



Incorporated in the Cayman Islands  
with limited liability

HKEX: 9688

NASDAQ: ZLAB

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# 2025

# Annual

# Report



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# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

### Directors

Dr. Samantha Du (*Chairperson and Chief Executive Officer*)

Mr. Leon O. Moulder, Jr. (*re-designated with effect from 5 March 2026*)

### Independent Directors

Dr. John Diekman (*Lead Independent Director*)

Dr. Richard Gaynor

Ms. Nisa Leung

Mr. William Lis

Mr. Scott W. Morrison

Mr. Leon O. Moulder, Jr. (*ceased to be an independent director with effect from 5 March 2026*)

Mr. Michel Vounatsos

Mr. Peter Wirth

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

Building 1, 4/F

Jinchuang Plaza

4560 Jinke Road

Pudong, Shanghai, 201210

P.R. China (*until 30 June 2025*)

Building B

899 Halei Road

Pudong, Shanghai, 201203

P.R. China (*with effect from 1 July 2025*)

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE UNITED STATES

314 Main Street

4th Floor, Suite 100

Cambridge, MA 02142

USA

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2301, 23/F

Island Place Tower

510 King's Road

North Point, Hong Kong

P.R. China

## REGISTERED OFFICE

Harbour Place, 2nd Floor

103 South Church Street

P.O. Box 472

George Town

Grand Cayman KY1-1106

Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

International Corporation Services Ltd

Harbour Place, 2nd Floor

103 South Church Street

P.O. Box 472

George Town

Grand Cayman KY1-1106

Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER AGENT

Computershare Hong Kong Investor Services Limited

Shops 1712–1716

17th Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

P.R. China

## AUTHORISED REPRESENTATIVES

Dr. Samantha Du  
Building B  
899 Halei Road  
Pudong, Shanghai, 201203  
P.R. China

Ms. Nelly Au-Yeung \* *(ceased to be an authorised representative with effect from 27 June 2025)*

Room 1922, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong  
P.R. China

Mr. F. Ty Edmondson \* *(appointed as an authorised representative with effect from 27 June 2025)*

314 Main Street  
4th Floor, Suite 100  
Cambridge, MA 02142  
USA

## AUDIT COMMITTEE

Mr. Scott W. Morrison *(Chairperson)*  
Mr. William Lis  
Mr. Peter Wirth

## COMPENSATION COMMITTEE

Mr. Peter Wirth *(Chairperson)*  
Dr. John Diekman  
Dr. Richard Gaynor

## NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

Dr. John Diekman *(Chairperson)*  
Ms. Nisa Leung  
Mr. Michel Vounatsos  
Mr. Peter Wirth

## RESEARCH AND DEVELOPMENT COMMITTEE

Dr. Richard Gaynor *(Chairperson)*  
Dr. Samantha Du  
Mr. Leon O. Moulder, Jr.  
Mr. Michel Vounatsos

## COMMERCIAL COMMITTEE

Mr. Michel Vounatsos *(Chairperson)*  
Mr. William Lis  
Mr. Leon O. Moulder, Jr.

## COMPANY SECRETARY

Mr. F. Ty Edmondson \* *(serving as a joint company secretary until 26 June 2025 and the sole company secretary with effect from 27 June 2025)*

314 Main Street  
4th Floor, Suite 100  
Cambridge, MA 02142  
USA

Ms. Nelly Au-Yeung \* *(ceased to be a joint company secretary with effect from 27 June 2025)*

Room 1922, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong  
P.R. China

## AUDITORS

As to Hong Kong financial reporting audit  
KPMG

*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*

As to United States financial reporting audit  
KPMG LLP

*A public accounting firm registered with the U.S. Public Company Accounting Oversight Board*

# CORPORATE INFORMATION

## STOCK CODES

HKEX: 9688

NASDAQ: ZLAB

## CONTACT

### Investor Relations:

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### Media:

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## WEBSITE

<http://www.zailaboratory.com/>

# FORWARD-LOOKING STATEMENTS

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This report contains certain forward-looking statements, including statements relating to our strategy and plans; potential of and expectations for our business, commercial products, and pipeline programs; the market for our commercial and pipeline products; capital allocation and investment strategy; clinical development programs and related clinical trials; clinical trial data, data readouts, and presentations; risks and uncertainties associated with drug development and commercialization; regulatory discussions, submissions, filings, and approvals and the timing thereof; the potential benefits, safety, and efficacy of our products and product candidates and those of our collaboration partners; the anticipated benefits and potential of investments, collaborations, and business development activities; our profitability and timeline to profitability; and our future financial and operating results. All statements, other than statements of historical fact, included in this report are forward-looking statements, and can be identified by words such as “aim,” “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “seek,” “should,” “target,” “will,” “would,” or the negative of these terms or similar expressions. Such statements constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not guarantees or assurances of future performance. Forward-looking statements are based on our expectations and assumptions as of the date of this report and are subject to inherent uncertainties, risks, and changes in circumstances that may differ materially from those contemplated by the forward-looking statements. We may not actually achieve the plans, carry out the intentions, or meet the expectations or projections disclosed in our forward-looking statements, and you should not place undue reliance on these forward-looking statements. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including but not limited to the following:

- Our ability to successfully commercialize and generate revenue from our approved products;
- Our ability to obtain funding for our operations and business initiatives;
- The results of our clinical and pre-clinical development of our product candidates;
- The content and timing of decisions made by the relevant regulatory authorities regarding regulatory approvals of our product candidates;
- Any inability of third parties on whom we rely, such as our licensors, CMOs, and others that supply certain of our products and product candidates; CROs that conduct or support some of our pre-clinical and clinical trials; and distributors that sell our commercial products, to successfully carry out their contractual duties or meet expected deadlines;
- Any issues that our Chinese manufacturing facilities may have with operating in conformity with established GMPs and international best practices, and with passing FDA, NMPA, and EMA inspections;
- Any inability to obtain or maintain sufficient patent protection for our products and product candidates;
- Changes in U.S. and China trade policies and relations, as well as relations with other countries, and/or changes in laws, regulations, and/or sanctions;
- Actions the Chinese government may take to intervene in or influence our operations;
- Economic, political, and social conditions in mainland China as well as governmental policies;

## FORWARD-LOOKING STATEMENTS

- Significant business disruptions caused by events or developments outside of our control, such as pandemics, international war or conflict, natural disasters or extreme weather events, and other geopolitical events;
- Uncertainties in the Chinese legal system, including with respect to the anti-corruption enforcement efforts in mainland China and those addressing espionage, protection of and transfer restrictions on data, including personal information, data processing and security, and cybersecurity, and other future laws and regulations or amendments to such laws and regulations;
- Approval, filing, or procedural requirements imposed by the CSRC or other Chinese regulatory authorities in connection with issuing securities to foreign investors under Chinese law;
- Any violation or liability under the FCPA or Chinese anti-corruption, anti-bribery, and anti-fraud laws;
- Variations in currency exchange rates and restrictions on currency exchange;
- Limitations on the ability of our Chinese subsidiaries to make payments to us;
- Chinese requirements on the ability of residents in mainland China to establish offshore special purpose companies;
- Chinese regulations regarding acquisitions of companies based in mainland China by foreign investors;
- Expiration of, or changes to, financial incentives or discretionary policies granted by local governments in mainland China;
- Restrictions or limitations on the ability of overseas regulators to conduct investigations or collect evidence within mainland China;
- Unfavorable tax consequences to us and our non-Chinese shareholders or ADS holders if we were to be classified as a Chinese resident enterprise for Chinese income tax purposes;
- Failure to comply with applicable Chinese, U.S., and Hong Kong regulations that could lead to government enforcement actions, fines, other legal or administrative sanctions, and/or harm to our business or reputation;
- Delays or obstacles for closing transactions, such as review by the CFIUS in our investments; and
- Any inability to renew our current leases on desirable terms or otherwise locate desirable alternatives for our leased properties.

For more information on these factors and other risks and uncertainties that may affect our business, see *Risk Factors*. These factors should not be construed as exhaustive and should be read with the other cautionary statements and information in this report. Forward-looking statements are based on our management's beliefs and assumptions and information currently available to our management. These statements, like all statements in this report, speak only as of their date. We anticipate that subsequent events and developments will cause our expectations and assumptions to change, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required by law. These forward-looking statements should not be relied upon as representing our views as of any date subsequent to the date of this report.

## OVERVIEW

We are a patient-focused, innovative, commercial-stage, global biopharmaceutical company with a substantial presence in both Greater China and the United States. We are focused on discovering, developing, and commercializing products that address medical conditions with significant unmet needs in the areas of oncology, immunology, neuroscience, and infectious disease. We intend to leverage our competencies and resources to positively impact human health. To that end, our experienced team has secured partnerships with leading global biopharmaceutical companies to generate a broad pipeline, including multiple commercial products and multiple programs in late-stage clinical development. We have also built an in-house R&D team with strong product discovery and translational research capabilities and are establishing a pipeline of proprietary product candidates with global rights.

## OUR MISSION AND CORPORATE STRATEGIC GOALS

Our mission is to be a leading global biopharmaceutical company focused on discovering, developing, and commercializing innovative therapies that improve the lives of patients. To execute on that mission, we have developed a corporate strategy with the following three pillars to help us drive innovation:

- **Accelerate Medicines to Patients:** We seek to advance our global and regional pipelines by continuing to invest in research and development activities;
- **Expand and Strengthen Our Pipeline:** We seek to continue to expand and strengthen our differentiated global and regional pipelines through our internal discovery efforts and synergistic collaborations and corporate development activities; and
- **Continue Our Commercial Excellence and Execution:** We seek to continue delivering strong financial performance through increased access to our existing commercial products and further increases in our efficiency and productivity as we prepare to launch additional products or new indications for existing products, as we advance along our path to achieve profitability.
















We also seek to build and maintain the trust of our stakeholders, including through our Trust for Life strategy, which includes three commitments: improve human health, create better outcomes, and act right now with ethical business practices and strong corporate governance. As part of our corporate strategy, and the actions taken in support of our corporate goals, we will continue to develop and integrate our Trust for Life strategy into our business and operations.

## OUR COMMERCIAL PRODUCTS AND OPERATIONS

We currently have seven commercial programs with products that have received marketing approval and that we have commercially launched in one or more territories in Greater China.

## BUSINESS

The following table provides an overview of our partners and the approved indications and current geographic markets for our commercial products:

Product	Our Approved Indications	Our Current Markets	Partner
	1L ovarian cancer maintenance treatment Platinum sensitive relapsed ovarian cancer maintenance treatment	Mainland China, Hong Kong, and Macau	
	gMG	Mainland China	
	gMG and CIDP		
	CABP and ABSSSI	Mainland China and Macau	
	Newly diagnosed and recurrent GBM	Greater China	
	4L GIST	Greater China	
	HABP and VABP caused by ABC	Mainland China	
	ROS1+ NSCLC and NTRK+ solid tumors	Greater China	

We have established a strong commercial infrastructure to support the sales of our commercial products. Our sales and marketing teams cover major medical centers across Greater China, and our commercial team has capabilities that cover the product sales cycle, including medical affairs, marketing, market access, and distributor management. Our commercial team has a proven track record and experience from leading global pharmaceutical companies including AstraZeneca, Roche, Novartis, and BMS, and we tailor our commercialization strategies according to our individual products and their market potential. For example, we work to increase access for our commercial products through NRDL inclusion or supplemental insurance coverage and increase brand perception and adoption through education and outreach.

The following sections include more information on our commercial products. For additional information on the license agreements for our commercial products, see *Overview of Significant License and Collaboration Agreements*, and for more information on how we source and sell our commercial products, see *Our Customers and Manufacturing, Suppliers, and Quality Control*. We are also evaluating other potential indications for our commercial products, as discussed in *Our Oncology Pipeline* and *Our Immunology, Neuroscience, and Infectious Disease Pipeline*.

## **ZEJULA (Niraparib)**

ZEJULA is an orally administered PARP 1/2 inhibitor. PARP is a protein that helps repair DNA damage in cells. PARP inhibitors block PARP from repairing DNA damage, such as may be caused by radiation and/or certain chemotherapies, which may lead to cancer cell death and slow the return or progression of cancer. Tumors that are deficient in key DNA damage repair pathways, such as BRCA1 mutant tumors, are particularly sensitive to ZEJULA. As a maintenance therapy, ZEJULA is for women who have had prior chemotherapy treatment but are at high risk of cancer recurrence. ZEJULA is intended to avoid or slow recurrence of the cancer if it is in remission after prior treatment. In the maintenance setting, ZEJULA does not require the addition of radiation or chemotherapies to kill tumor cells. We have an exclusive license from Tesaro (now a subsidiary of GSK) to develop and commercialize ZEJULA in mainland China, Hong Kong, and Macau.

Our primary market for ZEJULA is patients with ovarian cancer in mainland China. Ovarian cancer is one of the most common gynecological cancers in China, with over 61,100 newly diagnosed cases and 32,600 deaths in China annually. We launched ZEJULA in mainland China in 2020, and it has been included in the NRDL since 2021 as a maintenance treatment for women with recurrent platinum-sensitive ovarian cancer and for adult patients with advanced ovarian cancer who are in a complete or partial response to first-line platinum-based chemotherapy and since 2022 as a maintenance treatment for first-line ovarian cancer.

