier terminated, within five (5) days thereafter).

21.2 Abandoned Property. After the expiration or earlier termination hereof, if Tenant fails to remove any property from the Building or the Premises which Tenant is obligated by the terms of this Lease to remove within five (5) business days after written notice from Landlord, such property (the "**Abandoned Property**") shall be conclusively deemed to have been abandoned, and may either be retained by Landlord as its property or sold or otherwise disposed of in such manner as Landlord may see fit. If any item of Abandoned Property shall be sold, Tenant hereby agrees that Landlord may receive and retain the proceeds of such sale and apply the same, at its option, to the expenses of the sale, the cost of moving and storage, any damages to which Landlord may be entitled under Article 20 hereof or pursuant to law, and to any arrears of Rent.

21.3 Holdover. If any of the Tenant Parties holds over after the end of the Term, Tenant shall be deemed a tenant-at-sufferance subject to the provisions of this Lease; provided that whether or not Landlord has previously accepted payments of Rent from Tenant, (a) Tenant shall pay Base Rent at (i) 150% of the highest rate of Base Rent payable during the Term with respect to the first thirty (30) days of such holdover, and (ii) 200% of the highest rate of Base Rent payable during the Term thereafter, (b) Tenant shall continue to pay to Landlord all additional rent, and (c) if such holdover lasts more than thirty (30) days. Tenant shall be liable for all damages, including lost business and consequential damages, incurred by Landlord as a result of such holding over, Tenant hereby acknowledging that Landlord may need the Premises after the end of the Term for other tenants and that the damages which Landlord may suffer as the result of Tenant's holding over cannot be determined as of the Execution Date. Nothing contained herein shall grant Tenant the right to holdover after the expiration or earlier termination of the Term. Nothing herein shall in any way affect Tenant's status as a tenant-at-sufferance during any holdover period.

22. SUBORDINATION; MORTGAGES AND MASTER LEASE.

22.1 Subordination. Tenant's rights and interests under this Lease shall be (i) subject and subordinate to any existing or future ground or master lease (including the Master Lease (hereinafter defined)), and to any mortgages, deeds of trust, overleases, or similar instruments covering the Premises, the Building and/or the Land or any portion thereof or Landlord's interest therein and to all advances, modifications, renewals, replacements, and extensions thereof (each of the foregoing, a "**Mortgage**"), or (ii) if any Mortgagee elects, prior to the lien of any present or future Mortgage. Tenant further shall attorn to and recognize any successor landlord, whether through foreclosure or otherwise, as if the successor landlord were the originally named landlord. At Tenant's request, Landlord shall request that any existing or future Mortgagee execute a subordination, non-disturbance and attornment agreement with respect to this Lease in the standard form customarily used by such Mortgagee; provided that Landlord shall have no liability to Tenant and the subordination of this Lease as provided in this Article 22 shall be unaffected if it is unable to obtain any such agreement. The provisions of this Section 22.1 shall be self-operative and no further instrument shall be required to effect such subordination or attornment; however, Tenant agrees to execute, acknowledge and deliver such instruments, confirming such subordination and attornment in such form as shall be requested by any such holder within ten (10) business days of request therefor. Tenant shall provide to Landlord, at no cost to Landlord, any other instrument(s) that may be necessary in order to record and/or file the same with the Registry.

22.2 Mortgagee Notices. Tenant shall give each Mortgagee the same notices given to Landlord concurrently with the notice to Landlord, and each Mortgagee shall have a reasonable opportunity to cure a Landlord default after the expiration of Landlord's applicable notice and/or cure periods if Landlord fails to do so, and Mortgagee's curing of any of Landlord's default shall be treated as performance by Landlord.

22.3 Mortgagee Liability. Tenant acknowledges and agrees that if any Mortgage shall be foreclosed, (a) the liability of the Mortgagee and its successors and assigns shall exist only so long as such Mortgagee or purchaser is the owner of the Premises, and such liability shall not continue or survive after further transfer of ownership; and (b) such Mortgagee and its successors or assigns shall not be (i) liable for any act or omission of any prior lessor under this Lease; (ii) liable for the performance of Landlord's covenants pursuant to the provisions of this Lease which arise and accrue prior to such entity succeeding to the interest of Landlord under this Lease or acquiring such right to possession; (iii) subject to any offsets or defense which Tenant may have at any time against Landlord; (iv) bound by any base rent or other sum which Tenant may have paid previously for more than one (1) month in advance; or (v) liable for the performance of any covenant of Landlord under this Lease which is capable of performance only by the original Landlord.

22.4 Mortgagee Consent. Tenant acknowledges that, where applicable, any consent or approval hereafter given by Landlord may be subject to the further consent or approval of a Mortgagee; and the failure or refusal of such Mortgagee to give such consent or approval shall, notwithstanding anything to the contrary in this Lease contained, constitute reasonable justification for Landlord's withholding its consent or approval, Subject to the terms and conditions of the Mortgage in question, Landlord shall use commercially reasonable efforts to enforce any obligation of a Mortgagee to grant its approval within the time periods, if any, specified in such Mortgage, provided, however, in no event shall Landlord be required to commence litigation in connection therewith.

22.5 Master Lease. This Lease and all of its terms, covenants, representations, warranties, agreements and conditions are in all respects subject and subordinate to any existing or future ground or master lease of any portion of the Property including the Premises, including that certain Master Lease Agreement dated as of February 20, 2020 by and between Massachusetts Institute of Technology (in such capacity, "**Fee Owner**"), as landlord, and Landlord, as tenant (as it may be amended from time to time, the "**Master Lease**"), a redacted copy of which has been delivered to Tenant. Tenant acknowledges notice and full knowledge of all of the terms, covenants and conditions of the Master Lease. With respect to the Master Lease, Tenant shall execute and deliver to Landlord simultaneously with its execution and delivery of this Lease, a Subordination, Non-Disturbance and Attornment Agreement in the form attached hereto as Exhibit 12 and made a part hereof.

23. QUIET ENJOYMENT. Landlord covenants that so long as Tenant keeps and performs each and every covenant, agreement, term, provision and condition herein contained on the part and on behalf of Tenant to be kept and performed, Tenant shall peaceably and quietly hold, occupy and enjoy the Premises during the Term from and against the claims of all persons lawfully claiming by, through or under Landlord subject, nevertheless, to the covenants, agreements, terms, provisions and conditions of this Lease, any matters of record or of which Tenant has knowledge and to any Mortgage to which this Lease is subject and subordinate, as hereinabove set forth.

24. NOTICES. Any notice, consent, request, bill, demand or statement hereunder (each, a "**Notice**") by either party to the other party shall be in writing and shall be deemed to have been duly given when either delivered by hand or by nationally recognized overnight courier or refused, as the case may be (in either case with evidence of delivery or refusal thereof) and addressed as follows:

If to Landlord:	MIT 314 Main Street Leasehold LLC c/o MIT Cambridge Real Estate LLC One Broadway, Suite 09-200 Cambridge, MA 02142 Attention: President
With a copy to:	MIT Investment Management Company One Broadway, Suite 09-200 Cambridge, MA 02142 Attention: Director of Real Estate Legal Services
With a copy by email to:	RELegal@mitimco.mit.edu
If to Tenant:	At the Premises Attention: F. Ty Edmondson, Chief Legal Officer
with a copy of default notices only to:	Ropes & Gray LLP 1211 Avenue of the Americas New York, NY 10036 Attention: Laurie C. Nelson

Notwithstanding the foregoing, any notice from Landlord to Tenant regarding ordinary business operations (e.g., exercise of a right of access to the Premises, maintenance activities, invoices, etc.) may also be given by written notice delivered by electronic mail to any person at the Premises whom Landlord reasonably believes is authorized to receive such notice on behalf of Tenant without copies as specified above. Either party may at any time change the address or specify an additional address for such Notices by delivering or mailing, as aforesaid, to the other party a notice stating the change and setting forth the changed or additional address, provided such changed or additional address is within the United States and is not a post office box. Notices shall be effective upon the date of receipt or refusal thereof. Any notice given by an attorney on behalf of Landlord shall be considered as given by Landlord and shall be fully effective. Any notice given by an attorney on behalf of Tenant shall be considered as given by Tenant and shall be fully effective.

25. MISCELLANEOUS.

25.1 Separability. If any provision of this Lease or portion of such provision or the application thereof to any person or circumstance is for any reason held invalid or unenforceable, the remainder of this Lease (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

25.2 Captions; Interpretation. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Lease nor the intent of any provisions thereof. The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. Unless expressly stated otherwise, the use of the word “including” or “include” in this Lease shall be deemed to mean “including without limitation” or “include without limitation” in each instance.

25.3 Broker. Tenant and Landlord each warrants and represents that it has dealt with no broker in connection with the consummation of this Lease other than Newmark Knight Frank (“**Broker**”). Tenant and Landlord each agrees to defend, indemnify and save the other harmless from and against any Claims arising in breach of its representation and warranty set forth in the immediately preceding sentence. Landlord shall be solely responsible for the payment of any brokerage commissions to Broker.

25.4 Entire Agreement. This Lease, Lease Summary Sheet and Exhibits 1-12 attached hereto and incorporated herein contain the entire and only agreement between the parties and any and all statements and representations, written and oral, including previous correspondence and agreements between the parties hereto, are merged herein. Tenant acknowledges that all representations and statements upon which it relied in executing this Lease are contained herein and that Tenant in no way relied upon any other statements or representations, written or oral. This Lease may not be modified orally or in any manner other than by written agreement signed by the parties hereto, provided that no amendment or modification may be effected by text message, electronic mail or similar communication. Each reference in this Lease to any of the terms and titles contained in any Exhibit attached to this Lease shall be deemed and construed to incorporate the data stated under that term or title in such Exhibit. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Lease Summary Sheet which is attached hereto and incorporated herein by reference.

25.5 Governing Law; Personal Jurisdiction. This Lease is made pursuant to, and shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts and any applicable local municipal rules, regulations, by-laws, ordinances and the like. Any litigation relating to this Lease shall be brought in the state or federal courts in the Commonwealth of Massachusetts, and each party consents to personal jurisdiction in such courts.

25.6 Tenant Representations. Tenant hereby guarantees, warrants and represents to Landlord that (i) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (ii) Tenant has and is duly qualified to do business in the state in which the Property is located, (iii) Tenant has full corporate, partnership, trust, limited liability company or other appropriate power and authority to enter into this Lease and to perform all of Tenant's obligations hereunder, (iv) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so; and (v) neither the execution, delivery or performance of this Lease, nor the consummation of the transactions contemplated hereby, will violate or conflict with any provision of documents or instruments under which Tenant is constituted or to which Tenant is a party.

25.7 Expenses Incurred by Landlord Upon Tenant Requests. Tenant shall, upon demand, reimburse Landlord for all reasonable expenses, including legal fees, incurred by Landlord in connection with all requests by Tenant for consents, approvals or execution of collateral documentation related to this Lease, including costs incurred by Landlord in the review and approval of Tenant's plans and specifications in connection with proposed Alterations to be made by Tenant to the Premises or in connection with requests by Tenant for Landlord's consent to make a Transfer. Such costs shall be deemed to be additional rent under this Lease.

25.8 Survival. Without limiting any other obligation of Tenant which may survive the expiration or prior termination of the Term, all obligations on the part of Tenant to indemnify, defend, or hold Landlord harmless, as set forth in this Lease (including Section 14.2 hereof) shall survive the expiration or prior termination of the Term.

25.9 Limitation of Liability. Tenant shall neither assert nor seek to enforce any claim against Landlord or any of the Landlord Parties, or the assets of any of the Landlord Parties, for breach of this Lease or otherwise, other than against Landlord's interest in the Property, and Tenant agrees to look solely to such interest for the satisfaction of any liability of Landlord under this Lease. This Section 25.9 shall not limit any right that Tenant might otherwise have to obtain injunctive relief against Landlord. Landlord and Tenant specifically agree that in no event shall any officer, director, manager, member, trustee, employee or representative of Landlord or any of the other Landlord Parties ever be personally liable for any obligation under this Lease. In no event shall Landlord or any of the other Landlord Parties be liable for consequential, indirect, special, incidental or punitive damages or for lost profits whatsoever in connection with this Lease. Except in connection with a breach of Tenant's obligations under Article 17 above or as provided in Section 21.3 above, in no event shall Tenant or any of the other Tenant Parties be liable for consequential, indirect, special, incidental or punitive damages or for lost profits whatsoever in connection with this Lease.