We also launched ZEJULA in Hong Kong in 2018 as a maintenance therapy for adult patients with platinum-sensitive, relapsed high-grade, serous epithelial ovarian cancer who are in a complete or partial response to platinum-based chemotherapy and in Hong Kong and Macau in 2021 as a maintenance therapy for adult patients with high-grade serous epithelial ovarian cancer who are in a complete or partial response to first-line platinum-based chemotherapy.

## **VYVGART/VYVGART Hytrulo (Efgartigimod)**

Efgartigimod is a human IgG1 antibody fragment that binds to FcRn. FcRn is widely expressed throughout the body and plays a central role in rescuing IgG antibodies from lysosomal degradation. Blocking FcRn prevents FcRn from binding IgG antibodies and rescuing them from lysosomal degradation resulting in a reduction in circulating IgG antibodies which may include pathogenic IgG antibodies that contribute to certain autoimmune diseases such as gMG and CIDP. We have an exclusive license from argenx to develop and commercialize efgartigimod in Greater China.

Our primary market for efgartigimod is patients with gMG in mainland China. There are approximately 200,000 patients in China living with MG. Approximately 85% of people with MG progress to gMG within 2 years, and of those patients, 85% are estimated to have confirmed AChR antibodies. We launched the IV formulation of efgartigimod, under the brand name VYVGART, in mainland China in September 2023 as an add on to standard therapy for the treatment of adult patients with gMG who are AChR antibody positive, and VYVGART has been included in the NRDL for this indication since January 2024. We launched the subcutaneous formulation of efgartigimod, under the brand name VYVGART Hytrulo, for this indication in mainland China in the fourth quarter of 2024.

# BUSINESS

In the fourth quarter of 2024, we also launched VYVGART Hytrulo for the treatment of adult patients with CIDP. There are approximately 50,000 patients diagnosed with CIDP in mainland China.

## **NUZYRA (Omadacycline)**

NUZYRA, a novel tetracycline-class antibacterial with both oral and IV formulations, is a broad-spectrum antibiotic. We have an exclusive license from Paratek (subsequently acquired by Gurnet Point Capital and Novo Holdings) to develop, manufacture, and commercialize NUZYRA in Greater China.

Our primary market for NUZYRA is patients with CABP or ABSSSI in mainland China. CABP is the most common type of pneumonia that is acquired outside of the hospital. It is one of the most common infectious diseases and is a significant cause of mortality and morbidity worldwide. ABSSSI are bacterial infections of skin and associated soft tissues, such as loose connective tissue and mucous membranes. ABSSSI are common and encompass a variety of disease presentations and degrees of severity. The World Health Organization has identified the worldwide development of resistance to currently available antibacterial agents as one of the greatest threats to human health. In 2020, the estimated incidence of CABP in mainland China was approximately 10 million patients, and in 2015, the estimated incidence of ABSSSI in mainland China was 2.8 million patients. We launched the oral and IV formulations of NUZYRA in mainland China in 2021 for the treatment of adults with CABP and/or ABSSSI. The IV formulation of NUZYRA has been included in the NRDL for these indications since January 2023, and the oral formulation has been included since January 2024.

NUZYRA is locally manufactured by CMOs in mainland China. We have an exclusive promotion agreement with Huizheng, a subsidiary of Hanhui, one of the leading pharmaceutical companies for antibiotics in mainland China, which allows us to use Hanhui's existing infrastructure for sales of NUZYRA in mainland China.

## **OPTUNE (Tumor Treating Fields)**

OPTUNE is a cancer therapy that uses electric fields tuned to specific frequencies to kill tumor cells via a variety of mechanisms. TTFIELDS therapy is delivered through a portable medical device. The complete delivery system for OPTUNE includes a portable electric field generator, arrays, rechargeable batteries, and accessories. We have an exclusive license from NovoCure to develop and commercialize any TTFIELDS products in Greater China in the field of oncology.

Our primary market for OPTUNE is patients in mainland China with GBM, the most aggressive form of brain tumor. We estimate that there are more than 45,000 patients with GBM in China each year. We launched OPTUNE GIO in mainland China in 2020 for the treatment of patients with newly diagnosed GBM in combination with TMZ and as a monotherapy for the treatment of patients with recurrent GBM. We have also launched OPTUNE GIO for these GBM indications in Hong Kong, Taiwan, and Macau. Since launch, we have helped improve patient access to OPTUNE GIO in mainland China through supplemental insurance coverage.

### **QINLOCK (Ripretinib)**

QINLOCK is an orally administered switch-control TKI that broadly inhibits KIT and PDGFR $\alpha$  tyrosine kinases, including wild-type and mutated forms with multiple primary and secondary mutations. Switch-control tyrosine kinases KIT and PDGFR $\alpha$  regulate kinase activity through a main activation switch and an auxiliary inhibitory switch that control kinase conformation in either an “on” or “off” position. Oncogenic kinase mutations predominantly function by disrupting one or more regulatory switch mechanisms, leading to dysregulated function and loss of normal, physiologic conformational control. Blocking the switch pocket region and the activation switch region locks KIT and PDGFR $\alpha$  kinases in an inactive conformation by a dual mechanism of action that provides broad inhibition of KIT and PDGFR $\alpha$  kinase activity thereby preventing downstream signaling and cell proliferation. We have an exclusive license from Deciphera to develop and commercialize QINLOCK in Greater China.

Our primary market for QINLOCK is patients with GIST in mainland China, where we believe QINLOCK is the standard of care. GISTs are the most common mesenchymal tumors of the gastrointestinal tract, accounting for about 0.1–3% of gastrointestinal tumors, with an estimated annual incidence of around 30,000 newly diagnosed patients per year in mainland China. We launched QINLOCK in mainland China in 2021 for the treatment of adult patients with advanced GIST who have received prior treatment with three or more kinase inhibitors, including imatinib, or 4L GIST. QINLOCK has been included in the NRD for this indication since January 2023. We have also launched QINLOCK for 4L GIST in Hong Kong, Taiwan, and Macau.

### **XACDURO (Sulbactam/Durlobactam or SUL-DUR)**

XACDURO is a combination of a beta-lactam antibiotic (sulbactam) and a beta-lactamase inhibitor (durlobactam). We have an exclusive license from Entasis (now a wholly owned subsidiary of Inoviva) to develop and commercialize SUL-DUR in Asia Pacific.

Our primary market for XACDURO is patients with HABP and VABP caused by ABC in mainland China. *Acinetobacter* belongs to a group of bacteria commonly found in the environment, such as soil and water. *Acinetobacter baumannii* accounts for most *Acinetobacter* infections in humans; the organism can cause infections in all organs, but bloodstream infection and pneumonia are most dangerous and associated with high mortality. In recent years, *Acinetobacter baumannii* has become multi-drug resistant. For carbapenem-resistant *Acinetobacter baumannii* infections, treatment options are extremely limited because remaining antibiotics are either toxic or of limited efficacy. In mainland China, *Acinetobacter baumannii* infections are often seen in the hospital setting. Based on the 2022 Annual Report of CARSS (China Antimicrobial Resistance Surveillance System), there were around 300,000 *Acinetobacter* infections reported in mainland China in 2022. According to recent surveillance data from China, overall resistance of *Acinetobacter baumannii* to the carbapenem class of antibiotics is approximately 53%, with some provinces as high as 70%. We commercially launched XACDURO in mainland China in January 2025 for the treatment of adult patients with HABP and VABP caused by ABC.

In November 2024, we entered into a strategic collaboration with Pfizer that allows us to leverage the industry-leading commercialization infrastructure of Pfizer’s affiliated companies in the anti-infective therapeutic area to support sales of XACDURO in mainland China.

# BUSINESS

## AUGTYRO (Repotrectinib)

AUGTYRO is a next-generation TKI that targets *ROS1* oncogenic fusions. We have an exclusive license from Turning Point (now a wholly owned subsidiary of BMS) to develop and commercialize repotrectinib in Greater China.

Our primary market for AUGTYRO is patients with *ROS1*+ NSCLC in mainland China. In China, there were approximately 1.1 million new cases of lung cancer in 2022. NSCLC accounts for approximately 85% of lung cancer, and approximately 70% of NSCLC is locally advanced or metastatic at initial diagnosis. *ROS1* rearrangements occur in approximately 2% of patients with advanced NSCLC. We launched AUGTYRO in mainland China in December 2024 for the treatment of adult patients with locally advanced or metastatic *ROS1*+ NSCLC, and AUGTYRO has been included in the NRD for this indication since January 2025.

In December 2025, the NMPA approved the sNDA for AUGTYRO for the treatment of adult patients with *NTRK*+ solid tumors. The approval is intended for patients whose disease is locally advanced or metastatic, or where surgical resection is likely to result in severe morbidity, and who have either progressed following prior therapies or have no satisfactory alternative treatment options. The NMPA's approval is based on results from the pivotal Phase 1/2 TRIDENT-1 study, which demonstrated robust and durable efficacy and a manageable safety profile of AUGTYRO in patients with *NTRK* fusion-positive solid tumors. Zai Lab contributed to the global pivotal TRIDENT-1 study. The incidence of *NTRK* fusion-positive solid tumors is estimated to be less than 1% in China.

In December 2025, we entered into a strategic collaboration with SciClone Pharmaceuticals that allows us to leverage SciClone's commercialization infrastructure to support sales of AUGTYRO in mainland China.

## OUR PIPELINE OF PRODUCT CANDIDATES AND R&D ACTIVITIES

We believe research and development is important to our future growth and ability to remain competitive, and we are dedicated to discovering or licensing, and then developing and commercializing, innovative products that address significant unmet medical needs. We have a deep and differentiated pipeline of potential first-in-class/best-in-class products across our therapeutic areas. Our pipeline includes additional indications for our commercial products as well as new products for which we may seek regulatory approval and commercialization. Our pipeline includes both in-licensed assets as well as assets that we have internally developed. Our product candidates are in various stages of development, including several assets in late-stage development and various others in clinical and pre-clinical development.

We have assembled an integrated drug discovery and development team with extensive experience in discovery, translational medicine, and pre-clinical and clinical development in China and the United States. This team has been directly involved in the discovery and development of several innovative global product candidates. We also supplement our internal capabilities through collaborations with commercial partners and external research partners, such as leading CROs and academic institutions, for the execution of our pre-clinical studies and clinical trials.

We will continue to evaluate the developmental possibilities of the programs in our pipeline. For example, our programs may have significant potential beyond those indications we are currently evaluating. We may in the future expand our research and development efforts to evaluate additional indications to those discussed below. In addition, we or our partners may decide to discontinue development of certain products based on a review of the competitive landscape and market opportunity or otherwise.

## Global Pipeline

We are continuing to focus on expanding and advancing our global pipeline of innovative products through our internal discovery efforts and business development activities. Our innovative global pipeline includes:

- **Zoci (ZL-1310)**, a potential first-in-class and best-in-class DLL3-targeting ADC for SCLC and other neuroendocrine carcinomas, for which we are conducting a Phase 3 study in extensive stage SCLC, a global Phase 1 study in 1L SCLC, and a global Phase 1/2 study in selected solid NEC;
- **ZL-1503**, our internally developed IL-13/IL-31R $\alpha$  bispecific antibody for the treatment of atopic dermatitis and other immunologic diseases, for which we are conducting a global Phase 1/1b study evaluating safety, tolerability, and pharmacokinetics in healthy volunteers and participants with moderate to severe atopic dermatitis;
- **ZL-6201**, a novel potential first-in-class ADC targeting LRRC15, using our internally developed anti-LRRC15 antibody, for the treatment of certain solid tumors, for which the FDA approved the IND in January 2026 and a global Phase 1 study was initiated in the first quarter of 2026;
- **ZL-1222**, our internally developed PD-1/IL-12 bispecific antibody using a potency-reduced IL-12 and PD-1 cis-activation of IL-12/IL12R to restore T cell function in the tumor microenvironment for the treatment of solid tumors, for which we have initiated IND-enabling studies; and
- **ZL-1311**, a MUC17/CD3 T-cell engager, which is in pre-clinical development for solid tumors including gastric and gastroesophageal junction cancer.

We also have multiple other undisclosed IND-enabling assets, and we are targeting at least 1 new IND per year.