25.10 Binding Effect. The covenants, agreements, terms, provisions and conditions of this Lease shall bind and benefit the successors and assigns of the parties hereto with the same effect as if mentioned in each instance where a party hereto is named or referred to, except that no violation of the provisions of Article 13 hereof shall operate to vest any rights in any successor or assignee of Tenant. A facsimile, PDF or other electronic signature on this Lease shall be equivalent to, and have the same force and effect as, an original signature. This Lease may be executed in counterparts which, taken together, shall constitute a single instrument.

25.11 Landlord Obligations upon Transfer. Upon any sale, transfer or other disposition of the Building, Landlord shall be entirely freed and relieved from the performance and observance accruing thereafter of all covenants and obligations hereunder on the part of Landlord to be performed and observed, it being understood and agreed in such event (and it shall be deemed and construed as a covenant running with the land) that the person succeeding to Landlord's ownership shall thereupon and thereafter assume, and perform and observe, any and all of such covenants and obligations of Landlord, except as otherwise agreed in writing.

25.12 Grants of Interest. Tenant shall not grant any security interest whatsoever in (a) any fixtures within the Premises or (b) any item paid in whole or in part by Landlord without the consent of Landlord. Tenant shall notify Landlord within ten (10) business days after the filing of any UCC statement relating to Tenant's Property.

25.13 No Air Rights. No rights to any view or to light or air over any property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease. If at any time any windows of the Premises are temporarily darkened or the light therefrom is obstructed by reason of any repairs, improvements, maintenance or cleaning in or about the Property, the same shall be without liability to Landlord and without any reduction or diminution of Tenant's obligations under this Lease.

25.14 Office of Workforce Development. Tenant hereby covenants and agrees that it shall notify the City of Cambridge Office of Workforce Development of all new job opportunities in the Premises as they become available.

25.15 Intentionally Omitted.

25.16 Financial Information. If not publicly available, Tenant shall deliver to Landlord, within thirty (30) days after Landlord's reasonable request, Tenant's most recently completed balance sheet and related statements of income, shareholder's equity and cash flows statements (audited if available) reviewed by an independent certified public accountant and certified by an officer of Tenant as being true and correct in all material respects. Any such financial information may be relied upon by any actual or potential lessor, purchaser, or mortgagee of the Property or any portion thereof.

25.17 Measurements. After (a) substantial completion of restoration of the Building (or any portion thereof) after a Casualty; (b) the effective date of any Taking affecting the Property or any portion thereof, and/or (c) substantial completion of any Changes pursuant to Section 2.1 of this Lease, Landlord shall have the right to measure the Building and/or the Premises in accordance with the Building's then-current version of the Standard Method of Measurement for Office Buildings (ANSI/BOMA) (or if such standard is no longer in use, using an industry-standard method of measurement reasonably selected by Landlord) and to make an appropriate adjustment to Base Rent, Tenant's Share and Tenant's Tax Share. Tenant shall execute an agreement confirming such measurements and adjustments within ten (10) business days after Landlord's request therefor. Tenant's failure to execute and return any such agreement proposed by Landlord, or to provide written objection to the statements contained therein, within ten (10) business days after the date of Tenant's receipt thereof, shall be deemed an approval by Tenant of Landlord's determination of such figures as set forth therein.

25.18 OFAC. Tenant warrants and represents, as of the date hereof and throughout the Term that it is not owned or controlled, directly or indirectly, by any person or government from countries or other areas that are subject to economic, trade, sectoral, or transactional sanctions imposed by the United States Government, and that neither Tenant nor any of its owners, directors, officers or group companies appears on any lists of known or suspected terrorists, terrorist organizations or other prohibited persons made publicly available or published by any agency of the government of the United States or any other jurisdiction in which Tenant is doing business, including but not limited to the List of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury. Tenant shall notify Landlord immediately if these circumstances change.

25.19 Confidentiality. Tenant acknowledges and agrees that the terms of this Lease are confidential. Disclosure of the terms hereof could adversely affect the ability of Landlord to negotiate other leases with respect to the Building and may impair Landlord's relationship with other tenants of the Building. Tenant agrees that it and its partners, officers, directors, employees, brokers, and attorneys, if any, shall not disclose the terms and conditions of this Lease to any other person or entity without the prior written consent of Landlord, which may be given or withheld by Landlord, in Landlord's sole discretion, except as required for financial disclosures or securities filings, as required by the order of any court or public body with authority over Tenant, or in connection with any litigation between Landlord and Tenant with respect to this Lease. It is understood and agreed that damages alone would be an inadequate remedy for the breach of this provision by Tenant, and Landlord shall also have the right to seek specific performance of this provision and to seek injunctive relief to prevent its breach or continued breach.

25.20 Security. Tenant acknowledges that security devices and services, if any, while intended to deter crime, may not in given instances prevent theft or other criminal acts. Landlord shall not be liable for injuries or losses caused by criminal acts of third parties, and Tenant assumes the risk that any security device or service may malfunction or otherwise be circumvented by a criminal. If Tenant desires protection against such criminal acts, then Tenant shall, at Tenant's sole cost and expense, obtain appropriate insurance coverage. Tenant is solely responsible for securing access to the Premises. Tenant's security programs and equipment for the Premises shall be coordinated with Landlord and subject to Landlord's reasonable approval.

25.21 Time. Time is of the essence as to the performance of Tenant's obligations under this Lease. Except as expressly set forth herein, any time period which ends on a non-business day shall be extended to the first subsequent business day.

25.22 WAIVER OF JURY TRIAL. TENANT AND LANDLORD WAIVE ANY RIGHT TO TRIAL BY JURY OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN LANDLORD AND TENANT ARISING OUT OF THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT, OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO.

25.23 Bankruptcy. In the event a debtor, trustee or debtor in possession under the Bankruptcy Code, or another person with similar rights, duties and powers under any other Legal Requirements, proposes to cure any Tenant default under this Lease or to assume or assign Tenant's interest under this Lease, and is obliged to provide adequate assurance to Landlord that (a) a default shall be cured, (b) Landlord shall be compensated for its damages arising from any breach of this Lease, and (c) future performance of Tenant's obligations under this Lease shall occur, then such adequate assurances shall include any or all of the following, as designated by Landlord in its sole and absolute discretion: (i) those acts specified in the Bankruptcy Code or other Legal Requirements as included within the meaning of "adequate assurance," even if this Lease does not concern a shopping center or other facility described in such Legal Requirements; (ii) a prompt cash payment to compensate Landlord for any monetary defaults or actual damages arising directly from a breach of this Lease; (iii) a cash deposit in an amount at least equal to the then-current amount of the Letter of Credit; or (iv) the assumption or assignment of all of Tenant's interest and obligations under this Lease.

25.24 Not Binding Until Executed. This Lease shall have no binding force or effect, shall not constitute an offer or an option for the leasing of the Premises, nor confer any right or impose any obligations upon either party until execution and delivery of this Lease by both parties.

25.25 MBTA Red Line. Tenant acknowledges that Massachusetts Institute of Technology ("**MIT**"), in its capacity as owner in fee simple of the Property as of July 13, 2020, made the covenant and agreement set forth in Exhibit 13 attached hereto and made a part hereof. Tenant acknowledges that (a) the Massachusetts Bay Transportation Authority ("**MBTA**") red line tunnel runs by the Building along Main Street, (b) the MBTA red line's Kendall/MIT Station is served by 2 nearby entrances on the south side of Main Street, and (c) the MBTA red line provides public transportation to the Greater Boston area and the Building and is active every day of the year. The proximity of the red line and the Kendall/MIT Station to the Building is a benefit to the Kendall Square community and those who live and work therein, and the convergence near such public transportation of the various uses found in the Building and nearby buildings is typical in an urban environment. Neither the operation of the active red line and/or Kendall/MIT Station by the MBTA, nor the proximity thereof to the Building, shall give rise to (i) any claim, demand, lawsuit or cause of action against Landlord, Fee Owner or the MBTA, or (ii) any right to terminate the Lease. Tenant shall reasonably cooperate with Landlord, Fee Owner and the MBTA in connection with requests for information and/or execution of documentation in furtherance of the foregoing.

25.26 Force Majeure. For purposes of this Lease, "**Force Majeure**" shall mean any act of God, earthquake, hurricane, tornado, flood, explosion, epidemic, pandemic (including the current coronavirus pandemic), wide-spread virus, governmental or quasi-governmental act (including any current or future construction moratorium, any moratorium in the issuance of required permits or in the scheduling or performance of required inspections, or any quarantine or shelter-in-place order or other government imposed access restrictions), strike, lockout, or other labor or industrial dispute, civil disturbance, any future order or regulation of any court, governmental body or regulatory body claiming jurisdiction, act of the public enemy, war, acts of terrorism, riot, sabotage, blockade, embargo, failure of supply, or inability by the exercise of reasonable diligence to obtain supplies, parts, or employees necessary to furnish services required under this Lease, or any other cause reasonably beyond the control of the affected party.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF the parties hereto have executed this Lease as of the Execution Date.

LANDLORD

MIT 314 MAIN STREET LEASEHOLD LLC

By: MIT Cambridge Real Estate LLC, its manager

By: /s/ Seth D. Alexander
Seth D. Alexander, President, and not individually

TENANT

ZAI LAB (US) LLC

By: /s/ Tao Fu
Name: Tao Fu
Title: President & COO

EXHIBIT 1

LEGAL DESCRIPTION

A certain parcel of land in the City of Cambridge, Middlesex County, Commonwealth of Massachusetts, being shown as Lot 5 on a plan entitled "Consolidation Plan, 71 Carleton Street, 65 Carleton Street, 5-13 Deacon Street, 17-21 Deacon Street, 12-21 Deacon Street, 336-342 Main Street, 326 Main Street, 310 Main Street & 304 Main Street," dated August 8, 2016, prepared by Feldman Land Surveyors, and recorded with Middlesex Registry of Deeds as Plan 531 of 2019, more particularly bounded and described as follows:

Beginning at a point being the intersection of the southerly sideline of Main Street and the easterly sideline of Dock Street, a private way;

Thence running by the southerly sideline of Main Street S84°29'51"E, a distance of 202.00 feet to a point at land now or formerly of Massachusetts Bay Transit Authority;

Thence turning and running S05°30'09"W, a distance of 86.00 feet by land now or formerly of Massachusetts Bay Transit Authority to a point;

Thence turning and running S84°29'51"E a distance of 28.00 feet by land now or formerly of Massachusetts Bay Transit Authority to a point on the westerly sideline of Carleton Street, a private way;

Thence turning and running by the westerly sideline of Carleton Street S05°30'09"W a distance of 81.00 feet to a point;

Thence turning and running by the sideline of westerly Carleton Street and by the northerly sideline of Deacon Street, a private way, N84°29'51"W a distance of 230.00 feet to a point on the easterly sideline of Dock Street;

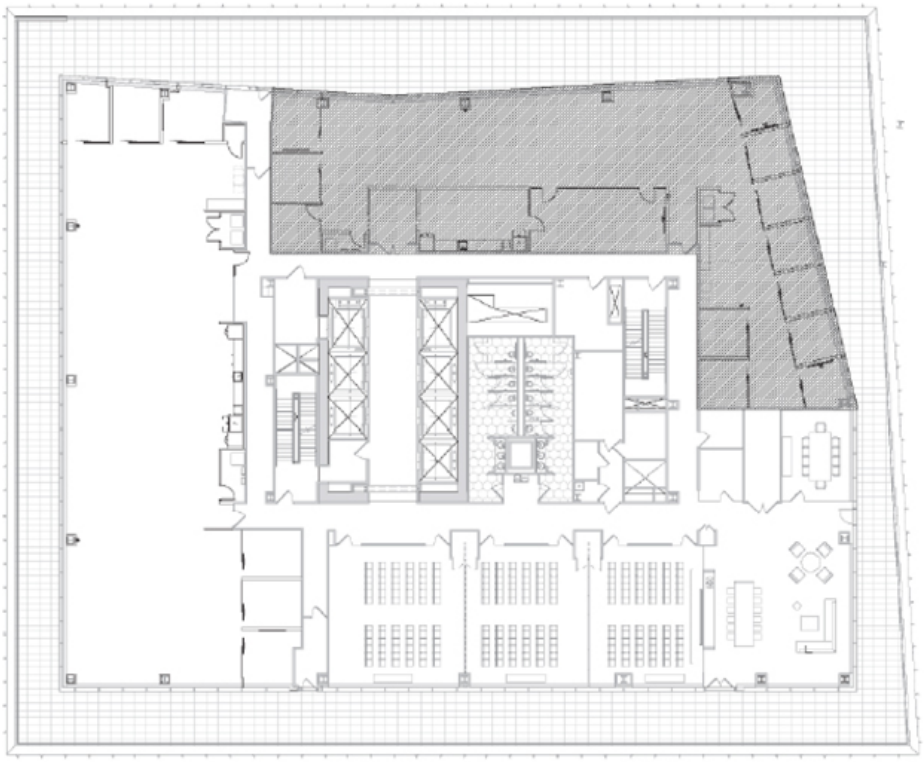
Thence turning and running by the easterly sideline of Dock Street N05°30'09"E a distance of 167.00 feet to the point of beginning.