# BUSINESS

## Regional Pipeline

We will continue to advance and expand our regional pipeline through synergistic opportunities that help us further address significant unmet patient needs. The following table provides an overview of our key regional product candidates, including key indications we are evaluating for those products, their clinical stage and related studies in which we are participating, and our partners and potential geographic markets:

Product	Description	Potential Indications and Clinical Stage (Studies)	Our Potential Markets	Partner
<b>Oncology Pipeline</b>				
Tumor Treating Fields	Portable device for delivery of electric fields	Pancreatic Cancer — Phase III (PANOVA-3)	Greater China	NovoCure
Tisotumab vedotin (TIVDAK)	Tissue Factor ADC	2L+ Cervical Cancer — Phase 3 (innovaTV 301) 1L r/m Cervical Cancer — Phase 2 (innovaTV 205)	Greater China	Seagen (now owned by Pfizer)
<b>Immunology, Neuroscience, and Infectious Disease Pipeline</b>				
Efgartigimod (VYVGART, VYVGART Hytrulo, Pre-Filled Syringe)	FcRn blocker	Sjogren’s — Phase 3 (UNITY) Myositis — Phase 3 (ALKIVIA) sn-gMG — Phase 3 (ADAPT-SERON) Ocular MG — Phase 3 (ADAPT-OCULUS)	Greater China	argenx
Xanomeline and Trospium Chloride (KarXT)	Combination of muscarinic receptor agonist and antimuscarinic agent	Schizophrenia — Phase 3 (EMERGENT); approved by the NMPA in December 2025	Greater China	Karuna (now owned by BMS)
Povetacept	Fc fusion protein that enhances inhibition of APRIL and BAFF	IgAN — Phase 3 (RAINIER) pMN — Phase 2/3 (OLYMPUS)	Greater China and Singapore	Vertex
Elegrobart	Immunoglobulin G1-K monoclonal antibody targeting IGF-1R	TED — Phase 3 (Phase 3 Bridging Study in Greater China)	Greater China	Zenas

The following sections include more information on significant product candidates in our oncology and immunology, neuroscience, and infectious disease pipelines. For more information on license agreements for our significant product candidates, see *Overview of Significant License and Collaboration Agreements*; for how we source our product candidates, see *Manufacturing, Suppliers, and Quality Control*; and for risks related to our potential products and R&D activities, including clinical trials and reliance on third parties, see *Risk Factors*.

## OUR ONCOLOGY PIPELINE

### Zocilurtatug Pelitecan (Zoci, DLL3-Targeting ADC) (formerly ZL-1310)

Zoci is a potential first-in-class and best-in-class next generation ADC targeting DLL3, an antigen that is overexpressed in many neuroendocrine carcinomas and is a validated therapeutic target for SCLC. Zoci comprises a humanized anti-DLL3 monoclonal antibody linked to a novel camptothecin derivative (a topoisomerase 1 inhibitor) as its payload. The compound was designed with a novel ADC technology platform called TMALIN®, which leverages the tumor microenvironment to overcome challenges associated with first-generation ADC therapies, including off-target payload toxicity. We have an exclusive global license from MediLink to research, develop, manufacture, and commercialize zoci.

We are evaluating zoci for the treatment of SCLC and other NECs.

- **SCLC:** We are conducting a global registrational Phase 3 clinical trial for zoci for the treatment of patients with previously treated extensive stage SCLC after at least one prior platinum-based chemotherapy regime in 1L, or platinum followed by tarlatamab (DLL3/CD3) in 2L. This study follows a promising global Phase 1 clinical trial evaluating zoci for the treatment of patients with ES-SCLC. Data from the Phase 1 trial demonstrated a best overall response rate of 68% in 2L patients treated at the 1.6 mg/kg dose in patients with ES-SCLC. The median duration of response was 6.1 months across all patients and is clinically meaningful in this population with advanced disease. Meaningful activity in patients with brain metastases was also observed, including an 80% response rate in patients with untreated brain metastases. The data also demonstrated a well-tolerated safety profile in patients with ES-SCLC. Grade  $\geq 3$  TRAEs occurred in 13% of those treated at the 1.6mg/kg dose.

In January 2025, the FDA granted Orphan Drug Designation to zoci as a treatment for patients with SCLC, and in May 2025, the FDA granted Fast Track Designation for this indication. As a result of this Orphan Drug Designation, certain forms of financial assistance for development of zoci are available, and there is the potential, upon product approval, for the FDA to grant market exclusivity for a 7-year period. SCLC is one of the most aggressive and lethal solid tumors, accounting for around 15% of the approximately 2.5 million patients diagnosed with lung cancer worldwide each year. Two-thirds of all SCLC patients are diagnosed at extensive stage. The current median survival of patients with ES-SCLC is approximately twelve months following initial therapy, and the overall five-year survival rate is 5–10%.

- **Extrapulmonary NECs:** We are conducting a global Phase 1/2 study of zoci in patients with selected solid neuroendocrine carcinomas. Enrollment in the global Phase 1 portion is complete, and in January 2026, we dosed the first patient in the global Phase 2 portion of the study.

# BUSINESS

## **TIVDAK (Tisotumab Vedotin)**

TIVDAK is an ADC composed of Genmab's human monoclonal antibody directed against cell surface tissue factor and Seagen's ADC technology that utilizes a protease-cleavable linker that covalently attaches MMAE to the antibody. MMAE disrupts the microtubule network of actively dividing cells, leading to cell cycle arrest and apoptotic cell death of actively dividing cells. In vitro, TIVDAK also mediates antibody-dependent cellular phagocytosis and antibody-dependent cellular cytotoxicity. We have an exclusive license from Seagen (a company later acquired by Pfizer) to develop and commercialize tisotumab vedotin in Greater China.

We are evaluating TIVDAK for the treatment of recurrent or metastatic cervical cancer with disease progression on or after chemotherapy. TIVDAK received full approval in the United States for this indication in April 2024 based on results from the global, randomized Phase 3 innovaTV 301 clinical trial, which met its primary endpoint of overall survival. The key secondary endpoints of investigator-assessed progression-free survival and objective response rate also demonstrated statistical significance. The safety profile of TIVDAK in innovaTV 301 was consistent with the known safety profile of TIVDAK as presented in the U.S. prescribing information, and no new safety signals were observed. In January 2025, we announced positive topline results from the China subpopulation of the innovaTV 301 study, which were consistent with those in the global population, and in March 2025, the NMPA accepted the BLA for TIVDAK for the treatment of patients with recurrent or metastatic cervical cancer with disease progression on or after systemic therapy. In September 2025, the Hong Kong Department of Health approved TIVDAK in Hong Kong for the treatment of adult patients with recurrent or metastatic cervical cancer with disease progression on or after chemotherapy, and TIVDAK was approved for the treatment of patients with recurrent or metastatic cervical cancer with disease progression on or after systemic therapy in Macau in August 2024. We estimate that there are around 150,000 new cases of cervical cancer each year in China.

## **Additional Indications for OPTUNE (TTFields)**

As discussed in *Our Commercial Products and Operations*, we have an exclusive license from NovoCure to develop and commercialize any TTFields products in Greater China in the field of oncology, and we have commercially launched TTFields in Greater China for certain GBM indications. Significant additional indications for TTFields therapy that we are evaluating include solid tumor types in 1L pancreatic cancer.

We participated in the Greater China portion of the Phase 3 pivotal PANOVA-3 trial evaluating the efficacy of TTFields therapy administered concomitantly with gemcitabine and nab-paclitaxel as a 1L treatment for patients with unresectable, locally advanced pancreatic cancer. In February 2026, the FDA approved TTFields, under the brand name OPTUNE Pax, for this indication. In August 2025, the NMPA granted Innovative Medical Device Designation for TTFields therapy for patients with pancreatic cancer based on the positive results from the Phase 3 PANOVA-3 trial. This designation offers opportunities to expedite the regulatory review and approval process. The trial met its primary endpoint, demonstrating a statistically significant improvement in median overall survival for patients treated with TTFields. According to the World Health Organization, pancreatic cancer was the eighth-leading cancer type in China in 2020. There are approximately 134,000 new cases of pancreatic cancer diagnosed each year in China. The current median survival of patients with metastatic pancreatic cancer is four to six months, and the five-year survival rate of pancreatic cancer is 7.2%. We filed for regulatory approval in China in the fourth quarter of 2025.

## OUR IMMUNOLOGY, NEUROSCIENCE, AND INFECTIOUS DISEASE PIPELINE

### Additional Opportunities for Efgartigimod

As discussed in *Our Commercial Products and Operations*, we have an exclusive license from argenx to develop and commercialize efgartigimod in Greater China, and in mainland China, we have launched VYVGART for the treatment of adult patients with gMG and VYVGART Hytrulo for gMG and CIDP. In April 2025, our partner argenx announced that the FDA had approved VYVGART Hytrulo pre-filled syringe for self-injection in gMG and CIDP. PFS is the third approved administration option for efgartigimod, providing additional flexibility and convenience for patients. We submitted for Chemical Manufacturing and Control (CMC) variation for PFS for these indications in China in 2025.

We are also evaluating significant additional indications for efgartigimod SC and the pre-filled syringe, including for the treatment of Sjogren's disease, myositis, seronegative gMG, and ocular MG.

- **Sjogren's Disease:** We are participating in the Greater China portion of the global registrational Phase 3 UNITY study of efgartigimod for the treatment of Sjogren's disease. We estimate that there are around 2.3 million patients with Sjogren's disease in China.
- **Myositis:** We are participating in the Greater China portion of the global registrational Phase 2/3 ALKIVIA study of efgartigimod for the treatment of myositis, also known as idiopathic inflammatory myopathies. We estimate that there are around 170,000 myositis patients diagnosed in China.
- **sn-gMG:** In August 2025, our partner argenx announced topline results from the pivotal ADAPT SERON study of VYVGART in patients with AChR-Ab sn-gMG. The study met its primary endpoint (p-value=0.0068), demonstrating that AChR-Ab sn-gMG patients treated with VYVGART achieved a statistically significant and clinically meaningful improvement in MG-ADL (Myasthenia Gravis Activities of Daily Living) total score compared to placebo. VYVGART was well tolerated and safe across AChR-Ab seronegative subtypes and consistent with the established safety profile in patients with AChR-Ab seropositive gMG and other indications. No new safety concerns were identified. We participated in the study in Greater China. In January 2026, the FDA accepted for priority review an sBLA submitted by argenx seeking expansion of the VYVGART label to include adult AChR-Ab sn-gMG patients with a PDUFA target action date of May 10, 2026. We are considering a potential China regulatory submission. We estimate that there are around 25,000 patients diagnosed with sn-gMG in China.
- **Ocular MG:** In February 2026, our partner argenx announced topline results from the global registrational Phase 3 ADAPT-OCULUS study of efgartigimod for the treatment of ocular MG. The study met its primary endpoint (p-value=0.012), demonstrating that patients living with ocular MG and treated with VYVGART demonstrated statistically significant improvement from baseline in Myasthenia Impairment Index (MGII) Patient Reported Outcome (PRO) ocular scores at Week 4 compared to placebo. In the overall population, mean change from baseline in patients treated with VYVGART was a 4.04 point improvement in MGII PRO versus a mean change of 1.99 MGII PRO score in patients treated with placebo. VYVGART was well tolerated and had a favorable safety profile in patients with oMG, consistent with prior studies. We participated in the study in Greater China. We estimate that there are around 44,000 patients diagnosed with ocular MG in China.

# BUSINESS

## KarXT (Xanomeline and Trospium Chloride)

KarXT is a combination of an oral M1/M4-preferring muscarinic acetylcholine receptor agonist and a peripheral acting antimuscarinic agent, which is in development for the treatment of psychiatric and neurological conditions, including schizophrenia. KarXT preferentially stimulates muscarinic receptors implicated in these conditions, as opposed to current antipsychotic medicines, which mostly target dopamine or serotonin receptors. KarXT has the potential to represent a new class of treatment for schizophrenia based on its differentiated mechanism of action. We have an exclusive license from Karuna (a company later acquired by BMS) to develop, manufacture, and commercialize xanomeline and trospium chloride in Greater China.

In September 2025, the “China Schizophrenia Prevention and Treatment Guidelines (2025 Edition)” were officially released, and KarXT was included for the first time, marking the first national-level guideline globally to include KarXT. The guidelines emphasize KarXT’s broad efficacy across all three symptom domains (positive, negative, and cognitive symptoms), and in December 2025, the NMPA approved the NDA for KarXT for the treatment of schizophrenia in adults. The NDA submission was supported by data from the Phase 1 PK study conducted in China, Phase 3 China study, and three global Phase 3 EMERGENT clinical trials. This follows FDA approval of KarXT, under the brand name COBENFY, for the treatment of schizophrenia in adults in September 2024. COBENFY does not have atypical antipsychotic class warnings and precautions and does not have a boxed warning. We expect to commercially launch KarXT in China in the first half of 2026. We estimate that there are more than 8 million people living with schizophrenia in China.

## Povetacicept (Pove, Anti-APRIL/BAFF)

Pove is an investigational product of an affinity optimized fusion protein that inhibits both APRIL and BAFF. We have an exclusive license from Vertex to develop and commercialize pove in Greater China and Singapore.

We are evaluating pove for the treatment of IgA nephropathy and primary membranous nephropathy.

- **IgAN:** Our partner Vertex has completed enrollment of the global Phase 3 RAINIER study of pove in IgAN, including the interim analysis cohort for potential accelerated approval in the United States. We participated in the study in Greater China. In September 2025, the FDA granted Breakthrough Therapy Designation. There are approximately three to five million patients with IgAN in China, including approximately 750,000 already diagnosed with the disease.
- **pMN:** Our partner Vertex initiated a pivotal single Phase 2/3 OLYMPUS study of pove versus standard of care for pMN. We joined the Greater China portion of the study in December 2025. In October 2025, the FDA granted Fast Track Designation. There are approximately 2.2 million patients with pMN in China.