Containing an area of 36,002 square feet, more or less, according to said plan.

For title, see Deed dated December 4, 1986 and recorded with Middlesex South Registry of Deeds in Book 17637, Page 455; Deed dated December 13, 1967 and recorded with Middlesex South Registry of Deeds in Book 11443, Page 194; Deed dated December 22, 1986 and filed with Middlesex South Registry District of the Land Court as Document 730908 (Certificate of Title 178776); Deed dated November 7, 1988, recorded with Middlesex South Registry of Deeds in Book 19459, Page 151 and filed with Middlesex South Registry District of the Land Court as Document 787433 (Certificate of Title 184147); Notice of Voluntary Withdrawal of Land from the Registration System dated June 15, 2018, recorded with Middlesex South Registry of Deeds in Book 71277, Page 437 and filed with Middlesex South Registry District of the Land Court as Document No. 1791631; Notice of Voluntary Withdrawal of Land from the Registration System dated June 15, 2018, recorded with Middlesex South Registry of Deeds in Book 71277, Page 440 and filed with the Middlesex South District of the Land Court as Document No. 1791632; and Release Deed dated January 28, 2015, recorded with the Middlesex South Registry of Deeds in Book 65786, Page 60.

EXHIBIT 2A

LEASE PLAN

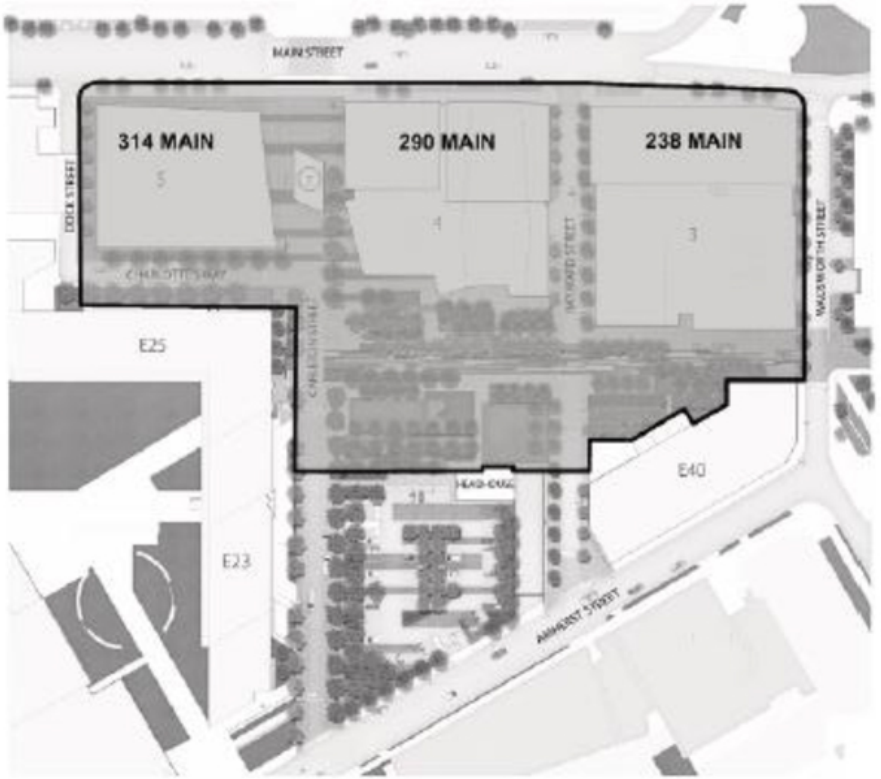


Tenant's Fit Out

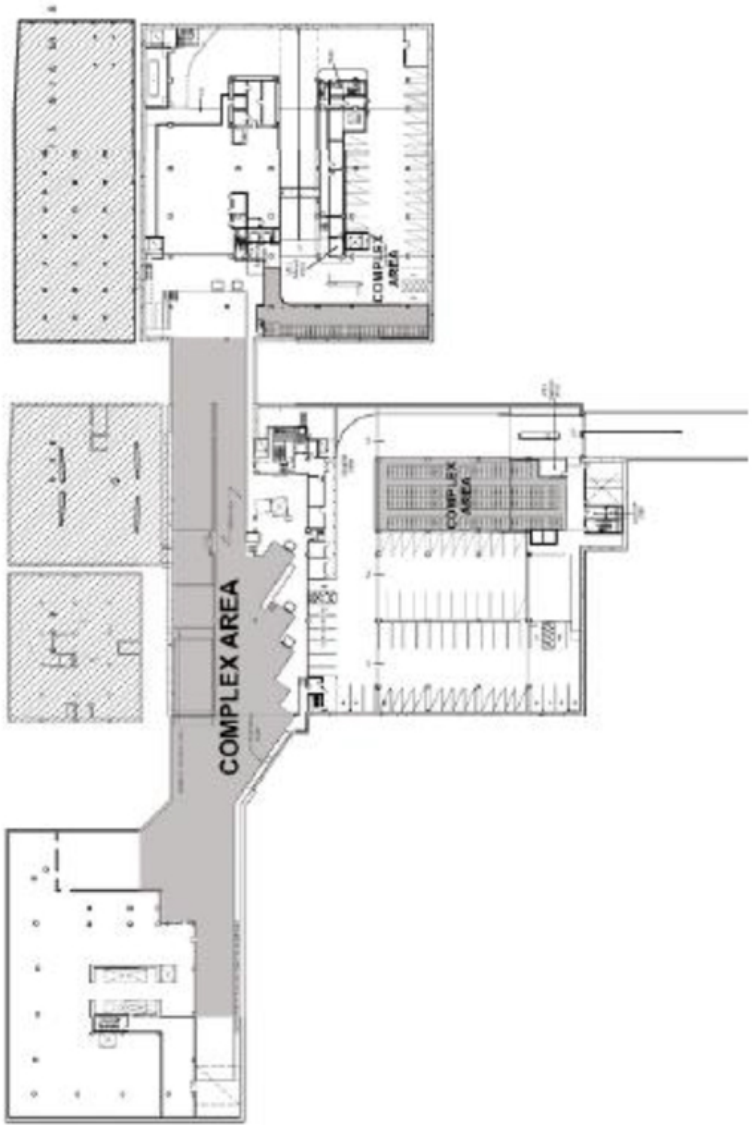
EXHIBIT 2B

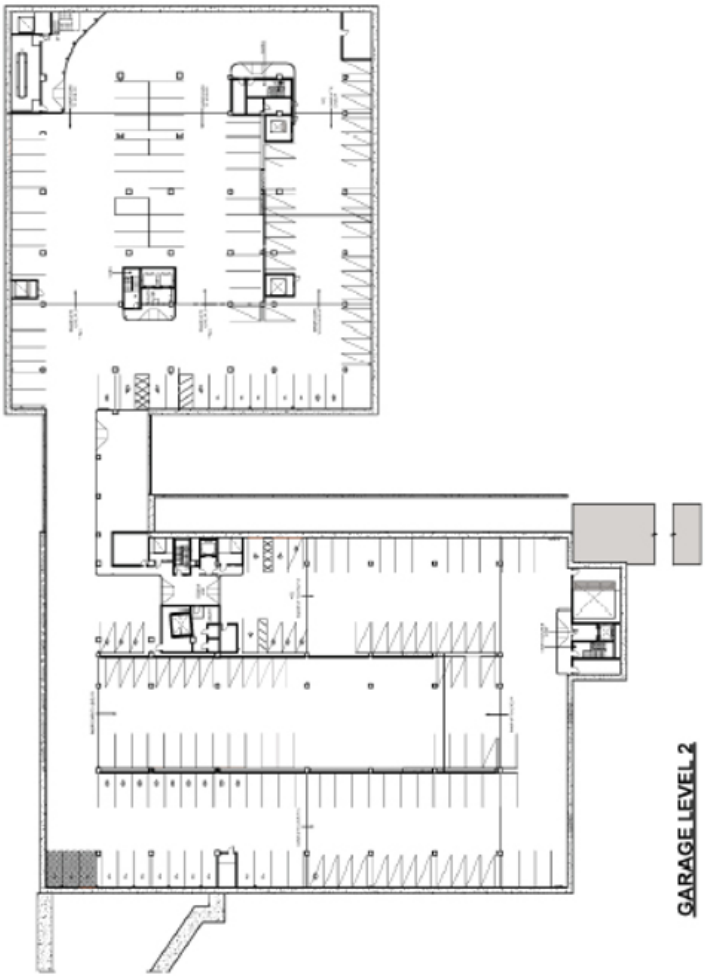
PLAN OF CERTAIN COMPLEX AREAS

EXHIBIT 2B, PAGE 1

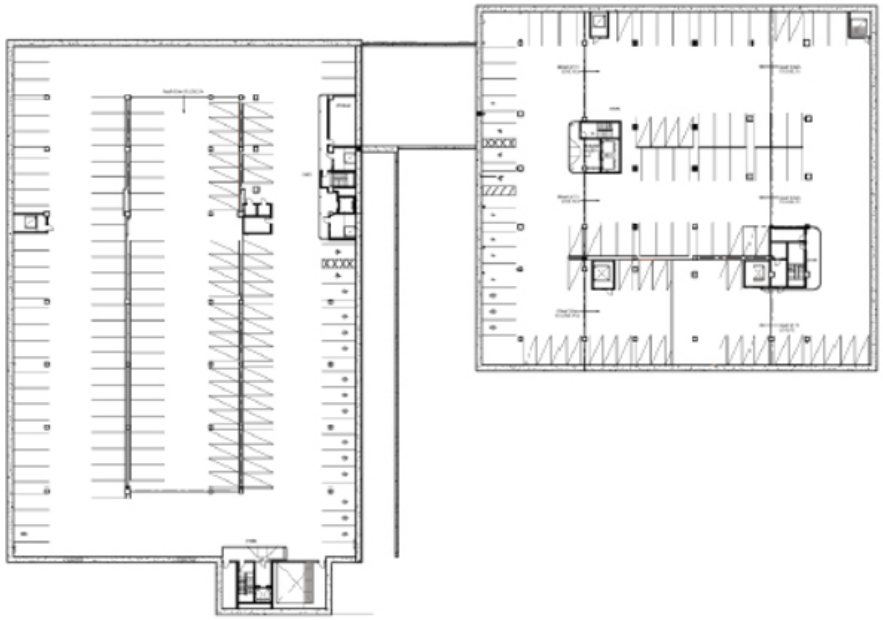


NOTE: INTERIOR SPACES OF BUILDINGS 3, 4, 5 AND THE MBTA STATION HEADHOUSE ARE NOT INCLUDED WITHIN OPEN SPACE

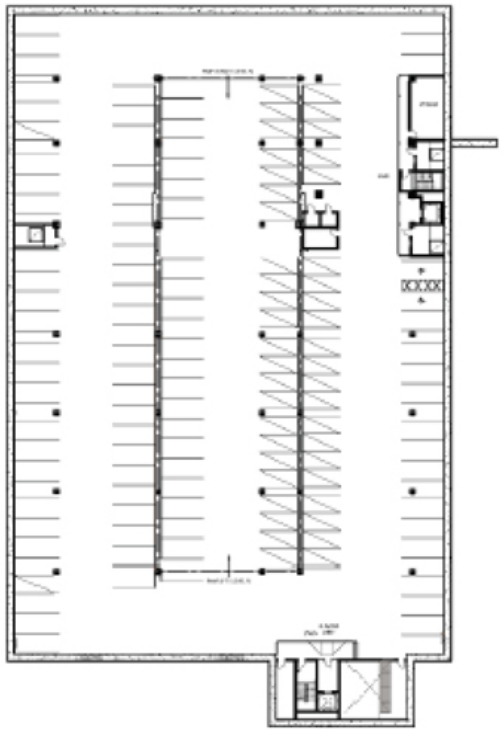

COMPLEX AREA
COMPLEX AREA
COMPLEX AREA

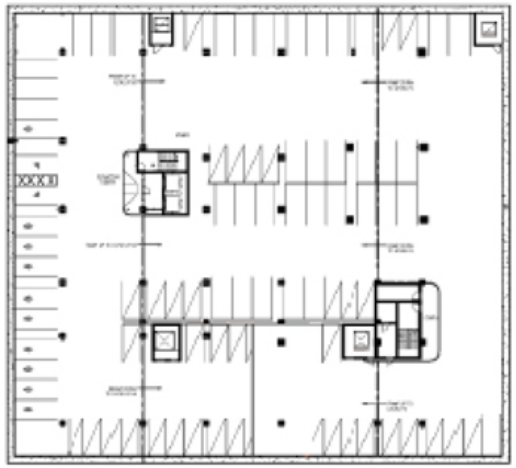


GARAGE LEVEL 2



GARAGE LEVEL 3





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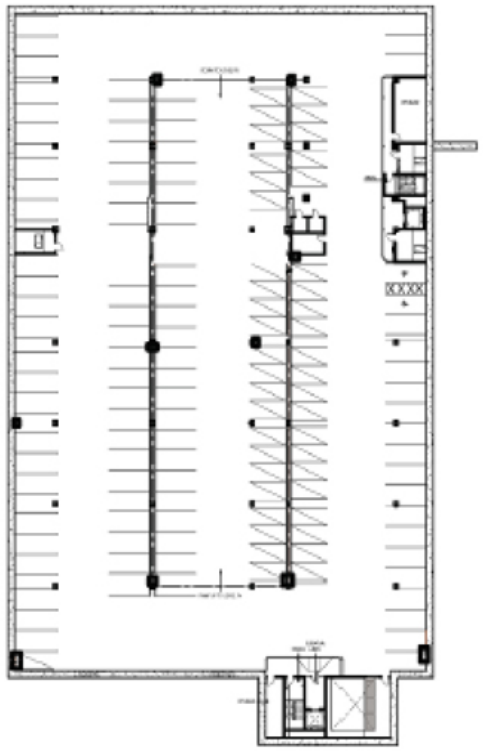
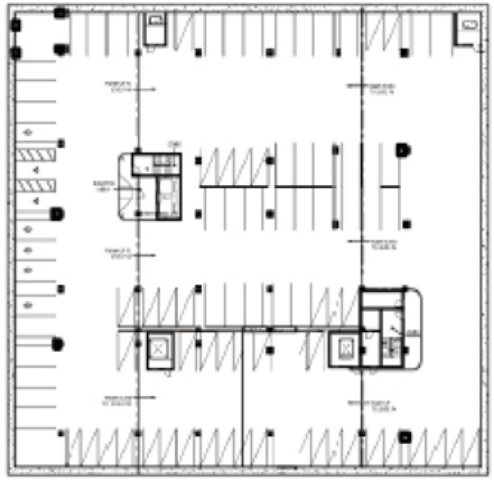
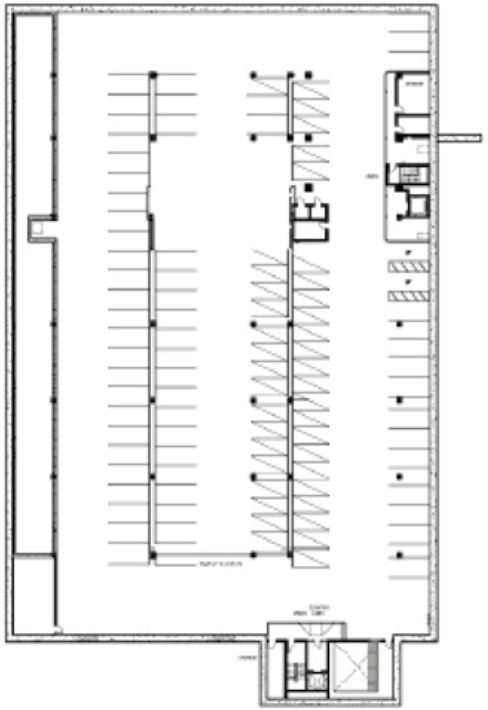
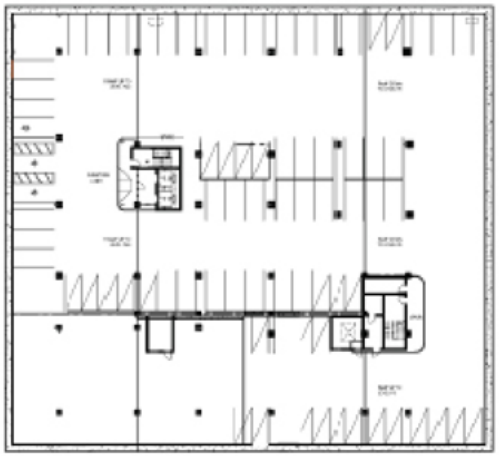




GARAGE LEVEL 5





GARAGE LEVEL 6

EXHIBIT 2C

PLAN OF MEETING SPACE

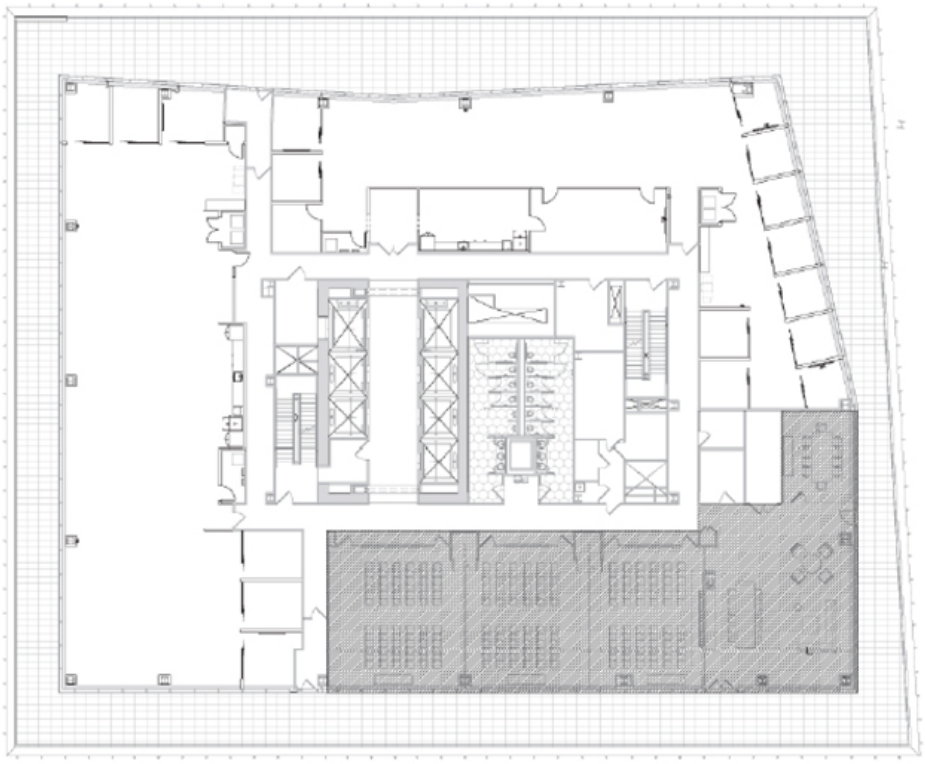


EXHIBIT 2G
Location & Configuration of Tenant Amenity Meeting Space

EXHIBIT 3

MEMORIALIZATION OF DATES AGREEMENT

[Date]

[Tenant Name]
[Address]
[Attn: _____]

Re: Lease dated _____ ([as amended,] the "Lease") by and between _____ ("Landlord"), and _____ ("Tenant") with respect to _____ rentable square feet on the _____ floor of the Building located at _____, Cambridge, MA.

Dear _____:

In accordance with the terms and conditions of the Lease, Tenant accepts possession of the Premises and acknowledges:

1. The Commencement Date is _____.
2. The Rent Commencement Date is _____.
3. The Expiration Date is _____.

This letter is binding upon and shall inure to the benefit of Landlord and Tenant and their respective successors and assigns.

Please acknowledge the foregoing and your acceptance of possession by signing a copy of this letter in the space provided and returning it to _____. Tenant's failure to execute and return this letter, or to provide written objection to the statements contained in this letter, within ten (10) business days after the date of this letter, shall be deemed an approval by Tenant of the statements contained herein.

Sincerely,

[NAME OF LANDLORD]

By:
Name:
Title:

Acknowledged and Accepted:

[NAME OF TENANT]

By:
Name:
Title:
DATE: _____, 20____

EXHIBIT 4

FORM OF NOTICE OF LEASE

NOTICE OF LEASE

[Insert property address], Massachusetts

Notice is hereby given pursuant to Chapter 183, Section 4 of the General Laws, of a lease upon the following terms:

Landlord:	
Tenant:	
Date of Lease Execution:	_____, 20____
Premises:	_____. The land on which the Premises are located is more particularly described on Exhibit A attached hereto and incorporated herein.
Term and Commencement Date:	Approximately _____ (_____) years, commencing on _____, 20____ and expiring on _____, 20 ____.
Extension Option:	_____ (_____) extension option of _____ (_____) years. An affidavit signed by the Landlord and recorded with the Middlesex South Registry of Deeds shall be conclusive in favor of any person acting in reliance thereon, without necessity of further inquiry, as to whether such option has been exercised by Tenant or has lapsed unexercised, or has been waived or terminated.

An affidavit signed by the Landlord and recorded with the Middlesex South Registry of Deeds shall be conclusive in favor of any person acting in reliance thereon, without necessity of further inquiry, as to whether the Lease was terminated prior to its scheduled expiration.

This Notice of Lease has been executed merely to give notice of the Lease, and all of the terms, conditions and covenants thereof which are incorporated herein by reference. The parties hereto do not intend this Notice of Lease to modify or amend the terms, conditions and covenants of the Lease.

Executed as an instrument this ____ day of _____, 20.

LANDLORD:	TENANT:
By: _____	By: _____
Name:	Name:
Title:	Title:

COMMONWEALTH OF MASSACHUSETTS

_____, ss. _____, 20____

On this day, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose[, (as partner for _____, a corporation) (as _____ for _____, a corporation) (as attorney in fact for _____, the principal) (as _____for _____, (a) (the)_____)] as the voluntary act of [INSERT NAME OF THE ENTITY].

_____ (official signature and seal of notary)
My commission expires _____

COMMONWEALTH OF MASSACHUSETTS

, ss. _____, 20____

On this day, before me, the undersigned notary public, personally appeared _____ (name of document signer), proved to me through satisfactory evidence identification, which was _____, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose[, (as partner for _____, a corporation) (as _____ for _____, a corporation) (as attorney in fact for _____, the principal) (as _____ for _____, (a) (the)_____)] as the voluntary act of [INSERT NAME OF THE ENTITY].

_____(official signature and seal of notary)

My commission expires _____

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT 4, PAGE 4

EXHIBIT 5

WORK LETTER

1. Representatives.

(a) Landlord's Authorized Representative. Landlord designates, as Landlord's authorized representative ("**Landlord's Authorized Representative**"), Benjamin Lavery as the individual authorized by Landlord to communicate on behalf of Landlord with respect to this Work Letter. Landlord may change Landlord's Authorized Representative and/or name additional persons to serve as Landlord's Authorized Representative (provided that Tenant may rely upon the authorization of any one of such persons) upon one (1) business day's prior written notice to Tenant.

(b) Tenant's Authorized Representative. Tenant designates, as Tenant's authorized representative ("**Tenant's Authorized Representative**"). Ty Edmondson or Ivana Muzik as the individuals authorized by Tenant to communicate on behalf of Tenant with respect to this Work Letter. Tenant may change Tenant's Authorized Representative and/or name additional persons to serve as Tenant's Authorized Representative (provided that, in all events, Landlord may rely upon the authorization of any one of such persons) upon one (1) business day's prior written notice to Landlord. Tenant agrees that Tenant's Authorized Representative shall be reasonably available to meet and consult with Landlord's Authorized Representative in person (in the vicinity of the Property) or by phone (at the election of Tenant's Authorized Representative) as and when needed, upon reasonable prior notice by Landlord.