## Elegrobart (Anti-IGF-1R, SC)

Elegrobart is a humanized monoclonal antibody (IgG1-κ) that blocks the Insulin-like Growth Factor 1 Receptor (IGF-1R) We have an exclusive license from Zenas to develop and commercialize elegrobart in Greater China.

We are evaluating elegrobart for the treatment of TED. We are conducting a Phase 3 bridging study in Greater China. We estimate that there are around 1 million patients with moderate to severe TED in China.

## OVERVIEW OF SIGNIFICANT LICENSE AND COLLABORATION AGREEMENTS

We have entered into various license and collaboration agreements with third parties, such as biopharmaceutical companies with innovative products in our therapeutic areas and external research parties, for the development and commercialization of our products and product candidates. We are generally required to make upfront payments upon our entry into such agreements and milestone payments upon the achievement of certain development, regulatory, and sales-based milestones for the licensed products under these agreements as well as certain royalties at tiered percentage rates based on annual net sales of the licensed products in the licensed territories. For a discussion of aggregate potential payments under our license and collaboration arrangements, see *Note 16* and *MANAGEMENT DISCUSSION AND ANALYSIS — License and Collaboration Arrangements*.

These agreements may include intellectual property rights associated with the products or product candidates, including the responsibility for obtaining and maintaining patents as well as enforcement of those patents.

These agreements generally remain in effect, unless earlier terminated, until the expiration of the last-to-expire royalty term for the last licensed product. The royalty terms generally continue until the latest of: (i) the expiration of the last-to-expire valid claim with respect to licensed patent rights; (ii) the expiration of market or regulatory exclusivity; or (iii) a specified period of time, generally around ten years, after the date of the first commercial sale of the licensed product. These agreements also contain customary provisions for termination by either party, including in the event of a material breach by the other party that remains uncured; by us for convenience upon a specified notice period; for certain bankruptcy, insolvency, or other similar events; and by our partners upon challenge of their licensed patent rights.

The following sections provide additional information on the license and collaboration arrangements for our commercial products and significant product candidates, such as the scope of the licensed products and licensed territories and any related supply arrangements. We have also entered into other license and collaboration arrangements that are not considered significant to our business at this time, such as because they relate to earlier stage assets. Such other license agreements may become material to our business in the future.

### **GSK (Niraparib)**

In September 2016, we entered into a collaboration, development, and license agreement with Tesaro, 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 (ZEJULA), for the diagnosis and prevention of any human diseases or conditions (other than prostate cancer) in mainland China, Hong Kong, and Macau. 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. We will purchase ZEJULA from GSK for commercial use in Hong Kong. We are not otherwise obligated to purchase ZEJULA or other licensed products from GSK.

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## **argenx (Efgartigimod)**

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 (including VYVGART and VYVGART Hytrulo) 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 are responsible for recruiting patients in Greater China to argenx's global registrational trials for the development of efgartigimod. We will purchase the licensed products exclusively from argenx.

## **Novo Holdings (Omadacycline)**

In April 2017, we entered into a license and collaboration agreement with Paratek (which was subsequently acquired by Gurnet Point Capital and Novo Holdings A/S), pursuant to which we 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 (NUZYRA) as an active ingredient in the field of all human therapeutic and preventative uses other than biodefense in Greater China. Under certain circumstances, our 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. We 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 products in our licensed territory to support development and commercialization of the same outside of our licensed territory. We also granted Paratek 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.

## **NovoCure (Tumor Treating Fields)**

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 any Tumor Treating Fields (OPTUNE) products in all human therapeutic and preventative uses in the field of oncology in Greater China. We will purchase the licensed products exclusively from NovoCure.

## **Deciphera (Ripretinib)**

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 (QINLOCK) in the field of prevention, prophylaxis, treatment, cure, or amelioration of any disease or medical condition in humans in Greater China. We will purchase the licensed products exclusively from Deciphera.

## **Innoviva (Sulbactam-Durlobactam)**

In April 2018, we entered into a license and collaboration agreement with Entasis (now a wholly owned subsidiary of Innoviva), 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 also known as XACDURO) 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. We will purchase the licensed products exclusively from Innoviva.

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 3 ATTACK clinical trial of SUL-DUR as set forth in mutually agreed development plans. We are also responsible for a portion of the costs of the global pivotal Phase 3 ATTACK clinical trial of SUL-DUR outside of the licensed territory.

## **BMS (Repotrectinib)**

In July 2020, we entered into an exclusive license agreement with Turning Point (a company later acquired by BMS) pursuant to which we obtained an exclusive license to develop and commercialize products containing repotrectinib (AUGTYRO) as an active ingredient in all human therapeutic indications in Greater China. We will purchase the licensed products exclusively from BMS.

## **Pfizer (Tisotumab Vedotin)**

In September 2022, we entered into a collaboration and license agreement with Seagen (a company later acquired by Pfizer), pursuant to which we obtained an exclusive license to develop and commercialize tisotumab vedotin (TIVDAK) in Greater China. We will purchase the licensed products exclusively from Pfizer.

## **BMS (Xanomeline and Trospium Chloride)**

In November 2021, we entered into a license agreement with Karuna (a company later acquired by BMS), pursuant to which we agreed to collaboratively develop xanomeline and trospium chloride (KarXT or COBENFY) in Greater China. Under the agreement, we obtained an exclusive license to develop, manufacture, and commercialize xanomeline and trospium chloride in Greater China.

## **MediLink (DLL3 ADC)**

In April 2023, we entered into a license agreement with MediLink, pursuant to which we obtained an exclusive global license to research, develop, manufacture, and commercialize MediLink's proprietary ADC targeting DLL3.

# BUSINESS

## INTELLECTUAL PROPERTY

Our commercial success depends, in part, on our ability to obtain and maintain proprietary protection for our know-how and innovation pertaining to our commercial products and product candidates as well as our core technologies; 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 rights. We expect that we will seek to protect our commercial products, product candidates, and core technologies, among other methods, licensing or procuring patent rights to inventions that are important to the development and implementation of our business; relying on trade secrets, know-how, and confidential agreements with third parties; and relying on continuing technological innovation.

### Patents

Patent rights are important in our industry to protect innovation pertaining to our commercial products, product candidates, and technologies. We hold patent rights to our commercial products, product candidates, and technologies, in part, through our licenses or other agreements. For our internally developed product candidates, we consider on a case-by-case basis whether to procure patent rights to protect certain innovation pertaining to our commercial products, product candidates, and technologies.

As with other biotechnology and pharmaceutical companies, our ability to protect our commercial products, product candidates, and technologies will depend, in part, on our success in obtaining and maintaining effective patent rights. For more information regarding the risks related to our intellectual property, 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. 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 hold rights. For information on intellectual property included in our license and collaboration agreements for our commercial products, see *Overview of Significant Licensed and Collaboration Arrangements*.

### Trade Secrets

We also rely upon trade secrets, know-how, and continuing technological innovation to develop and maintain our competitive position. Such 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. These confidentiality agreements are designed to protect our proprietary information and generally include clauses requiring assignment of inventions to us to grant us ownership of technologies that are developed through our relationship with the respective counterparty. Such agreements may not provide adequate protection of our proprietary information. If any of the parties we contract with in this manner breaches or violates the terms of any such agreement or otherwise discloses our proprietary information, we may lose our competitive position and ability to protect such proprietary information (e.g., trade secrets). For more information regarding the risks related to our trade secrets, 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 “再鼎醫藥” brands, as well as domain names incorporating some or all of these trademarks.

## GOVERNMENT REGULATION

### Chinese Government Regulation of Pharmaceutical Product Development, Approval, and Marketing

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

The Drug Administration Law and related implementing measures established the legal framework for the administration of pharmaceutical products, including the development and manufacturing of new drugs and the medicinal preparations by medical institutions. The Drug Administration Law also regulates the distribution, packaging, labels and advertisements of pharmaceutical products in mainland China. These rules are highly complex and require significant resources, time, and expense for compliance.

#### Clinical Trials

Clinical trials conducted both within and outside of mainland China, and the data derived from those trials, may be used to obtain marketing approval in mainland China, subject to various rules and regulations, including the regulations for the use of patients’ human genetic resources and derived data. We participate in clinical trials in multiple geographic locations, and compliance with the complex regulations applicable to the conduct of such trials and the use of data derived therefrom is critical to our ability to obtain approval for our products in mainland China and in our other markets.

Clinical trials on investigational products must be approved by the relevant authorities before their commencement. Following approval of a CTA approval, the applicant (i.e., sponsor) generally conducts the clinical trial at one or more institutions, subject to rules and regulations governing good practices associated with such clinical trial.

With certain governmental approvals, companies may simultaneously perform clinical trials in different centers using the same clinical trial protocol through International Multi-Center Clinical Trials in China. Where the applicant plans to make use of the data derived from the IMCCTs, such IMCCTs shall satisfy certain requirements, including on-site inspections by Chinese regulatory authorities, in addition to other applicable regulatory requirements. IMCCTs are required to adhere to certain principles and ethical requirements and are subject to governmental supervision and disclosure requirements.

Trial sponsors may also use the data of foreign clinical trials to support marketing authorization in mainland China, provided that sponsors satisfy the authenticity, completeness, accuracy, and traceability requirements, and that such data is obtained in accordance with the relevant principles and ethics requirements applicable to IMCCTs. Clinical trial sponsors must be attentive to potentially meaningful ethnic differences in the subject population.

# BUSINESS

In addition, investigational products approved outside of mainland China may be approved in mainland China on a conditional basis without pre-approval clinical trials being conducted in mainland China. Applicants are required to establish a risk mitigation plan and may be required to complete post-approval trials in mainland China.

## Marketing

We must obtain approval of marketing authorizations before our products can be manufactured and sold in the mainland China market. An applicant may submit an application for marketing authorization to relevant governmental authorities. The NMPA, which monitors and supervises the administration of pharmaceutical products, medical appliances and equipment, and cosmetics, then determines whether to approve the application following a technical review process. Accelerated review and approval procedures are available for certain types of innovative products, such as products with distinctive clinical benefits, which have not been sold within or outside mainland China, and products using advanced technology, innovative treatment methods, or distinctive treatment advantages, and in cases of public health emergency.

Domestic pharmaceutical and medical research and development institutions and individuals are eligible to hold marketing authorizations without having to become manufacturers. The marketing authorization holder is responsible for their products throughout the life cycle, including nonclinical studies, clinical trials, production and distribution, post-market studies, and the monitoring, reporting, and handling of adverse reactions in connection with pharmaceuticals. The marketing authorization holders may engage contract manufacturers for manufacturing and distribution, subject to certain requirements. We serve as the marketing authorization holder and thus have primary regulatory responsibility for the development and approval of certain of our products in China.

## Drug Manufacturing Operations

To manufacture pharmaceutical products in mainland China, a pharmaceutical manufacturing enterprise must first obtain a Pharmaceutical Manufacturing Permit issued by the relevant provincial medical products administration where the enterprise is located, which is effective for five years. The grant of such license is subject to annual inspection of the manufacturing facilities, 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

To distribute pharmaceutical products in mainland China, including wholesale and retail distribution, a pharmaceutical distribution enterprise must first obtain a Pharmaceutical Distribution Permit, which is effective for five years. Any enterprise holding a Pharmaceutical Distribution Permit is subject to periodic review and inspection by the relevant regulatory authorities. Additional rules and regulations govern the process of procurement, storage, sales, and transportation.

## Coverage and Reimbursement

Historically, most Chinese healthcare costs were borne by patients out-of-pocket, which 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 NHSA, as of the end of 2024, approximately 1.33 billion residents in mainland China were enrolled in the Basic Medical Insurance scheme, representing a coverage rate remaining at 95% of the total population.

Under the applicable regulations, expenses of drugs listed in the Basic Medical Insurance Catalog, typically known in the industry as the “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. The Chinese Ministry of Human Resources and Social Security, together with other government authorities, have the power to determine the medicines included in the NRDL. Admission to the NRDL depends on a number of factors, including on-market experience, scale of patient adoption, physician endorsement, cost effectiveness, and budget impact. Patients purchasing medicines included in the NRDL are entitled to reimbursement of the entire amount or a certain percentage of the purchase price. We currently have five products included in the NRDL: ZEJULA for certain ovarian cancer indications, VYVGART for gMG, NUZYRA for CABP and/or ABSSSI, QINLOCK for 4L GIST, and AUGTYRO for *ROS1+* NSCLC.

In addition to the NRDL, there is an evolving medical insurance system that makes innovative drugs more affordable and available to the Chinese population, which offers greater opportunities to drug manufacturers that focus on the research and development of innovative drugs, such as higher-cost cancer therapeutics. This system includes commercial health insurance and various forms of supplemental insurance. We have focused on increasing insurance coverage in the private-pay market for certain of our commercial products and indications, including OPTUNE for GBM.

Inclusion in the NRDL and supplemental insurance coverage can significantly increase the reach and visibility of, and potential market for, our products, and we continue to devote significant resources to increasing access to our products through NRDL listing and/or supplemental insurance coverage, which efforts may not be successful on our desired timeline or at all.