(c) Methods of Communication. Notwithstanding anything to the contrary, all notices, plan deliveries, requests for approval and the like required under this Work Letter shall be delivered by email (or other means agreed to by the parties), and shall not be required to be sent to the parties listed in or designated pursuant to Article 24 of the Lease. With respect to email communications, each party shall cc any parties designated for such copies by Landlord's Authorized Representative(s) or Tenant's Authorized Representative(s), as applicable. It is understood and agreed that approvals or consents must be communicated by a written signed document, which may be delivered by a PDF, TIF or JPG file or other mutually agreed image file delivered by email (the parties acknowledging that such electronic signatures on approvals and/or consents shall be binding for the purposes set forth in this Work Letter).

2. Tenant's Fitout.

(a) General. Landlord, at Landlord's sole cost and expense, shall construct the improvements shown on the fit plan attached hereto as Schedule A ("**Tenant's Fitout**") in a good and workmanlike manner, and in accordance with all Legal Requirements. Tenant's Fitout includes the installation of motorized blinds along the balcony area. Notwithstanding anything to the contrary, it is understood and agreed that Tenant's Fitout does not include the installation of Tenant's furniture, trade fixtures or equipment (the installation of which shall be performed by Tenant (as contemplated by Section 2(g) below) in accordance with Section 11 of the Lease).

(b) Permitting. Landlord shall obtain all permits for construction of Tenant's Fitout. Tenant shall reasonably cooperate with Landlord in executing permit applications and performing other ministerial acts reasonably necessary to enable Landlord to obtain any such permit.

(c) Timing of Construction. Attached hereto as Schedule C is a preliminary schedule for the construction phase of Tenant's Fitout (as the same may be updated from time to time, the "**Construction Schedule**"). During the course of construction, Landlord shall cause the Construction Schedule to be updated periodically to reflect the actual progress of construction, and shall cause such updates to be delivered to Tenant monthly. Subject to delays due to Force Majeure and/or Tenant Delays, Landlord shall substantially complete Landlord's Work on or before the date which is five (5) months after the Execution Date (the "**Estimated Delivery Date**").

(d) Changes. With respect to Tenant's Fitout, Landlord shall have the right, without Tenant's consent, to make (i) field changes that do not (individually or in the aggregate) (A) impact the dimensions of the Premises except to a de minimis extent, (B) materially adversely affect the appearance or utility of the Premises, or (C) interfere with Tenant's access to, or use or enjoyment of, the Premises except to a de minimis extent, and (ii) non-discretionary field changes required by governmental authorities (all of the foregoing, "**Permitted Changes**"). Any changes by Landlord to Tenant's Fitout other than Permitted Changes (each, a "**Landlord Change**") shall be subject to the written approval of Tenant in accordance with this Section 2(d). Within five (5) business days of receipt of a request by Landlord for approval of a Landlord Change, Tenant shall deliver a written response indicating Tenant's approval or disapproval of such Landlord Change, which approval shall not be unreasonably withheld, conditioned or delayed, and if Tenant shall disapprove such Landlord Change, Tenant shall advise Landlord of the reasons therefor. If Tenant fails to timely respond to any request for approval of a Landlord Change, Tenant shall be deemed to have approved the same. Tenant shall not have the right to make changes to Tenant's Fitout.

(e) Remedies for Late Delivery. Subject to Force Majeure and Tenant Delays, if Tenant's Fitout is not substantially complete (hereinafter defined) within sixty (60) days after the Estimated Delivery Date, the Rent Commencement Date shall be delayed one (1) day for each day after such date that Tenant's Fitout is not substantially complete. The remedy set forth in this Section 2(e) is Tenant's sole and exclusive right and remedy if Tenant's Fitout is not substantially complete on or before the Estimated Delivery Date.

(f) Substantial Completion. Tenant's Fitout shall be deemed "**substantially complete**" on the date that all of Tenant's Fitout has been completed except for TF Punchlist Items (hereinafter defined), as certified in writing by Landlord's architect. Promptly after Tenant's Fitout is substantially complete, Landlord's architect shall deliver a written certification to Landlord and Tenant, which certification shall be presumptive evidence of substantial completion of Tenant's Fitout.

(g) TF Punchlist Items. Attached to the certificate of substantial completion referenced in Section 2(f) above shall be a list prepared by Landlord's architect (a "**TF Punchlist**") of outstanding items (the "**TF Punchlist Items**") which (i) need to be performed to complete Tenant's Fitout, and (ii) do not materially interfere with the use of the Premises for the Permitted Use. Subject to Force Majeure and Tenant Delays, Landlord shall, unless otherwise specified on the TF Punchlist, endeavor to complete the TF Punchlist Items within forty-five (45) days of the date of the TF Punchlist.

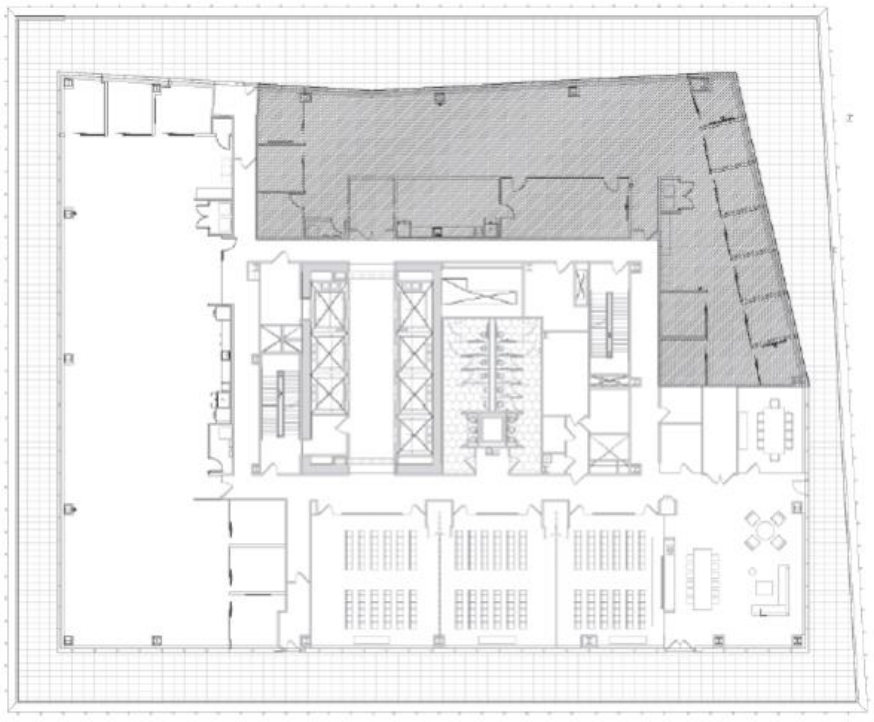
(h) Certificate of Occupancy. Landlord and Tenant acknowledge and agree that Tenant must perform certain installations and other work beyond the scope of Tenant's Fitout (which may include, without limitation, installation of its furniture and/or performance of any Alterations not included in Tenant's Fitout) in order for a certificate of occupancy for the Premises to be issued (such work, the "**Certificate Work**"). It is anticipated that the Certificate Work shall consist of the installation of Tenant's furniture, fixtures and equipment (including without limitation any and all audio-visual equipment). Within three (3) business days after the later to occur of (i) substantial completion of Landlord's Work, and (ii) the date on which Tenant notifies Landlord in writing ("**Tenant's CW Notice**") that Tenant has completed the Certificate Work, Landlord shall apply for a certificate of occupancy for the Premises, and shall thereafter diligently pursue the same (Landlord agreeing that it shall endeavor to secure the same within sixty (60) days following Tenant's CW Notice, subject to Force Majeure and Tenant Delays); provided, however, to the extent that Tenant elects to make Alterations to the Premises after the Commencement Date but prior to the issuance of a final certificate of occupancy for the Premises, Landlord shall not be obligated to apply for a certificate of occupancy for the Premises until such Alterations have been substantially completed or Tenant notifies Landlord that Tenant has elected not to perform such Alterations. In no event shall Landlord be obligated to apply for a certificate of occupancy prior to the date which is three (3) Business Days after the date of Tenant's CW Notice.

(i) Completion of Performance. Subject to performance of the TF Punchlist Items, Landlord will be deemed to have fully performed all of its obligations under this Work Letter upon the Commencement Date.

SCHEDULE A

PLANS FOR TENANT'S FITOUT

EXHIBIT 5, SCHEDULE A



Tenant's Fit Out

EXHIBIT 6

PROHIBITED USES

A pharmacy mail order facility, a drug store, a pharmacy prescription department, a retail health center, and/or a discount, 99 cents store or "dollar store" which sells general merchandise (a "**Dollar Store**"). Examples of a Dollar Store (without limiting such Dollar Stores only to those listed) are stores such as Fred's, Dollar Store, Dollar General, or Family Dollar. As used herein, the term "**pharmacy prescription department**" shall include the dispensing, distribution or furnishing of prescription drugs by pharmacists, physicians, dentists, other health care practitioners or entities such as health maintenance organizations for a fee or profit and a facility which accepts prescriptions from customers which are filled elsewhere and delivered to the customer. A "pharmacy prescription department" shall not include the distribution or furnishing of free samples of prescription drugs by physicians, dentists, other health care practitioners, or entities such as clinics or health maintenance organizations. As used herein, the term "**retail health center**" includes such operations as a CVS "Minute Clinic" or other similar use providing walk-in, nontraumatic medical services.

A Sephora, Ulta or Sally Beauty Supply or similar retailer whose primary business is the sale of health or beauty aids.

Any use prohibited by the Master Declaration.

Any use prohibited by the SOMA REA.

EXHIBIT 7

FORM OF LETTER OF CREDIT

BENEFICIARY:

< >
[LANDLORD]

ISSUANCE DATE:

IRREVOCABLE STANDBY
LETTER OF CREDIT NO.

ACCOUNTEE/APPLICANT:

MAXIMUM AGGREGATE
CREDIT AMOUNT:
USD: $_____.____

< >
[TENANT]

LADIES AND GENTLEMEN:

We hereby establish our irrevocable letter of credit in your favor for account of the applicant up to an aggregate amount not to exceed _____ and _____/100 US Dollars ($_____._____) available by your draft(s) drawn on ourselves at sight bearing the clause "Drawn under Irrevocable Standby Letter of Credit Number _____ " and indicating the amount to be drawn down and whether payment should be made by wire transfer (including wiring instructions) or by certified check (including mailing address) accompanied by the original of this Letter of Credit and all amendments, if any. The original Letter of Credit and all amendments, if any, shall be returned to you unless fully utilized.

Unless otherwise stated, all correspondence, documents and sight drafts are to be sent via facsimile to (__)_____-_____with originals to follow by hand delivery with receipted delivery, nationally recognized overnight courier with receipted delivery or certified mail, return receipt requested to our counters at _____ <address>. The date of presentment of any draw shall be the date copies of the Letter of Credit and sight draft are faxed by Beneficiary to _____ <bank>.

You shall have the right to make partial draws against this Letter of Credit, from time to time.

You shall be entitled to assign your interest in this Irrevocable Standby Letter of Credit from time to time to your lender(s) and/or your successors in interest without our approval and without charge. In the event of an assignment, we reserve the right to require reasonable evidence of such assignment as a condition to any draw hereunder.

Except as otherwise expressly stated herein, this Letter of Credit is subject to the "International Standby Practices 1998" promulgated jointly by the Institute for International Banking Law and Practice and the International Chamber of Commerce, effective January 1, 1999.

This Letter of Credit shall expire at our office on _____, 20____(the "**Stated Expiration Date**"). It is a condition of this Letter of Credit that the Stated Expiration Date shall be deemed automatically extended without amendment for successive one (1) year periods from such Stated Expiration Date, unless at least sixty (60) days prior to such Stated Expiration Date (or any anniversary thereof) we shall send an email to mitimcore@mitimco.mit.edu and a written notice by hand delivery, nationally recognized overnight courier with receipted delivery or by certified mail (return receipt requested) to you, with copies to (a) MIT Investment Management Company, One Broadway, Suite 09-200, Cambridge, MA 02142, Attention: Director of Real Estate Legal Services, (b) Goulston & Storrs, 400 Atlantic Avenue, Boston, MA 02110, Attention: Colleen P. Hussey and (c) the Accountee/Applicant, by hand delivery, nationally recognized overnight courier with receipted delivery or by certified mail (return receipt requested) that we elect not to consider this Letter of Credit extended for any such additional one (1) year period. In the event that this Letter of Credit is not extended for an additional period as provided above, you may draw the entire amount available hereunder.

If at any time prior to presentation of documents for payment hereunder, we receive a notarized certificate signed by one who purports to be a duly authorized representative on your behalf to execute and deliver such certificate, stating that this Letter of Credit has been lost, stolen, damaged or destroyed, we will mail you a "Certified True Copy" of this Letter of Credit, which shall be treated by us as an original.

In order to cancel this Letter of Credit prior to expiration, you must return this original Letter of Credit and any amendments hereto to our counters with a statement signed by you stating that the Letter of Credit is no longer required and is being returned to the issuing bank for cancellation.

We hereby agree with the drawers, endorsers and bonafide holders that the drafts drawn under and in accordance with the terms and condition of this Letter of Credit shall be duly honored within two (2) business days after the date of presentment.

EXHIBIT 8

LANDLORD'S SERVICES

- Security to the Building's Common Areas as reasonably determined by Landlord. In addition, Landlord will use commercially reasonable efforts to cause security services to be provided to the Parking Areas in accordance with the SOMA REA.
- Landlord shall provide cleaning of the Premises and the Common Areas in a manner substantially comparable to other first-class combination office and retail facilities in the East Cambridge/ Kendall Square area.
- Extermination of all non-retail areas of the Building as reasonably necessary.
- Subject to the terms of the Lease, Trash removal. Such trash removal shall not include removal of excessive trash generated when an occupant moves in or out of the Building, when equipment is discarded, when files are purged, or construction related trash and debris.
- Landscaping
- Snow and ice removal from the sidewalks and driveways appurtenant to the Building as reasonably necessary for the normal operation of the Building.
- Property management services
- Elevator service

EXHIBIT 9

ALTERATIONS CHECKLIST

Scope letter describing project, design/construction team, and appropriate vendors.
Insurance certificate(s) for Contractors.
Construction Documents (CDs) - Plans and Specifications - stamped by licensed AIA.
Code Review by licensed code engineer incorporated in CDs and/or by stamped letter.
- Code specific - accessibility.
- Code specific - egress paths/exits (numbers, locations, distance).
- Code specific - fire protection, sprinkler distribution, horns/strobes/signage locations.

Landlord Approved architect, MEPFP engineer, code engineer, structural engineer.
Building permit application.
- Signatures by Architect, Licensed Construction Supervisor.

Cost Affidavit (in form reasonably approved by Landlord) with backup estimate from contractor.
Architect Affidavit (in form reasonably approved by Landlord).
MEP Affidavit (in form reasonably approved by Landlord).
FP Affidavit (in form reasonably approved by Landlord).
Structural Affidavit (in form reasonably approved by Landlord).
Construction Cost Affidavit (in form reasonably approved by Landlord).

Low Voltage Wiring Within Premises:
- Insurance certificate(s) for Contractor, if applicable
- If installer is employee, copy of valid government issued electrical license
- Code Review by licensed code engineer
- permit application as requested by Inspectional Services Department.
- Signature by Licensed Professional (electrician)

Ethernet wiring within Premises:
- Insurance certificate(s) for Contractor, if applicable
- If installer is employee, copy of valid government issued electrical license (to the extent legally required)
- Code Review by licensed code engineer
- permit application as requested by Inspectional Services Department.
- Signature by Licensed Professional (electrician) to the extent legally required

EXHIBIT 9A

ALTERATIONS INSURANCE SCHEDULE

Tenant shall, at its own expense, maintain and keep in force, or cause to be maintained and kept in force by any general contractors, subcontractors or other third party entities where required by contract, throughout any period of Alterations, the following insurance coverages:

(1) Property Insurance. “Special form” or special cause of loss property insurance, and/or Builders Risk coverage for major renovation projects, including coverage for fire, earthquake and flood; boiler and machinery (if applicable); sprinkler damage; vandalism; malicious mischief coverage on all equipment, furniture, fixtures, fittings, tenants work, improvements and betterments, business income, extra expense, merchandise, inventory/stock, contents, and personal property located on or in the Premises. Such insurance shall be in an amount equal to the full replacement cost of the aggregate of the foregoing and shall provide coverage comparable to the coverage in the standard ISO “special form” or special cause of loss property insurance, when such coverage is supplemented with the coverages required above. Property policy shall also include coverage for Plate Glass, where required by written contract.

Builders Risk insurance coverage may be provided by the general contractor on a blanket builders risk policy with limits adequate for the project, and evidencing the additional insureds as required in the Lease.

(2) Liability Insurance. General Liability, Umbrella/Excess Liability, Workers Compensation and Auto Liability coverage as follows:

(a) General Liability	$1,000,000 per occurrence
	$1,000,000 personal & advertising injury
	$3,000,000 products/completed operations aggregate
	$3,000,000 general aggregate

Tenant’s general contractor is required to maintain, during the construction period and for 6 years after project completion, a General Liability insurance policy, covering bodily injury, personal injury, property damage, completed operations, with limits to include a $1,000,000 limit for blanket contractual liability coverage and adding Landlord as additional insured as respects the project during construction and for completed operations for 6 years after the end of the project. Landlord requires a copy of the ISO 20 10 11 85 Additional Insured endorsement, showing Landlord as an additional insured to the GC’s policy.

(b) Auto Liability	$1,000,000 combined single limit (Any Auto) for bodily injury and property damage, hired and non-owned cover.
(c) Workers Compensation	Statutory Limits
Employers Liability	$1,000,000 each accident
	$1,000,000 each employee
	$1,000,000 policy limit

Tenant's general contractor shall ensure that any and all sub-contractors shall maintain equal limits of coverage for Workers Compensation/EL and collect insurance certificates verifying same.

(d) Umbrella/Excess Liability	$3,000,000 per occurrence
	$3,000,000 aggregate

(e) Environmental Insurance—To the extent required by Landlord, Contractors' commercial general liability/umbrella insurance policy(ies) shall include Landlord and Landlord's designees as additional insureds', and shall include a primary non-contributory provision. Liability policy shall contain a clause that the insurer may not cancel or materially change coverage without first giving Landlord thirty (30) days' prior written notice, except cancellation for non-payment of premium, in which event ten (10) days' prior written notice shall be required.

(3) Deductibles. If any of the above insurance policies have deductibles or self-insured retentions, Tenant and/or contractor (policy Named Insured) shall be responsible for the deductible amount.

All of the insurance policies required in this Exhibit 9A shall be written by insurance companies which are licensed to do business in the Commonwealth of Massachusetts, or obtained through a duly authorized surplus lines insurance agent or otherwise in conformity with the laws of such state, with an A.M. Best rating of at least A and a financial size category of not less than VII. Tenant shall provide Landlord with certificates of insurance upon request, prior to commencement of the Alteration, or within thirty (30) days of coverage inception and subsequent renewals or rewrites/replacements of any cancelled/non-renewed policies.

TENANT'S INSURANCE REQUIREMENTS

Tenant shall procure, pay for and keep in force throughout the Term (and for so long thereafter as Tenant remains in occupancy of the Premises) the following:

(a) On a primary and non-contributory basis, commercial general liability insurance insuring Tenant on an occurrence basis against all claims and demands for personal injury, bodily injury (including, without limitation, sickness, disease, and death) and damage to property (including products and completed operations) which may be claimed to have occurred from and after the time any of the Tenant Parties shall first enter the Premises, of not less than One Million Dollars ($1,000,000) per occurrence, Two Million Dollars ($2,000,000) aggregate, and from time to time thereafter shall be not less than such higher amounts, if procurable, as may be reasonably required by Landlord. Tenant shall also carry umbrella liability coverage on a follow form basis in an amount of no less than Five Million Dollars ($5,000,000). Such policies shall also include contractual liability coverage covering Tenant's liability assumed under this Lease, including without limitation Tenant's indemnification obligations, and shall contain the additional insured information set forth in Section (b) below.

(b) Automobile Liability Policy for owned, hired and non-owned automobiles, with limits of liability of not less than One Million Dollars ($1,000,000) combined single limit each accident for bodily injury and property damage. The insurance policies identified in this Section (b) and in Section (a) above shall: (i) name Landlord, Fee Owner, Landlord's manager, Landlord's managing agent and persons claiming by, through or under them, if any, as additional insureds, (ii) be written on ISO forms CG 20 10 07 04 and CG 20 37 0704 (or, if a more recent version date is used, the limitation of coverage to the limits required by this Lease must be deleted (including, when ISO form CG 2010 04 13 is used, the removal of the exception in A.2 and section C, and/or when form CG 20 37 04 13 is used, the removal of the exception in A.2 and section B)).

(c) On a primary and non-contributory basis, a policy of fire, vandalism, malicious mischief, extended coverage issued on a special cause of loss property insurance form in an amount equal to one hundred percent (100%) of the replacement cost insuring (i) all items or components of Tenant's Fitout and Alterations (collectively, the "**Tenant-Insured Improvements**"), and (ii) Tenant's furniture, equipment, fixtures and property of every kind, nature and description related or arising out of Tenant's leasehold estate hereunder, which may be in or upon the Premises or the Building (collectively, "**Tenant's Property**"). Such insurance shall insure the interests of both Landlord and Tenant as their respective interests may appear from time to time.

(d) Business interruption insurance sufficient to cover at least twelve (12) months of Rent due hereunder, Tenant's business losses during a 12-month period when Tenant's business is interrupted and extra expenses during such a period in an amount that is not less than one year of Tenant's operating expenses.

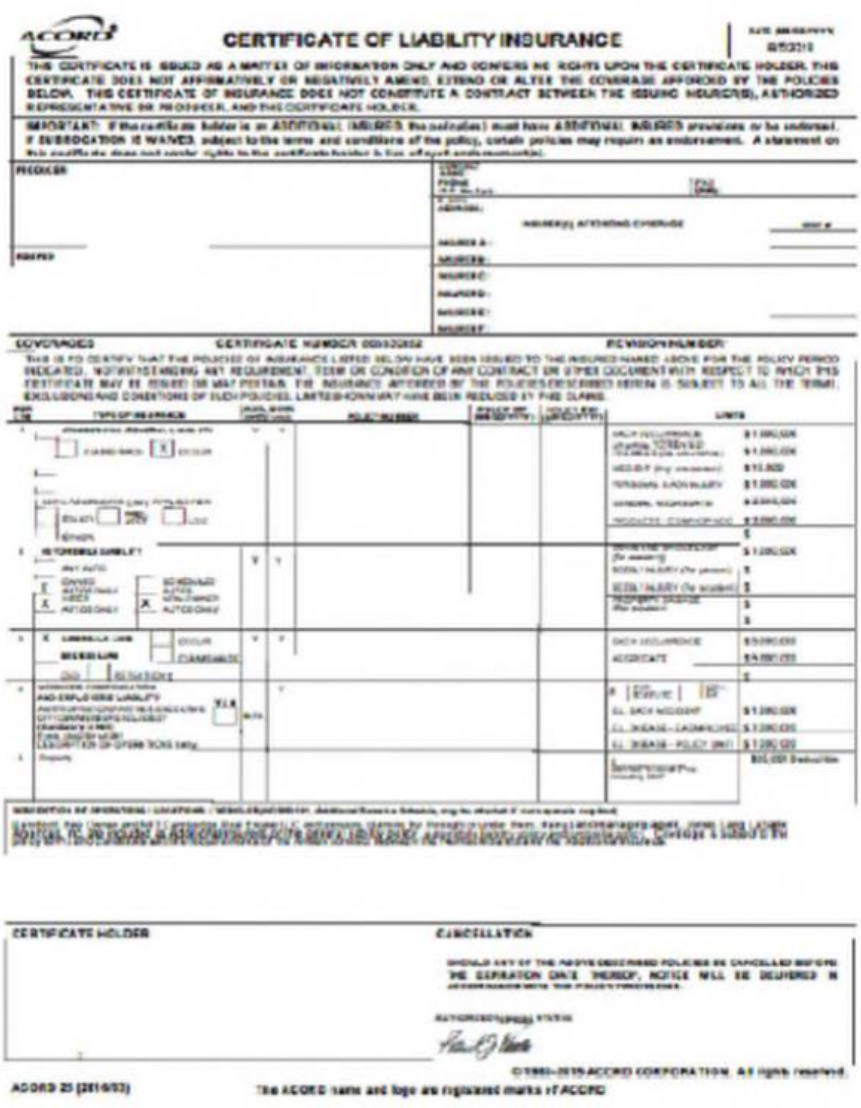
(e) During periods when any Alterations are being performed, Tenant shall maintain or cause to be maintained property insurance issued on a special cause of loss form or its equivalent and/or Builders Risk Insurance on 100% replacement cost coverage basis, including hard and soft costs coverages. Such insurance shall protect and insure Landlord, Landlord's agents, Tenant and Tenant's contractors, as their interests may appear, against loss or damage by fire, water damage, vandalism and malicious mischief, and such other risks as are customarily covered by so-called "special form" or "special cause" of loss property/ builders risk coverage or its equivalent, and shall otherwise include no less than the coverage terms required for property insurance under Section (c) above.