## 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. Once the government agrees with drug manufacturers on the supply prices, the drugs are automatically listed in the NRDL and qualified for public hospital purchase. In 2025, 114 drugs were ultimately included in the NRDL through price negotiation, and the NHSA has not disclosed the average price reduction; in 2024, 89 drugs newly included through price negotiation had an average price reduction of 63%; in 2023, 121 drugs newly included through negotiation had an average price reduction of 61.7%.

# BUSINESS

## **Regulations Impacting Purchases of Pharmaceutical Products by Medical Institutions**

Applicable regulations set forth rules for the tender process and negotiations of the prices of drugs, operational procedures, a code of conduct, and standards or measures of evaluating bids and negotiating prices for public hospitals in mainland China. Under the rules and related guidance, certain not-for-profit medical institutions owned by the government shall purchase pharmaceutical products by online centralized procurement. The centralized tender process takes the form of public tender operated and organized by provincial or municipal government agencies. Only pharmaceuticals that have won in the centralized tender process may be purchased by public medical institutions funded by the governmental or state-owned or -controlled enterprise in the relevant region. While participation in this process can increase the reach and acceptance of our products, it can also result in significant negotiated reductions in the price paid for the products by hospitals or consortiums of hospitals bidding as a group.

In addition, under the “two-invoice system,” there cannot be more than two invoices issued for drug products supplied by manufacturers to public hospitals. To meet this requirement, many drug manufacturers have reduced the tiers of distributors, or converted drug distributors into contracted service organizations. As a result, the system significantly limits the options for companies like us to use multiple distributors to reach a larger geographic area in mainland China. The reduction in distribution tiers resulted in a decrease in distribution mark-ups and an accompanying reduction in prices paid by public hospitals. 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 Chinese 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 and 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.

## **Regulation of Pharmaceutical Product Development and Approval Outside of China**

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 in the United States as well as laws, regulations, and rules in other applicable jurisdictions outside of mainland China. The process of obtaining marketing approvals and the subsequent compliance with applicable laws, regulations, and rules may require the expenditure of substantial time and financial resources. While we do not currently market our products outside of Greater China, we have certain pre-clinical and early-stage clinical products that are undergoing or will undergo testing in the United States and other jurisdictions, and we may in the future seek approval to commercialize our products in the United States and such other jurisdictions. As our business and the number of products we have in the trial and commercial stage grow, we expect that pharmaceutical laws and regulations in the United States and other jurisdictions will have a greater impact on us. Further, U.S. and other pharmaceutical regulations could impact the availability, reputation, and consumer acceptance of the products that we market and sell in our current markets.

## Other Significant Regulations Affecting Our Business Activities in Mainland China

We are subject to additional regulations that apply broadly to companies doing business in mainland China, including those described below.

**Data Privacy and Data Protection:** Since our subsidiaries located in mainland China operate computer networks as part of their normal operations, we are required to comply with the requirements of mainland China's cyber security, data protection, privacy, and data transfer laws and regulations. In addition, in the ordinary course of our business, we collect and store personal information, including personal information about our clinical trial subjects, customers, and employees in mainland China. We may need to share such personal information with our subsidiaries, licensors, partners, or contractors located outside of mainland China. Mainland China's network and data protection regime is evolving, and we continue to face uncertainties as to whether our efforts to comply with these requirements will be sufficient. Although we develop and maintain compliance protocols and controls designed to maintain compliance with these requirements, development, implementation, improvement, and maintenance of these protocols and controls is costly and requires significant effort, resources, and time. In addition, in certain cases, our CROs, licensors, licensees, partners, contractors, and other third parties with which we do business are also required to comply with these laws, and our agreements with them require them to comply with these requirements, but there is a risk that they may not fully comply with them.

**Foreign Investment:** Chinese laws and regulations govern the establishment, operation, and management of corporate entities in mainland China, as well as investment activities by foreign investors in mainland China. To comply with these rules, we must periodically submit certain information regarding our Company and certain investment information to relevant administrative authorities.

**Competition Laws:** Under Chinese laws governing competition, commercial bribery is prohibited and subject to criminal liability. Further, under certain circumstances, a pharmaceutical company's products may not be purchased by public medical institutions where that pharmaceutical company is involved in a criminal investigation or administrative proceedings related to bribery. These laws also protect "trade secrets," meaning 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. Unlawfully obtaining or disclosing trade secrets is prohibited. Additionally, a company whose concentration of business violates the anti-monopoly rules in mainland China may be subject to fines of up to 10% of the last year's sales revenue, in addition to other remedial measures.

**Product Liability:** In addition to the strict new drug approval process, certain Chinese laws have been promulgated to protect the rights of consumers and to strengthen the control of medical products in mainland China. Under current Chinese law, manufacturers, and vendors of defective products in mainland China may incur civil and liability for loss and injury caused by such products as well as revocation of business licenses.

**Tort Law:** Under the PRC Civil Code, producers and sellers of defective products are required to take remedial measures, such as the issuance of a warning or the recall of products, in a timely manner and may be held liable under tort law for any failure to do so, or to do so timely.

## BUSINESS

**Intellectual Property Rights:** Mainland China has comprehensive legislation governing intellectual property rights, including patents, trademarks, copyrights, and domain names. We hold patent rights from third parties for some of our programs as described in the *Overview of Significant License and Collaboration Agreements*. Under certain of our agreements, we rely on third parties to file and prosecute patent applications, maintain patents, and otherwise protect the licensed intellectual property.

**Labor Protection:** Under applicable rules in mainland China, employers must establish a comprehensive management system to protect the rights of their employees and ensure manufacturing safety, 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. Employers are also 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. Additionally, 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.

**Regulations Relating to Foreign Exchange:** Approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of mainland China to pay capital expenses such as repayment of foreign currency-denominated loans. For more information, see *Dividends and Other Distributions*.

**Regulations on Securities Offering and Listing Outside of China:** Laws in mainland China regulate overseas securities offering and listing activities by domestic companies. These regulations include the requirement to submit filing documents including the offering prospectus to the CSRC. Overseas offering and listing are prohibited under certain circumstances, including where (i) the offering and listing are expressly forbidden by applicable Chinese laws, regulations, and rules; (ii) the intended overseas securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council; or (iii) there are material disputes with regard to the ownership of the equity held by the domestic company's controlling shareholder or by other shareholders that are controlled by the controlling shareholder and/or actual controller. If domestic companies fail to fulfill the above-mentioned filing procedures or offer and list in an overseas market against the prohibited circumstances, they may be warned and fined up to RMB10 million.

**Rules for the Regulations on Supervision and Administration of Medical Devices:** Laws and regulations in mainland China govern certain aspects of the production, distribution, and clinical trials of medical devices, including reporting, establishment, and maintenance of quality management and quality control measures covering the distribution process, self-inspection, and ethics review.

**Other Chinese National- and Provincial-Level Laws and Regulations:** We are subject to changing requirements 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 by us to third parties. We are also subject to numerous additional national and provincial laws relating to matters such as safe working conditions, manufacturing practices, environmental protection, and fire hazard control.

**Anti-Corruption Laws and Regulations:** We are subject to anti-corruption laws and rules in China and the United States, including the FCPA. These laws generally prohibit companies and their representatives from making improper payments to government officials for the purpose of obtaining or retaining business or to otherwise obtain favorable treatment or influence a person working in an official capacity. The health care professionals we regularly interact with may be considered government officials under Chinese anti-corruption laws or the FCPA. Since 2023, Chinese authorities have increased their anti-corruption enforcement efforts with respect to the health care sector.

## OUR CUSTOMERS

We rely on independent third-party distributors in Greater China to sell our commercial products, which is consistent with the pharmaceutical industry norm. This allows us to execute marketing strategies that are specifically tailored to each product and the geographic location of the hospitals located within the distribution territories of our customers across mainland China. Our five largest customers accounted for approximately 33.1% and 32.4% of our total product revenue in 2025 and 2024, 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, past performance, and 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 our distributors upon delivery to and acceptance by the distributors.

## MANUFACTURING, SUPPLIERS, AND QUALITY CONTROL

As discussed below, we manufacture or source from third parties our commercial products, product candidates, and materials in accordance with the terms of our license and collaboration agreements. We have our own independent quality control system and devote significant attention to quality control for the designing, manufacturing, and testing of our commercial products and product candidates.

### Our Manufacturing Facilities

We operate two manufacturing facilities in Suzhou, China, which support the commercial and clinical production of certain of our products and product candidates, including ZEJULA.

- We have a small molecule facility that manufactures ZEJULA. The oral solids production line is GMP-compliant and is capable of performing the entire production process, including blending, granulation (i.e., wet granulation process, fluidized bed process, and roller compaction), capsule filling, tableting, coating, and packaging for oral solid drug products. The facility has capacity to produce up to 50 million units per year for oral solid dosage form.
- We have a large molecule facility for which we have successfully passed inspections to manufacture supplies for certain product candidates. The facility has a biological drug substance and drug product production line with an annual production capacity of up to 12 to 22 clinical batches, each batch for 200L or 1000L.

# BUSINESS

Our two manufacturing facilities comply with both the PRC or PIC/S drug manufacturing standards. We procure our manufacturing equipment from leading domestic and international suppliers.

We believe our two manufacturing facilities are sufficient to support our commercial and clinical needs and our business growth in the near term.

## CMOs

We have engaged a limited number of external CMOs to produce certain drug substances and products to meet pre-clinical, clinical, and commercial requirements of our products and product candidates. For example, we have obtained the necessary licenses and engaged CMOs to locally manufacture NUZYRA in mainland China. 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 promote compliance by our CMOs with relevant regulatory requirements and internal guidelines with respect to production qualifications, facilities, and processes. When selecting our CMOs, we consider a number of factors, including their qualifications, relevant expertise, production capacity, geographic proximity, reputation, track record, product quality, reliability, and proposed terms for the production arrangement. Our CMOs provide services to us on a short-term and project-by-project basis. Our agreements with CMOs typically specify requirements, including product quality or service details, technical standards or methods, delivery terms, agreed price and payment, and product inspection and acceptance criteria. Our CMOs procure the necessary raw materials.

## Suppliers

Our suppliers may consist of (i) third-party licensors from which we have licenses for commercial products and product candidates; (ii) suppliers of raw materials in our supply chain; and (iii) CROs to support our clinical trials.

- **Licensors:** We are dependent on some of our third-party partners for the manufacture and supply of certain of our commercial products and product candidates. For example, we source VYVGART and VYVGART Hytrulo from argenx, OPTUNE from NovoCure, QINLOCK from Deciphera, XACDURO from Innoviva, AUGTYRO from BMS, and TIVDAK from Pfizer.
- **Other Suppliers:** We are dependent on third parties for certain raw materials in our supply chain. For example, we obtain raw materials for our clinical trial activities from multiple suppliers who we believe have sufficient capacity to meet our demands. We also believe we would have access to adequate alternative sources for such supplies, if needed. 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 experience price fluctuations associated with our raw materials, we have not experienced material disruptions in the supply of our raw materials. We have suppliers in both China and the United States.
- **CROs:** We may depend on certain CROs to support our clinical trials.

## Quality Control and Assurance

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 our compliance with 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.

For information on risks related to our manufacturing and commercialization activities as well as our reliance on third parties, including our third-party partners, CMOs, and suppliers, see *Risk Factors*.

## COMPETITION

Competition in the biopharmaceutical industry is intense. There are many companies, including biotechnology and pharmaceutical companies, engaged in developing products for the approved indications of our commercial products 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 established 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, motivating, and retaining global leaders and top talent to support our research, development, and commercial activities.

Competition among approved products 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 can 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, and pricing pressure on, our commercial products. The development of new or improved treatment options or standards of care in our therapeutic areas could reduce or 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.

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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.

For information on significant risks we face from competition, see *Risk Factors*.

## 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.

## RISK MANAGEMENT AND INTERNAL CONTROL

We are committed to acting ethically, which includes identifying and responsibly managing risk. As a result, we have adopted a consolidated risk management methodology and program, which includes three lines of defense for risk management that identify, assess, evaluate, and monitor key risks associated with our strategic objectives on an on-going basis. We have also established a risk governance structure that includes oversight by the Board of Directors, the Audit Committee, and management. Management oversight includes a Risk Coordination Council that is comprised of leaders of governance and quality functions along with operational line leaders and serves as a forum to discuss and monitor risks across the organization as well as other regional, divisional, or functional risk management committees or working groups, as deemed appropriate.

We conduct an annual enterprise risk assessment to identify our top tier risks and, based on that assessment, will develop an enterprise risk management strategy and plans to manage those risks. Our risk management strategy takes into account various factors including our corporate strategic goals and objectives, our risk tolerance levels and thresholds, and applicable legal and regulatory requirements. We also develop and implement risk strategies for new or evolving risks during the year, as deemed appropriate. Management discusses with the Board of Directors or the Audit Committee the results of its annual enterprise risk assessments as well as its enterprise risk management methodology and guidelines and key risk-related developments.