(f) Such additional insurance as may be necessary to comply with any Legal Requirements.

The insurance required pursuant to Sections (a)-(f) (collectively, **"Tenant's Insurance Policies**") shall be effected with insurers approved by Landlord, with a rating of not less than "A- VII" in the current *Best's Insurance Reports*, and authorized to do business in the Commonwealth of Massachusetts under valid and enforceable policies. Tenant shall provide notice to each insured named therein of the cancellation or modification of Tenant's Insurance Policies at least twenty (20) days' prior to any cancellation or modification. Tenant's Insurance Policies may include deductibles in an amount no greater than $25,000. On or before the date on which any of the Tenant Parties shall first enter the Premises and thereafter not less than fifteen (15) days prior to the expiration date of each expiring policy, Tenant shall deliver to Landlord certificates of Tenant's Insurance Policies issued by the respective insurers setting forth in full the provisions thereof together with evidence satisfactory to Landlord of the payment of all premiums for such policies (these certificates must contain a note stating that the property coverage is for 100% of the replacement cost). A sample certificate is attached hereto as Exhibit 10A. In the event of any claim, and upon Landlord's request, Tenant shall deliver to Landlord complete copies of Tenant's Insurance Policies. Upon request of Landlord, Tenant shall deliver to any Mortgagee copies of the foregoing documents.

EXHIBIT 10A

SAMPLE INSURANCE CERTIFICATE



CERTIFICATE OF LIABILITY INSURANCE

CERTIFICATE HOLDER

CANCELLATION

ACORD 25 (2016/03)

The ACORD name and logo are registered marks of ACORD

EXHIBIT 11

RULES AND REGULATIONS

1. Tenants and their employees, shall not in any way obstruct the sidewalks, halls, stairways, or elevators of the Building, and shall use the same only as a means of passage to and from their respective offices. Tenants will not place or allow to be placed in the Building corridors or public stairways any waste paper, dust, refuse, or anything whatever. At no time shall tenants permit their employees to loiter in Common Areas or elsewhere in and about the Building or the Land.

2. No signs, advertisements or notices shall be inscribed, painted or affixed where they can be seen from the outside the leased premises without prior written consent of Building management. Management reserves the right to prohibit the posting of any sign which it finds objectionable and to remove any which has already been placed, at the tenant's expense.

3. All contractors, contractor's representatives, and installation technicians performing work in the Building shall be subject to Landlord's prior approval which shall not be unreasonably withheld or delayed and shall be required to comply with Landlord's standard rules, regulations, policies and procedures, as the same may be revised from time to time. Tenants shall be solely responsible for complying with all applicable laws, codes and ordinances pursuant to which said work shall be performed.

4. All electric and telephone wiring shall be installed as directed by Landlord. No boring or cutting for wires shall be executed and no new pipes or wires shall be introduced without the prior written consent of Landlord.

5. Tenants shall not install or use any machinery in the demised premises which may cause any noise, jar, or tremor to the floors or walls, or which by its weight might damage the floors of the Building.

6. Tenants shall not bring in or take out, position construct, install or move any safe, or business machine or other heavy equipment weighing over 100 pounds without the prior written consent of Landlord.

7. All furniture, safes, equipment and freight shall be moved into and out of the Building only at certain hours approved by and under the supervision of Landlord and according to these rules and regulations. All damage to the Building caused by installing or removing any safe, furniture; equipment or other property shall be repaired at the expense of the Tenant. Landlord will not be responsible for loss or damage to any furniture, equipment or freight from any cause.

8. Corridor doors, when not in use, shall be kept closed.

9. Tenant, Tenant's agents and employees shall not: play any musical instruments, other than radio and television; make or permit any improper noises in the Building; interfere with other lessees or those having business with them.

10. No animals, except trained certified service animals, shall be brought into or kept in, on or about the Premises.

11. The restroom fixtures shall be used only for the purpose for which they were constructed and no rubbish, ashes, or other substances of any kind shall be thrown into them. Tenant will bear the expense of any damage resulting from misuse.

12. Tenant shall not place any additional lock or locks on any exterior door in the Premises or Building or on any door in the Building core within the Premises, including doors providing access to the telephone and electric closets and the slop sink, without Landlord's prior written consent. A reasonable number of keys to the locks on the doors in the Premises shall be furnished by Landlord to Tenant at the cost of Tenant, and Tenant shall not have any duplicate keys made. All keys shall be returned to Landlord at the expiration or earlier termination of this Lease.

13. The directory board in the entrance lobby of the Building is provided for the exclusive display of the name and location of each tenant at the tenant's expense. Landlord reserves the right to allocate space in the directory and to design style of such identification.

14. Landlord reserves the right to exclude or expel from the Building any persons who, in the judgment of Landlord, is intoxicated under the influence of liquor or drugs, or shall do any act in violation of the rules and regulations of the Building.

15. Rooms used in common by tenants shall be subject to such regulations as are posted therein.

16. Landlord reserves the right to close and keep locked all entrance and exit doors of the Building during the hours Landlord may deem advisable for the adequate protection of the property. Use of the Building and the leased premises before 8 AM or after 6 PM, or any time during Sundays or legal holidays shall be allowed only to persons with a key/card key to the premises or guests accompanied by such persons. At these times, all occupants and their guests must sign in at the concierge when entering and exiting the building. Any persons found in the Building after hours without such keys/card keys are subject to the surveillance of building staff.

17. Landlord shall have the right to prohibit any advertising by any tenant which, in Landlord's opinion, tends to impair the reputation of the Building or its desirability as a Building for offices, and upon written notice from Landlord, such tenant shall refrain from or discontinue such advertising.

18. No tenant will install blinds, shades, awnings, or other form of inside or outside window covering, or window ventilators or similar devices without the prior consent of Landlord. Tenant will not interfere with or obstruct any perimeter heating, air conditioning or ventilating units.

19. Tenants shall give Landlord prompt notice of any accidents to or defects in water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.

20. Tenants shall not perform improvements or alterations within the Building or their premises, if the work has the potential of disturbing the fireproofing which has been applied on the surfaces of structural steel members, without the prior written consent of Landlord.

21. Tenants shall not take any action which would violate Landlord's labor contracts affecting the Building or which would cause any work stoppage, picketing, labor disruption or dispute, or any interference with the business of Landlord or any other tenant or occupant of the Building or with the right and privileges of any person lawfully in the Building. Tenants shall take any actions necessary to resolve any such work stoppage, picketing, labor disruption, dispute or interference and shall have pickets removed and, at the request of Landlord, immediately terminate at any time any construction work being performed in the Premises giving rise to such labor problems, until such time as Landlord shall have given its written consent for such work to resume. Tenants shall have no claim for damages of any nature against Landlord in connection therewith, nor shall the date of the commencement of the Term be extended as a result thereof.

22. The work of cleaning personnel shall not be hindered by tenants after 5:30 PM, and such cleaning work may be done at any time when the offices are vacant. Windows, doors and fixtures may be cleaned at any time. Tenants shall provide adequate waste and rubbish receptacles necessary to prevent unreasonable hardship to Landlord regarding cleaning service.

23. Tenants shall not install, operate or maintain in the Premises or in any other area of the Building, any electrical equipment which does not bear the U/L (Underwriters Laboratories) seal of approval, or which would overload the electrical system or any part thereof beyond its capacity for proper, efficient and safe operation as determined by Landlord, taking into consideration the overall electrical system and the present and future requirements therefore in the Building. Tenants shall not furnish any cooling or heating to the Premises, including the use of any electronic or gas heating devices, without Landlord's prior written consent. Tenants shall not use more than its proportionate share of telephone lines available to service the Building.

24. Tenants shall not operate or permit to be operated on the Premises any coin or token operated vending machine or similar device (including telephones, lockers, toilets, scales, amusement devices and machines for sale of beverages food, candy, cigarettes or other goods), except for those vending machines or similar devices which are for the sole and exclusive use of tenant's employees, and then only if such operation does not violate the lease of any other lessee of the Building.

25. Bicycles and other vehicles are not permitted inside or on the walkways outside the Building, except in those areas specifically designated by Landlord for such purposes. Landlord shall provide bicycle racks in the garage.

26. Landlord may from time to time adopt appropriate systems and procedures for the security or safety of the Building, its occupants, entry and use, or its contents, provided that Tenant shall have access to the Building 24 hours per day, 7 days a week. Tenant, Tenant's agents, employees, contractors, guests and invitees shall comply with Landlord's reasonable requirements relative thereto.

27. Tenants shall carry out Tenant's permitted repair, maintenance, alterations, and improvements in the Premises only during times agreed to in advance by Landlord and in a manner which will not interfere with the rights of other lessees in the Building.

28. Canvassing, soliciting, and peddling in or about the Building is prohibited. Tenants shall cooperate and use best efforts to prevent the same.

29. At no time shall Tenants permit or shall Tenant's agents, employees, contractors, guests, or invitees smoke in any portion of the Building.

30. All deliveries to or from the Premises shall be made only at such times, in the areas and through the entrances and exits designated for such purposes by Landlord. Tenant shall not permit the process of receiving deliveries to or from the Premises outside of said areas or in a manner which may interfere with the use by any other lessee of its premises or of any Common Areas, any pedestrian use of such area, or any use which is inconsistent with good business practice.

EXHIBIT 12

FORM OF MASTER LEASE RNDA

RECOGNITION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS RECOGNITION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "**Agreement**") is made and entered into as of the day of __, 202_ by and among __, a __ with an address of _____ ("**Subtenant**"), **MASSACHUSETTS INSTITUTE OF TECHNOLOGY,** a Massachusetts charitable corporation with an address c/o MIT Investment Management Company, One Broadway, Suite 09-200, Cambridge, MA 02142 ("**Master Lessor**") and **MIT 314 MAIN STREET LEASEHOLD LLC,** a Massachusetts limited liability company with an address c/o MIT Cambridge Real Estate LLC, One Broadway, Suite 09-200, Cambridge, MA 02142 ("**Master Tenant**").

W I T N E S S E T H

REFERENCE is hereby made to that certain Master Lease Agreement dated as of February 20, 2020 by and between Master Lessor, as landlord, and Master Tenant, as tenant (as it may be amended from time to time, the "**Master Lease**") with respect to a portion of the property commonly known as 314 Main Street, Cambridge, Massachusetts (as more particularly described in the Master Lease, the "**Property**"). A notice of lease with respect to the Master Lease was recorded with the Middlesex South Registry of Deeds in Book 74235, Page 84.

REFERENCE is also hereby made to that certain lease dated [on or about the date hereof //__, 202__] by and between Master Tenant, as landlord, and Subtenant, as tenant (the "**Sublease**"), with respect to a portion of the Property consisting of approximately rentable square feet on the __ (__) floor (the "**Subleased Premises**"); and

WHEREAS, subject to the terms and conditions hereinafter set forth, Master Lessor has agreed (a) to recognize the rights of Subtenant under the Sublease, and (b) not to disturb Subtenant's use and enjoyment of the Subleased Premises.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Recitals: Capitalized Terms. The foregoing recitals are hereby incorporated by reference. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them as set forth in the Master Lease.

2. Subtenant Not To Be Disturbed. So long as Subtenant is not in default (beyond any period given Subtenant by the terms of the Sublease to cure such default) in the payment of rent or additional rent or of any of the terms, covenants or conditions of the Sublease on Subtenant's part to be performed, (a) Subtenant's possession of the Subleased Premises, and its rights and privileges under the Sublease, including but not limited to any extension or renewal rights, if any, shall not be diminished or interfered with by Master Lessor, and (b) Master Lessor will not join Subtenant as a party defendant in any action or proceeding terminating Master Tenant's possession of the Property unless such joinder is necessary to terminate such possession and then only for such purpose and not for the purpose of terminating the Sublease (and Master Tenant shall hold Subtenant harmless from any costs including legal fees associated with such joinder).