The following provides additional information on our three lines of defense:

- **First Line of Defense:** Our business functions are primarily responsible for identifying and evaluating risks in their areas of responsibility and for developing and implementing a risk management program, including appropriate controls and procedures, to monitor, manage, and communicate to management key information with respect to these risks. Such risk management program should be consistent with our corporate business objectives and should adhere to risk policies, controls, and guidelines established by management and the Board of Directors or Audit Committee, including risk tolerance levels. Our business functions are also responsible for monitoring ongoing risks in their areas and communicating to management, as appropriate.

- **Second Line of Defense:** Our Legal and Ethics and Compliance functions oversee implementation of our enterprise risk management program and monitoring of business activities aligned with the risk outcomes identified during the annual risk assessment process. For example, our Chief Legal Officer is responsible for developing and updating our enterprise risk management program and targets; reviewing and approving management or mitigation plans for major risk management issues; overseeing implementation of risk management measures; providing guidance and support on our risk management approach to the relevant departments in the Company; and reporting to management, the Board of Directors, and the Audit Committee, as deemed appropriate.
- **Third Line of Defense:** Our Internal Audit function is responsible for evaluating the design, adequacy, operational effectiveness, and efficiency of our enterprise risk management program, including our risk governance structure, processes for enterprise risk identification and management, and risk control processes.

The following provides additional information on certain components of our risk governance structure:

- **Risk Coordination Council:** The Risk Coordination Council, which is comprised of governance function leaders as well as business operations leaders, provides a forum to discuss and identify, monitor, and manage risks across the organization. Potential risks identified through this forum are escalated and managed at the functional line level and communicated directly to executive leadership and/or the Audit Committee, as deemed appropriate.
- **Audit Committee:** The Audit Committee is responsible for assisting the Board of Directors in its oversight of the Company's risk management and internal controls; the integrity of our financial statements; compliance with applicable legal and regulatory requirements; the qualifications, independence, and performance of our auditors; and our internal audit and compliance functions.
- **Board of Directors:** The Board of Directors oversees the management of risks inherent in the operation of our business and the implementation of our business strategies and is responsible for overseeing our enterprise risk management and internal control system and reviewing its effectiveness. The Board of Directors performs its oversight role through several different levels of review. For example, management reports to the Board on our business strategies, operations, and corporate functions, and each of the Board's Committees reports to the Board on the risks within their areas of responsibility.

## INVESTMENT RISK MANAGEMENT

To help meet our liquidity needs without significantly increasing our risk, we have an investment policy, which was approved by the Audit Committee and provides guidelines and specific instructions for 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 considering a number of factors, including, but not limited to, our cash flow levels, operational needs, and capital expenditures; the macro-economic environment; general market conditions; and the expected profit or potential loss of the investment. In accordance with our investment policy, we may engage in short-term investments with surplus cash on hand. Our investment portfolio primarily consists of time deposits. We are prohibited from investing in high-risk products, and proposed investments must not interfere with our business operations or capital expenditures.

# BUSINESS

## DIVIDENDS AND OTHER DISTRIBUTIONS

Zai Lab Limited is 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 holders of our ADSs or to service any debt we may incur. If any of our Chinese subsidiaries incur debt on their own behalf in the future, the instruments governing such debt may restrict their ability to pay dividends to us. To date, there have not been any such dividends or other distributions from our Chinese subsidiaries to our subsidiaries located in or outside of mainland China. In addition, as of the date of this report, none of our subsidiaries have ever issued any dividends or distributions to us or their respective shareholders in or outside of mainland China, and neither Zai Lab Limited nor any of our subsidiaries has ever directly or indirectly paid dividends or made distributions to U.S. investors. Zai Lab (Shanghai) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received \$466.5 million in capital contributions via 24 separate contributions from Zai Lab (Hong Kong) Limited, its sole shareholder, domiciled outside of mainland China, from 2014 to 2025 to fund its business operations in mainland China. Zai Lab International Trading (Shanghai) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received RMB1.0 million in capital contributions via contributions from Zai Lab (Shanghai) Co., Ltd., its sole shareholder, in 2019 to fund its business operations in mainland China. Zai Lab (Suzhou) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received RMB166.5 million in capital contributions via ten separate contributions from Zai Lab (Hong Kong) Limited, its sole shareholder, domiciled outside of mainland China, from 2015 to 2019 to fund its business operations in mainland China. Zai Lab Trading (Suzhou) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received RMB1.0 million in capital contributions via contributions from Zai Lab (Suzhou) Co., Ltd., its sole shareholder, in 2020 to fund its business operations in mainland China. Zai Biopharmaceutical (Suzhou) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received \$15.0 million in capital contributions via four separate contributions from Zai Lab (Hong Kong) Limited, its sole shareholder, domiciled outside of mainland China, from 2017 to 2018 to fund its business operations in mainland China. Zai Lab (Zhejiang) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received \$10.0 million in capital contributions via contribution from Zai Lab (Hong Kong) Limited, its sole shareholder, domiciled outside of mainland China, in 2025 to fund its business operations in mainland China. In the future, cash proceeds raised from our overseas financing activities may be transferred by us to our Chinese subsidiaries via capital contributions, shareholder loans or intercompany loans.

According to Chinese laws and regulations, our Chinese subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with Chinese accounting standards and regulations. In addition, each of our Chinese subsidiaries is required to set aside at least 10% of its accumulated after-tax profits, if any, each year to fund a certain statutory reserve fund until the aggregate amount of such fund reaches 50% of its registered capital. Where the statutory reserve fund is insufficient to cover any loss the Chinese subsidiary incurred in the previous financial year, its current financial year's accumulated after-tax profits shall first be used to cover the loss before any statutory reserve fund is drawn therefrom. Such statutory reserve funds and the accumulated after-tax profits that are used for covering the loss cannot be distributed to us as dividends. At their discretion, our Chinese subsidiaries may allocate a portion of their after-tax profits based on Chinese accounting standards to a discretionary reserve fund.

Renminbi, or RMB, is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our Chinese subsidiaries to use their potential future RMB revenues to pay dividends to us. The Chinese government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of mainland China. Shortages in availability of foreign currency may then restrict the ability of our Chinese subsidiaries to remit sufficient foreign currency to our offshore entities for those offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. RMB is currently convertible under the “current account,” which includes dividends and trade- and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and foreign debt (which may be denominated in foreign currency or RMB), including loans we may secure for our Chinese subsidiaries. Currently, our Chinese subsidiaries may purchase foreign currency for settlement of current account transactions, including payment of dividends to us, without the approval of the SAFE by complying with certain procedural requirements. However, the relevant Chinese governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. The Chinese government may continue to strengthen its capital controls, and additional restrictions and substantial vetting processes may be instituted by the SAFE for cross-border transactions falling under both the current account and the capital account. Any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of mainland China or pay dividends in foreign currencies to holders of our securities. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant Chinese governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries. See *Risk Factors* for a detailed discussion of the Chinese legal restrictions on the payment of dividends, our ability to transfer cash within the Company, and the potential for holders of our securities to be subject to Chinese taxes on dividends paid by us in the event we are deemed a Chinese resident enterprise for Chinese tax purposes.

### AVAILABLE INFORMATION

We file reports and other information with the SEC and the Hong Kong Stock Exchange. We make available on our website our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and all other SEC reports and amendments to those reports. Additionally, we make available on our website our securities filings with the Hong Kong Stock Exchange. We make this information available on 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 Hong Kong Stock Exchange, as applicable.

We use our website as a means of disclosing material non-public information — including information on our products; business activities and partnerships; research; Trust for Life strategy, commitments, and reports; and other events and developments — and for complying with our disclosure obligations under Regulation FD. Our website address is [www.zailaboratory.com](http://www.zailaboratory.com). We do not incorporate the information on or accessible through our website into this report, and you should not consider any information on, or that can be accessed through, our website as part of this report.

# RISK FACTORS

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*The following section includes the most significant factors that we believe may adversely affect our business and operations. You should carefully consider these risks and other information contained in this report and our other filings with the SEC before deciding to invest in our securities. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could also adversely affect our business and operations.*

## **RISKS RELATED TO DOING BUSINESS IN CHINA**

### **Uncertainties in the Chinese legal system could materially and adversely affect us.**

The Chinese government has promulgated a comprehensive system of laws and regulations governing economic matters. Although such legislation has enhanced protections afforded to foreign investments in mainland China, mainland China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in mainland China. In particular, the Chinese legal system is based on written statutes and prior court decisions have limited value as precedents. Since these laws and regulations are relatively new and the Chinese legal system continues to evolve, the interpretations of many laws, regulations, and rules may not be uniform and enforcement of these laws, regulations, and rules involves uncertainties. These uncertainties may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims. In addition, the regulatory uncertainties may be exploited through unmerited or frivolous legal actions or threats in attempts to extract payments or benefits from us. Furthermore, the Chinese legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all and may have a retroactive effect. As a result, we may not be aware of our violation of any of these policies and rules until after an alleged violation has occurred. In addition, any administrative and court proceedings in mainland China may be protracted, resulting in substantial costs and diversion of resources and management attention.

Chinese state regulators have focused on enhancing enforcement against illegal activities in the securities markets and promoting the development of capital markets, which, among other things, requires the relevant governmental authorities to strengthen cross-border oversight of law-enforcement and judicial cooperation, to enhance supervision over Chinese companies listed overseas, and to establish and improve the system of extraterritorial application of the Chinese securities laws. There are uncertainties with respect to how soon legislative or administrative regulation-making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on companies like us. It is especially difficult for us to accurately predict the potential impact on the Company of new legal requirements in mainland China because the Chinese legal system is a civil law system and, unlike common law systems, prior court decisions have limited precedential value. Uncertainties with respect to the scope and interpretation of existing laws, rules, and regulations in China, as well as future laws, rules, and regulations or amendments to such laws, rules, and regulations, may adversely affect our business and results of operations.

**Changes in relations between the United States and China, as well as relations between China and other countries, may adversely impact our business, financial condition, and results of operations.**

The U.S. government, including the SEC, has made statements and taken certain actions that have impacted, and may continue to impact, companies like us with a substantial presence in China, including by imposing tariffs affecting certain products manufactured in China, imposing certain sanctions and restrictions in relation to China, and issuing statements indicating enhanced review of companies with significant China-based operations or the possibility of legislation that restricts or prohibits U.S. investment in certain companies operating in China. The Chinese government has, from time to time, responded by imposing its own tariffs, trade restrictions, and other regulations in response. It is unknown whether and to what extent new legislation, executive orders, tariffs, laws, or regulations will be adopted by the United States or China, or the effect that any such actions would have on companies with a significant presence in mainland China, our industry, or us. We conduct pre-clinical and clinical activities and have significant business operations in mainland China. Any unfavorable legislation, laws, regulations, executive orders, government policies on cross-border relations and/or international trade, including increased scrutiny on companies with significant China-based operations, capital controls, or tariffs, may have an adverse effect on our business, financial condition, and results of operations, such as by affecting the competitive position of our commercial products and product candidates, the hiring of scientists and other research and development personnel, the demand for or our ability to sell our commercial products, the import or export of raw materials in relation to drug development, our ability to raise capital, and the market price of our securities. For example, the U.S. Department of Justice recently issued a new rule which is intended to prevent designated countries of concern, including China, from gaining access to certain categories of sensitive U.S. data, including biometric or “human omic data” such as human genomic data, proteomic data, epigenomic data, and transcriptomic data, by prohibiting or restricting specified data transactions.

**The Chinese government may intervene in or influence our business, which could result in a material change in our operations, strategy, research and development activities, commercial activities, business, financial condition, results of operations, prospects, and the value of our securities.**

The Chinese government has significant oversight and discretion over the conduct of our business and may intervene or influence our operations at any time as the government deems appropriate to further regulatory, political, and societal goals. The Chinese government has published policies that significantly affect certain industries, such as the education and internet industries, and it may in the future release regulations or policies regarding the life sciences industry that could require us to seek permission from Chinese authorities to continue to operate our business or that may affect our strategy, research and development activities, or commercial activities, which may adversely affect our business, financial condition, results of operations, prospects, and the value of our securities, including potentially making those securities worthless. Furthermore, recent policies adopted by the Chinese government have increased the government’s oversight and control over securities offerings of companies with significant operations in mainland China that are to be conducted in foreign markets, including the United States, as well as foreign investment in China-based issuers. Any further action by the Chinese government could significantly limit or completely hinder our ability to offer or continue to offer our securities to our investors and could cause the value of our securities to significantly decline or become worthless.

## RISK FACTORS

### **Because the majority of our operations are in mainland China, there have been concerns regarding oversight of audits of our financial statements filed with the SEC.**

In recent years, the U.S. Congress and regulatory authorities have expressed concerns about challenges in their oversight of financial statement audits of U.S.-listed companies with significant operations in mainland China and with auditors located in mainland China. For example, inspections by the PCAOB of auditors located in mainland China and Hong Kong have at times identified deficiencies in those auditors' audit procedures and quality control procedures, and limitations on the ability of the PCAOB to inspect or investigate auditors in mainland China or Hong Kong could deprive investors of the benefits of PCAOB inspections. This focus on access to audit and other information for companies with substantial operations in China has resulted in legislation, such as the HFCAA which requires the SEC to identify issuers that have filed an annual report with an audit report issued by a registered public accounting firm that is located in certain foreign jurisdictions and to prohibit any issuers so identified by the SEC for two consecutive years from trading their securities on a national securities exchange or over-the-counter market in the United States. In the past, we have used auditors located in mainland China; however, in May 2022, the Company engaged KPMG LLP, an auditor located in the United States that is inspected by the PCAOB, as our independent registered public accounting firm, and KPMG LLP has been our auditor for all of the periods presented in this report. Although we are not currently at risk of delisting pursuant to the HFCAA, our ability to access the U.S. capital markets and the market price of our securities could be adversely affected as a result of new legislation, different interpretations of existing legislation, or the anticipated negative impacts of legislative or executive or regulatory actions upon, or negative investor sentiment toward, companies with significant operations in mainland China and Hong Kong that are listed in the United States.