3. Subtenant To Attorn To Master Lessor. If the Master Lease is terminated pursuant to the terms thereof, or if Master Tenant rejects the Sublease in the course of a bankruptcy proceeding, or if Master Lessor shall succeed to the interest of Master Tenant in and to the Sublease in any other manner, then (a) the Sublease shall continue in full force and effect as a direct lease between Master Lessor and Subtenant (subject to Section 8 below); provided, however, that Master Lessor and its assigns shall not be (i) liable for any misrepresentation, act or omission of Master Tenant, (ii) subject to any counterclaim, demand or offset which Subtenant may have against Master Tenant; (iii) liable for the return of any security deposit or letter of credit not actually received by Master Lessor and with respect to which Subtenant agrees to look solely to Master Tenant for refund or reimbursement; (iv) unless delivered by Master Tenant to Master Lessor, bound by any advance payment of rent or additional rent or any other sums made by Subtenant to Master Tenant, except for rent or additional rent applicable to the then-current month; (v) obligated to cure any defaults under the Sublease of Master Tenant which occurred prior to the termination of the Master Lease; provided, however, that the foregoing shall not release Master Lessor from liability for any default of its obligations under the Sublease (including without limitation any maintenance obligations) continuing after the date on which Master Lessor succeeds to Master Tenant's interest under the Sublease; or (vi) bound by any covenant to undertake, complete, or pay for any improvements to the Subleased Premises; and (b) Subtenant shall attorn to Master Lessor as its landlord, said attornment to be effective and self-operative without the execution of any further instruments. Master Lessor and Subtenant each hereby agrees to execute an instrument in form and substance reasonably acceptable to both parties acknowledging the continuation of the Sublease for the Subleased Premises as a direct lease for the Subleased Premises on the terms and conditions set forth in this Agreement. In addition, Subtenant shall execute and deliver, upon the request of Master Lessor, an instrument or certificate regarding the status of the Sublease consisting of statements, if true (and if not true, specifying in what respect), in the case of the Sublease by Subtenant (A) that the Sublease is in full force and effect, (B) the amounts and date through which rentals have been paid, (C) the commencement date, rent commencement date and duration of the term of the Sublease, (D) that no default, or state of facts, which with the passage of time, or notice, or both, would constitute a default, exists on the part of either party to the Sublease, and (E) the dates on which payments of additional rent, if any, are due under the Sublease.

4. Sublease Amendments. Subtenant shall not amend the Sublease without the prior written consent of Master Lessor which may be withheld by Master Lessor in its sole and absolute discretion if such amendment (a) reduces the rent payable under the Sublease, (b) provides for any expansion rights, (c) extends the term of the Sublease in addition to Subtenant's current right(s) to extend the term under the Sublease, if any, (d) reduces any of the liabilities and obligations of Subtenant under the Sublease, or (e) increases any of the obligations of Master Tenant under the Sublease. Any such amendment made without Master Lessor's consent shall not be binding on Master Lessor.

5. Master Lessor's Right to Notice and Cure. Subtenant covenants and agrees to: (a) concurrently give Master Lessor the same notices given to Master Tenant under the Sublease at the following address(es) until otherwise specified in writing by Master Lessor: Massachusetts Institute of Technology, c/o MIT Investment Management Company, One Broadway, Suite 09-200, Cambridge, MA 02142, Attention: President, MIT Investment Management Company; with a copy to MIT Investment Management Company, One Broadway, Suite 09-200, Cambridge, MA 02142, Attention: Director, Real Estate Legal Services, with a copy by electronic mail to RELegal@mitimco.mit.edu; (b) provide Master Lessor with at least ten (10) days plus the number of days (and the same opportunities and rights) as are available to Master Tenant under the Sublease to cure any of Master Tenant's defaults thereunder; and (c) accept Master Lessor's curing of any of Master Tenant's defaults under the Sublease as performance by Master Tenant thereunder.

6. Amendments. This Agreement may not be waived, changed, or discharged orally, but only by agreement in writing and signed by Master Lessor, Master Tenant and Subtenant, and any oral waiver, change, or discharge of this Agreement or any provisions hereof shall be without authority and shall be of no force and effect.

7. Revisions to Sublease. Notwithstanding anything contained in this Agreement or the Sublease to the contrary, in the event that the Master Lease is terminated pursuant to the terms thereof, or if Master Tenant rejects the Sublease in the course of a bankruptcy proceeding: (a) as of the date of such termination or rejection, all representations and warranties on the part of "Landlord" contained in the Lease shall be deemed deleted and of no further force and effect; (b) all rights of Subtenant with respect to parking shall be subject to all applicable laws, including without limitation local zoning laws; (c) Master Lessor shall have the right, at any time during the term of the Sublease, to self-insure all or any portion of the coverages required to be carried by "Landlord," if any; and (d) Master Lessor shall not have any liability or obligations pursuant to the brokerage provision of the Sublease.

8. Security Deposit. If the Master Lease is terminated pursuant to the terms thereof, or if Master Tenant rejects the Sublease in the course of a bankruptcy proceeding, then Master Tenant shall deliver to Master Lessor the cash security deposit and/or the original letter of credit (including any amendments thereto), if any, and an executed (and properly acknowledged) transfer form in the form required by the issuer of such letter of credit. In the event that Master Tenant fails to deliver the same. Subtenant shall, at Subtenant's sole cost and expense, use commercially reasonable efforts (including, without limitation, the payment of any fees required by the issuer of any such letter of credit in connection therewith and the execution of such reasonable documents as Master Lessor may deem necessary) to cause (a) Master Tenant to deliver to Master Lessor any cash security deposit, and (b) the original letter of credit issued to Master Tenant to be (i) assigned to Master Lessor, or (ii) terminated or canceled. Master Tenant hereby consents to Subtenant's undertaking the actions described in the immediately preceding sentence and waives any claim Master Tenant may have against Subtenant arising from Subtenant's compliance with the requirements of this Section 8. If such letter of credit is so terminated or canceled, Master Tenant shall deliver to Master Lessor a new original letter of credit naming Master Lessor as beneficiary and otherwise meeting the requirements set forth in the Sublease.

9. Relation between Master Lessor and Master Tenant. Notwithstanding anything to the contrary contained herein, if, *at the time* that Master Lessor succeeds to the interest of Master Tenant as landlord under the Sublease, Master Tenant controls, is controlled by or is under common control with Master Lessor, then, in such event. Master Lessor agrees that no term, covenant or condition of this Agreement shall be interpreted or enforced by Master Lessor in any manner that would have the effect of amending or modifying the Sublease, releasing Master Lessor from any obligation under the Sublease or otherwise reducing the obligations of the landlord thereunder or increasing the obligations of Tenant thereunder (for example, Section 7(a) above and the second sentence of Section 8 shall not be enforced by Master Lessor in such situation).

10. Miscellaneous. This Agreement shall be deemed to have been executed and delivered within the Commonwealth of Massachusetts, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the Commonwealth of Massachusetts without regard to the laws governing conflicts of laws. If any term of this Agreement or the application thereof to any person or circumstances shall be invalid and unenforceable, the remaining provisions of this Agreement, the application or such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected. This Agreement is binding upon and shall inure to the benefit of Master Lessor, Master Tenant and Subtenant and their respective successors and assigns. Each party has cooperated in the drafting and preparation of this Agreement and, therefore, in any construction to be made of this Agreement, the same shall not be construed against either party. In the event of litigation relating to this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable attorneys' fees and costs. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions, and may not be amended, waived, discharged or terminated except by a written instrument signed by all the parties hereto. This Agreement may be executed in two or more counterparts which, when taken together, shall constitute one and the same original.

[signatures on following page]

IN WITNESS WHEREOF, the parties hereto have each caused this Agreement to be executed as an instrument under seal as of the date first above written.

MASTER LESSOR:
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

By: _____
Name:
Title:

MASTER TENANT:
MIT 314 MAIN STREET LEASEHOLD LLC

By: _____
Name:
Title:

SUBTENANT:
< >

By: _____
Name:
Title:

EXHIBIT 13

MIT COVENANT IN FAVOR OF MBTA

MIT covenants and agrees that it will not assert or bring, nor cause any third party to assert or bring, any claim, demand, lawsuit or cause of action (whether by way of original claim, cross claim, counterclaim, contribution claim, indemnification claim, third-party claim or any other claim) against the Massachusetts Bay Transportation Authority (the "**MBTA**") related to (i) any adverse effects associated with any operation, activity or occupancy on, proximate to or affected by the MBTA's property, activities or transportation system, including its subway and bus lines (including, without limitation, vibrations, electromagnetic fields, particles, pollution, compaction, odor, fumes and noise), (ii) Hazardous Materials *(for purposes of this Exhibit 13 only, as defined below)* located at the Kendall Square Head House south of Main Street, or (iii) the MIT Indemnification Obligations (hereinafter defined), including, without limitation, claims for response actions, response costs, assessments, containment, removal and remedial costs, government oversight charges (including any overhead or response action costs incurred or assessed by the Massachusetts Department of Environmental Protection), fines or penalties, permit and annual compliance fees, reasonable attorney and expert fees, natural resource damages, property damages, including diminution of property value claims, and personal injury damages, except to the extent that such claims result from the gross negligence or willful misconduct of the MBTA or its contractors, subcontractors, employees or agents. For purposes hereof, the "**MIT Indemnification Obligations**" shall mean those certain indemnification obligations specifically enumerated in Section 1.3.14 of that certain Memorandum of Agreement dated as of July 13, 2020 between MIT and the MBTA for Kendall Square Red Line Station Head House Relocation.

For purposes of this Exhibit 13 only, the term "**Hazardous Materials**" means any toxic or hazardous material, substance or waste, pollutant, contaminant, oil or other product regulated under Chapter 21E of the Massachusetts General Laws and the regulations promulgated thereunder, including the Massachusetts Contingency Plan, 310 CMR 40.0000 et seq., or any other applicable federal, state or local laws, rules or regulations.

Exhibit 21.1

Subsidiaries of Registrant

Name	Chinese Name (where applicable)	Jurisdiction of Incorporation of Organization
Zai Lab (Hong Kong) Limited	□□□□(□□)□□□□	Hong Kong
Zai Lab (Shanghai) Co., Ltd.	□□□□□□□□□□□□	Shanghai
Zai Lab International Trading (Shanghai) Co., Ltd.	□□□□□□□□□□□□□□□	Shanghai
Zai Lab (Suzhou) Co., Ltd.	□□□□□□□□□□□□	Suzhou
Zai Lab Trading (Suzhou) Co., Ltd.	□□□□□□□□□□□□□□□	Suzhou
Zai Biopharmaceutical (Suzhou) Co., Ltd	□□□□□□□□□□□□□□□	Suzhou
Zai Lab (Aust) Pty., Ltd.	N/A	Australia
Zai Lab (US) LLC	N/A	USA
ZLIP Holding Limited	N/A	Cayman
ZL Capital Limited	N/A	BVI
ZL China Holding Two Limited	N/A	Hong Kong
Zai Auto Immune Ltd.	N/A	Cayman
Zai Auto Immune (Hong Kong) Ltd.	N/A	Hong Kong
Zai Anti Infectives Ltd.	N/A	Cayman
Zai Anti Infectives (Hong Kong) Ltd.	N/A	Hong Kong

* All subsidiaries are wholly owned, directly or indirectly, by the Zai Lab Limited.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements No. 333-221616 and No. 333-239223 on Form S-8 of our reports dated March 1, 2021, relating to the financial statements of Zai Lab Limited and the effectiveness of Zai Lab Limited's internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2020.

/s/ Deloitte Touche Tohmatsu Certified Public Accountants LLP

Shanghai, China
March 1, 2021

Exhibit 31.1

Certification by the Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Samantha (Ying) Du, certify that:

1. I have reviewed this annual report on Form 10-K of Zai Lab Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021
By: /s/ Samantha (Ying) Du

Samantha (Ying) Du
Chief Executive Officer

Exhibit 31.2

Certification by the Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Billy Cho, certify that:

1. I have reviewed this annual report on Form 10-K of Zai Lab Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2021
By: /s/ Billy Cho

Billy Cho
Chief Financial Officer

Exhibit 32.1

Certification by the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report on Form 10-K of Zai Lab Limited (the "Company") for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Samantha (Ying) Du, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2021

By: /s/ Samantha (Ying) Du

Samantha (Ying) Du
Chief Executive Officer

This certification accompanies the Annual Report on Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Zai Lab Limited under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Annual Report on Form 10-K), irrespective of any general incorporation language contained in such filing.

Exhibit 32.2

Certification by the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the annual report on Form 10-K of Zai Lab Limited (the "Company") for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Billy Cho, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 1, 2021

By: /s/ Billy Cho

Billy Cho
Chief Financial Officer

This certification accompanies the Annual Report on Form 10-K to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Zai Lab Limited under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this Annual Report on Form 10-K), irrespective of any general incorporation language contained in such filing.