### **We may be subject to additional approval, filing, and compliance obligations with Chinese authorities in connection with our engagement of KPMG LLP, a U.S. auditor that is subject to PCAOB inspection.**

In the first quarter of 2023, the CSRC adopted the Archives Rules. According to the Archives Rules, we may be required to complete certain approval, filing, and regulatory procedures if it becomes necessary for us to disclose or provide to KPMG LLP, our U.S. auditor that is subject to inspection by the PCAOB, any documents or materials relevant to KPMG LLP's audit that are deemed to have a sensitive impact (i.e., be detrimental to national security or the public interest if divulged) or contain state secrets or governmental authority work secrets. Under those circumstances, KPMG LLP would also be required to abide by corresponding approval, filing, and compliance procedures. Due to the lack of further interpretation, we are not certain about the scope of materials that would be deemed to have a sensitive impact or contain state or governmental authority work secrets.

**We are subject to extensive data protection, privacy, and information security laws, regulations, and policies in China. Compliance with such laws, rules, and regulations, and any other future laws and regulations in these areas, may entail significant expenses and could materially affect our business and results of operations, including as a result of government enforcement actions and significant penalties.**

We are subject to extensive data protection, privacy, and information security laws, rules, and regulations in China, such as the Data Security Law, Cyber Security Law, Cybersecurity Review Measures, Personal Information Protection Law, Regulation on the Administration of Human Genetic Resources, Biosecurity Law, and Security Assessment Measures. These laws, rules, and regulations require us to take certain measures to promote the security of our networks and data stored on our networks (including with respect to collection, storage, processing, and transfer), to monitor and manage related risks, and to disclose certain incidents to affected parties and appropriate regulators. Establishing and maintaining such systems and complying with such requirements, which are regularly updated and clarified through the issuance of additional guidance, takes substantial time, effort, and cost. These laws, rules, and regulations also impose certain requirements on, and may limit our ability to, transfer certain data, such as personally identifiable information of persons located within mainland China and de-identified or anonymized health data for clinical trials, outside of China, including to our third-party partners and foreign law enforcement agencies or judicial authorities without prior approval by the Chinese government. Certain violations of these laws, rules, and regulations could lead to enforcement actions, significant fines, and/or criminal, civil, or administrative penalties. If we are not able to transfer data outside of mainland China to comply with our contractual requirements or requirements of judicial or law enforcement authorities outside of mainland China, as a result of our requirements in China, it could materially and adversely affect our business and operating results.

Although we believe we are compliant with our material legal obligations in these areas, the interpretation, application, and enforcement of these laws, rules, and regulations may evolve over time or change. Our compliance with such existing laws, rules, and regulations, or any future related laws and regulations, could significantly increase our compliance costs, require significant changes to our operations, result in suspensions or delays of our clinical trials or impair our ability to initiate new clinical trials, or even prevent us from providing certain products in jurisdictions in which we currently operate or may in the future wish to operate. Any actual or perceived failure on our part to comply with such laws, regulations, or obligations relating to privacy, data protection, information security, or national security in China could result in investigations, fines, suspension, or other penalties by Chinese government authorities and private claims or litigation, any of which could materially adversely affect our business, financial condition, results of operations, and reputation. Further, legal uncertainty created by such laws, rules, and regulations as well as recent Chinese government actions could adversely affect our ability to raise capital in the U.S. on favorable terms or at all.

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**The economic, political, and social conditions in mainland China, as well as governmental policies, could affect the business environment and financial markets in mainland China and our ability to operate our business, financial condition, results of operations, and prospects.**

A substantial portion of our operations, and all of our commercial operations, are conducted in mainland China. Accordingly, our business, financial condition, results of operations, and prospects may be significantly influenced by economic, political, legal, and social conditions in mainland China. Mainland China's economy differs from the U.S. economy in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources. While mainland China's economy has experienced significant growth, such growth has been uneven across regions and sectors. The Chinese government has implemented various measures to encourage economic development and allocation of resources. Some of these measures may benefit the overall economy in mainland China but may have a negative effect on our business. For example, our financial condition and results of operations may be adversely affected by government control, perceived government interference, and/or changes in tax, cyber and data security, capital investments, cross-border transactions, and other regulations that are currently or may in the future apply to us. Chinese regulators have from time to time announced regulatory actions aimed at providing the Chinese government with greater oversight over certain sectors of mainland China's economy, including the for-profit education and technology sectors. Although the biotech industry is already highly regulated in mainland China and there has been no indication of such actions or oversight in our sector, the Chinese government may in the future take regulatory actions that materially adversely affect our business, financial condition, results of operations, or prospects or the business environment and financial markets in mainland China more broadly.

**We are required to obtain certain approvals and licenses from Chinese authorities to operate our Chinese subsidiaries.**

The Chinese government has exercised, and may continue to exercise, substantial influence or control over virtually every sector of the Chinese economy through regulation and state ownership. For example, to conduct our business activities in mainland China, each of our Chinese subsidiaries is required to obtain a business license from the local counterpart of the SAMR. Our ability to operate in mainland China could be undermined if our Chinese subsidiaries are not able to obtain or maintain required approvals from Chinese authorities to operate in mainland China. Each of our Chinese subsidiaries has obtained a valid business license from the local counterpart of the SAMR, and no application for any such license has been denied. The central or local governments could impose new, stricter regulations or interpretations of existing regulations that could require additional expenditures and efforts on our part to comply with such regulations or interpretations. If in the future our Chinese subsidiaries do not receive or maintain required approvals, such as because we inadvertently conclude that approvals are not required or because of changes in applicable laws and regulations or interpretations of such laws and regulations, the operations of our Chinese subsidiaries, and as a result our business, results of operations, financial condition, and prospects, could be adversely affected, and the value of our securities could significantly decline or become worthless.

**Under Chinese laws and regulations, we may be required by the CSRC or other Chinese regulatory authorities to obtain approval or follow certain procedures to issue our securities to foreign investors, and we cannot predict whether or when we will be able to obtain such approval or complete such procedures.**

We are not currently required under Chinese laws and regulations to obtain prior approval or prior permission from the CSRC or any other Chinese regulatory authority to issue securities to foreign investors, and we do not believe we will be required to submit an application to the CSRC for our previous issuances of securities to foreign investors. Under recent guidelines, however, we are required to submit filings to the CSRC following the submission of future overseas listings and the completion of future offerings of our equity securities to foreign investors, including for future securities offerings in the same overseas markets as our previous issuances. For example, we were required to file with the CSRC with respect to the registered offering of our ADSs in November 2024. If, for any reason, we were to fail to obtain any approvals or to complete any filings or other procedures required by the CSRC or other Chinese regulatory authorities, future offerings of our equity securities to foreign investors may be delayed or prevented or we may face sanctions, fines, and/or other penalties; limitations on our ability to pay dividends outside of mainland China; limitations on our operations in mainland China; delays or restrictions on the repatriation of the proceeds from our public offerings into mainland China; or other actions that could have a material adverse effect on our business, financial condition, results of operations, and prospects.

**We may be exposed to liabilities under anti-corruption, anti-bribery, and anti-fraud laws in China and the United States, including the FCPA, and any allegation, investigation, or determination that we, or our employees or contracted third parties, have violated such laws could have a material adverse effect on our business or reputation.**

We, our employees, and our contracted third parties are subject to anti-corruption laws in China and the United States, including the FCPA, which generally prohibit, among other things, making improper payments to government officials for the purpose of obtaining or retaining business, and Chinese laws governing competition, which prohibit commercial bribery. In addition, we, our employees, and our contracted third parties are subject to laws targeted at medical insurance and other fraud in China and the United States. Although we have implemented controls and procedures to promote compliance with such laws by our Company, employees, and contracted third parties, any failures to comply may harm our business and reputation and may cause us to incur criminal or civil liabilities, penalties, sanctions, and/or other significant expenses, which may have a material adverse effect on our business, financial condition, results of operations, and prospects. For example, under certain circumstances, a pharmaceutical company's products may not be purchased by public medical institutions if that pharmaceutical company is involved in a criminal investigation or administrative proceeding related to bribery.

In addition, Chinese authorities have become increasingly active in enforcing laws affecting the pharmaceutical industry. Specifically, the Chinese authorities have recently increased anti-bribery and anti-fraud efforts to address improper payments and other benefits received by physicians, staff, hospital administrators, and other individuals in connection with the sales, marketing, and purchase of pharmaceutical products. The scope and intensity of such recent anti-corruption and medical insurance fraud enforcement efforts in China have led to increased uncertainty in the healthcare industry, which have impacted and may continue to impact hospital and physician practices. Such uncertainty, and related evaluations and adjustments by hospitals and physicians and other market participants, may adversely affect our business and results of operations.

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Furthermore, we have been, and may in the future be, involved in inquiries or investigations by Chinese authorities as part of these enforcement efforts or otherwise. Although we have not experienced a material adverse impact to the Company from such an inquiry or investigation to date, there can be no such assurance that such inquiries or investigations will not have a material adverse effect on our business, reputation, or operations in the future. For example, there have been public reports of recent investigations by Chinese authorities in relation to alleged medical insurance fraud and potential violations of China's data privacy and other laws by a number of persons affiliated with AstraZeneca. Certain of our former and current employees were formerly employed with AstraZeneca. Some of our current and former employees in our ZEJULA sales team are under criminal investigations by Chinese authorities in their personal capacity and have been detained for questioning or otherwise under police compulsory measures in connection with alleged medical insurance fraud, a crime under Chinese law that can be prosecuted only against individuals and not against companies. Such investigations, allegations, and the reporting thereof, and any potential enforcement actions, formal convictions, or administrative penalties or fines in connection therewith, may materially adversely affect our business and reputation. In addition, such investigations may lead to additional allegations or findings or may implicate or expand to additional employees. There can be no assurance that such allegations or investigations will not result in a material adverse effect on our business.

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

The ability of our Chinese subsidiaries to exchange currency 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 SAFE. For example, if we finance our Chinese subsidiaries by means of foreign debt from us or other foreign lenders, the amount is not allowed to 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 the SAMR or its local branch, reporting of foreign investment information with the MOFCOM, or registration with other governmental authorities in mainland China.

In light of the various requirements imposed by Chinese regulations on loans to, and direct investment in, China-based entities by offshore holding companies, we may not 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 approvals, 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 or expand our business.

**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 adverse effect on our business operations.**

Zai Lab Limited is 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 holders of our securities or to service any debt we may incur. Certain of our Chinese subsidiaries have incurred debt on their own behalf, and these or others may do so in the future. The instruments governing such debt may restrict their ability to pay dividends to us. To date, there have not been any such dividends or other distributions from our Chinese subsidiaries to our subsidiaries located in or outside of mainland China. In addition, none of our subsidiaries have issued any dividends or distributions to us or their respective shareholders in or outside of mainland China, and neither we nor any of our subsidiaries have directly or indirectly paid dividends or made distributions to U.S. investors. Zai Lab (Shanghai) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received \$466.5 million in capital contributions via 24 separate contributions from Zai Lab (Hong Kong) Limited, its sole shareholder, domiciled outside of mainland China, from 2014 to 2025, to fund its business operations in mainland China. Zai Lab International Trading (Shanghai) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received RMB1.0 million in capital contributions via contributions from Zai Lab (Shanghai) Co., Ltd., its sole shareholder, in 2019 to fund its business operations in mainland China. Zai Lab (Suzhou) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received RMB166.5 million in capital contributions via 10 separate contributions from Zai Lab (Hong Kong) Limited, its sole shareholder, domiciled outside of mainland China, from 2015 to 2019 to fund its business operations in mainland China. Zai Lab Trading (Suzhou) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received RMB1.0 million in capital contributions via contribution from Zai Lab (Suzhou) Co., Ltd., its sole shareholder, in 2020 to fund its business operations in mainland China. Zai Biopharmaceutical (Suzhou) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received \$15.0 million in capital contributions via 4 separate contributions from Zai Lab (Hong Kong) Limited, its sole shareholder, domiciled outside of mainland China, from 2017 to 2018 to fund its business operations in mainland China. Zai Lab (Zhejiang) Co., Ltd., an operating subsidiary of ours that is domiciled in mainland China, received \$10.0 million in capital contributions via contribution from Zai Lab (Hong Kong) Limited, its sole shareholder, domiciled outside of mainland China, in 2025 to fund its business operations in mainland China. In the future, cash proceeds raised from our overseas financing activities may be transferred by us to our Chinese subsidiaries via capital contributions, shareholder loans or intercompany loans, as the case may be.

According to Chinese laws and regulations, our Chinese subsidiaries may pay dividends only out of their respective accumulated profits as determined in accordance with Chinese accounting standards and regulations. In addition, each of our Chinese subsidiaries is required to set aside at least 10% of its accumulated after-tax profits, if any, each year to fund a certain statutory reserve fund, until the aggregate amount of such fund reaches 50% of its registered capital. Where the statutory reserve fund is insufficient to cover any loss the Chinese subsidiary incurred in the previous financial year, its current financial year's accumulated after-tax profits shall first be used to cover the loss before any statutory reserve fund is drawn therefrom. Such statutory reserve funds and the accumulated after-tax profits that are used for covering the loss cannot be distributed to us as dividends. At their discretion, our Chinese subsidiaries may allocate a portion of their after-tax profits based on Chinese accounting standards to a discretionary reserve fund.

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RMB is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our Chinese subsidiaries to use their potential future RMB revenues to pay dividends to us. The Chinese government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of mainland China. Shortages in availability of foreign currency may then restrict the ability of our Chinese subsidiaries to remit sufficient foreign currency to our offshore entities for those offshore entities to pay dividends or make other payments or otherwise to satisfy our foreign-currency-denominated obligations. RMB is currently convertible under the “current account,” which includes dividends, trade, and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and foreign debt (which may be denominated in foreign currency or RMB), including loans we may secure for our Chinese subsidiaries. Currently, our Chinese subsidiaries may purchase foreign currency for settlement of current account transactions, including payment of dividends to us, without the approval of the SAFE by complying with certain procedural requirements. However, the relevant Chinese governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. The Chinese government may continue to strengthen its capital controls, and additional restrictions and substantial vetting processes may be instituted by the SAFE for cross-border transactions falling under both the current account and the capital account. Any existing and future restrictions on currency exchange may limit our ability to utilize revenue generated in RMB to fund our business activities outside of mainland China or pay dividends in foreign currencies to holders of our securities. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant Chinese governmental authorities. This could affect our ability to obtain foreign currency through debt or equity financing for our subsidiaries.

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

Our shareholders that are residents of mainland China are required to register with local branches of the SAFE or competent banks designated by the 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, being considered a “special purpose company.” If such shareholders do not complete their registration with the local SAFE branches or otherwise fail to comply with the SAFE registration requirements, 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 requirements could result in liability under Chinese law for circumventing applicable foreign exchange restrictions. As a result, our business operations and ability to distribute profits could be materially and adversely affected.

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

Chinese regulations establish certain additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, companies must notify the MOFCOM 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 security, (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or Chinese time-honored brand, or (iv) such transaction involves 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. In the future, we may grow our business by acquiring complementary businesses. Complying with the necessary notification and review requirements to complete such transactions may be time consuming, and our ability to obtain any necessary approvals, such as from the MOFCOM or its local counterparts, may delay or prevent our ability to complete such transactions. It is unclear whether our business would be deemed to be in an industry that raises national security concerns. If our business is deemed to be in an industry subject to national security review, our future acquisitions in mainland China may be closely scrutinized or prohibited, and our ability to expand our business through future acquisitions would be materially and adversely affected.

**Completing the necessary inspection and approval processes for our Chinese manufacturing facilities, such as by the FDA, NMPA, and EMA, may be time consuming and costly.**

As part of obtaining required regulatory approvals for our product candidates, such as by the NMPA in mainland China, FDA in the United States, and EMA in the EU, we will need to undergo strict pre-approval inspections of our manufacturing facilities or the manufacturing facilities of our CMOs, including those located in mainland China and elsewhere. Historically, some manufacturing facilities in mainland China have had difficulty meeting required standards. When inspecting Chinese manufacturing facilities, our regulator(s) might cite GMP deficiencies, both minor and significant. Our efforts to remediate deficiencies to the satisfaction of our regulator(s) can be laborious, time-consuming, and costly and may be unsuccessful. If we cannot satisfy our regulator(s) as to our compliance with GMP, marketing approval for our product candidates could be significantly delayed or prevented, which in turn would delay or prevent 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 business, financial condition, and results of operations.**

Local governments within mainland China have granted certain financial incentives 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. We received government grants and subsidies of \$5.9 million and \$8.2 million in 2025 and 2024, respectively. Local governments may decide to reduce or eliminate incentives that we are receiving at any time. In addition, some government financial incentives are granted on a project basis and are

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subject to the satisfaction of certain conditions, including compliance with applicable financial incentive agreements and completion of the specified projects. If we fail to satisfy the necessary conditions, we may be deprived of the relevant incentives. Any reduction or elimination of government incentives may have an adverse effect on our business, financial condition, and results of operations.

### **It may be difficult for shareholders and regulators outside of mainland China to conduct investigations or collect evidence in mainland China.**

It may be difficult for shareholders to pursue claims or for regulators outside of mainland China to conduct regulatory investigations in mainland China as a matter of law or practicality. For example, in mainland China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside of mainland China. Although authorities in mainland China may establish a regulatory cooperation mechanism with authorities of another country or region to implement cross-border supervision and administration, such cooperation with authorities in the United States may not be efficient in the absence of mutual and practical cooperation mechanisms. Furthermore, under Chinese securities laws, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities in mainland China, which may further increase difficulties shareholders may face in protecting their interests.

### **If we are classified as a Chinese 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.**

Under the EIT Law, an enterprise incorporated outside of mainland China whose “de facto management bodies” are located in mainland China is considered a “resident enterprise” and will be subject to a uniform 25% enterprise income tax, or EIT, rate on its global income.

We believe that neither Zai Lab Limited nor any of our subsidiaries outside of mainland China is a Chinese resident enterprise for Chinese tax purposes. However, the tax resident status of an enterprise is subject to determination by Chinese tax authorities, and uncertainties remain with respect to the interpretation of the term “de facto management body.” If Chinese tax authorities determine that Zai Lab Limited or any of our subsidiaries outside of mainland China is a Chinese 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 mainland China, a 25% EIT on its global income may increase our tax burden.

In addition, if Zai Lab Limited is classified as a Chinese 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 mainland China. Furthermore, gains derived by our non-Chinese individual shareholders from the sale of our securities 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 Chinese resident enterprise. If any Chinese tax were to apply to such dividends, it would generally apply at a rate of 20%. Chinese tax liability may vary under applicable tax treaties. However, it is unclear whether our non-Chinese

shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and mainland China in the event that Zai Lab Limited is treated as a Chinese resident enterprise.

**We and our shareholders may face tax consequences and other requirements in mainland China with respect to indirect transfers of equity interests in Chinese resident enterprises.**

The indirect transfer of equity interests in Chinese resident enterprises by a non-Chinese resident enterprise, or Indirect Transfer, is potentially subject to income tax in mainland 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 Chinese State Administration of Taxation has issued several rules and notices to tighten scrutiny over such acquisition transactions in recent years and has provided certain factors and criteria that will be considered in determining whether an indirect transfer has a bona fide commercial purpose. Failure to withhold and remit required taxes may result in tax liability and a penalty of 50% to 300% of the unpaid tax.

It is unclear how these rules and regulations affect future private equity financing transactions, share exchange, or other transactions involving the transfer of shares in Zai Lab Limited 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. As a result, we may be required to expend valuable resources to determine whether we or our non-Chinese resident investors are subject to filing, withholding, or tax obligations for certain transactions, such as offshore restructuring transactions or acquisition transactions, and to otherwise comply with these rules and regulations. This may have a material adverse effect on our financial condition, results of operations, and ability to complete such transactions with non-Chinese resident investors.

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

The CFIUS has jurisdiction over investments in which a foreign person acquires 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 U.S. President block a transaction.

In September 2022, President Biden issued an executive order to instruct CFIUS to consider national security factors when evaluating transactions, specifically a deal's effect on critical U.S. supply chains, U.S. technological leadership in biotechnology and biomanufacturing, cybersecurity risks, or risks to U.S. persons' sensitive data. As a result, companies with significant operations in China will likely face heightened regulatory scrutiny from CFIUS in conducting acquisition of U.S. biotech companies.

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### **Changes in United States and international trade policies and relations, particularly with regard to China, may adversely impact our business, financial condition, and results of operations.**

The U.S. government has recently made statements and taken certain actions that have led to changes to United States and international trade policies and relations, including imposing several rounds of tariffs affecting certain products manufactured in China and imposing certain sanctions and restrictions in relation to China. The Chinese government has, from time to time, responded by imposing its own tariffs, sanctions, and restrictions in response. 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 pre-clinical and clinical activities and have business operations both in the United States and mainland China, and any unfavorable government policies on international trade, such as capital controls or tariffs, may affect the demand for our products, the competitive position of our products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development or may prevent us from selling our products in certain countries. If any new tariffs, legislation, executive orders, and/or regulations are implemented, existing trade agreements are renegotiated, or the U.S. or Chinese government takes retaliatory actions due to 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 mainland China any judgments obtained from foreign courts.**

Zai Lab Limited is a company organized under the laws of the Cayman Islands, and a substantial portion of our assets and operations are located in mainland 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, and a substantial portion of their assets is located outside of the United States and Hong Kong. As a result, it may be difficult to effect service of process within the United States or Hong Kong upon these persons, or to bring an action against us or these individuals in the United States or Hong Kong in the event of a disagreement, under federal securities laws, or otherwise. Even if a third party successfully obtains a foreign judgment against us or these individuals, the laws of the Cayman Islands and mainland 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 mainland China would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of securities laws of the United States or any state.

Although there are some protections with respect to enforcement in mainland China of judgments rendered by Hong Kong courts as a result of reciprocal recognition and enforcement of judgment arrangements, mainland 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. In addition, according to PRC Civil Procedures Law, mainland 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. Hence, the recognition and enforcement in mainland 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.

**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 OUR FINANCIAL POSITION**

**We have incurred significant losses since our inception and anticipate that we will continue to incur losses for at least the next few quarters. If we are unable to generate sufficient revenue from our commercial products, on the anticipated timeline or at all, at a level that more than offsets our expenses, we will be unable to achieve or maintain profitability.**

We currently have seven commercial programs with products that are approved and marketed for certain indications in mainland China, and we are pursuing regulatory approval of new products and additional indications for our existing products in our global and regional pipelines. 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 revenues from the sales of our commercial products and offerings on Nasdaq and the Hong Kong Stock Exchange, including a registered offering of our ADSs in November 2024, as well as private placements. Although our annual product revenues have been increasing for the last few years and we continue to focus on efficiency and productivity, we continue to incur significant development, commercialization, and other expenses related to our ongoing operations. As a result, we have incurred net losses since our inception, including \$175.5 million for 2025. If we are unable to generate sufficient revenue from sales of our approved commercial products, on our anticipated timeline or at all, at a level that more than offsets our expenses, we will be unable to achieve or maintain profitability.

There are several factors that could impact our ability to achieve and maintain profitability, including the success and costs of our commercial products; our ability to obtain approvals for and commercialize new products or additional indications for existing products and costs of our clinical trials; our ability to build and strengthen our pipeline through internal discovery and business development activities and costs related to any related license and collaboration arrangements; the costs and efficiency of our commercial and R&D teams and other personnel; and our ability to overcome unforeseen challenges or absorb unforeseen expenses that may adversely affect our business. Our failure to become and remain profitable would decrease the value of the Company or our securities and could impair our ability to raise capital, maintain our research and development and commercialization efforts, or expand or maintain our business.

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**We may seek additional funding, such as for our product development programs and commercialization efforts, 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 be forced to delay, reduce, or terminate certain programs or activities.**

Since inception, we have incurred significant costs for our commercialization efforts with respect to our approved products, our research and development efforts related to our product candidates and related clinical or pre-clinical trials, our business development activities and related upfront or milestone fees or royalty payments in our license and collaboration arrangements, and other costs to develop the infrastructure and otherwise support our operations. To date, we have financed our activities primarily through revenues from the sales of our commercial products and offerings on Nasdaq and the Hong Kong Stock Exchange, including a registered offering of our ADSs in November 2024, as well as private placements. Additionally, as discussed below, we and our subsidiaries have also entered into certain debt arrangements with financial institutions in mainland China to support our working capital needs in mainland China. We may require or seek to obtain additional funding in connection with our 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 or be forced to delay, reduce, or terminate certain programs or activities.

Although we believe our cash and cash equivalents and short-term investments as of December 31, 2025 will enable us to fund our operating expenses and capital expenditure requirements for at least the next twelve months, we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- revenues from our approved commercial products and related product costs;
- the cost and timing of future commercialization activities for our products and any other product candidates for which we receive regulatory approval;
- the cost, timing, and outcome of seeking, obtaining, and maintaining regulatory approval for our products and product candidates;
- the scope, progress, timing, results, and costs of researching and developing our product candidates, including additional indications for our existing commercial products, and conducting pre-clinical and clinical trials;
- our ability to establish and maintain strategic partnerships, including collaboration, licensing, or other arrangements and the economic and other terms, timing, and success of such arrangements, such as with respect to any upfront fees, development and regulatory milestones that may be payable prior to commercialization or before we have generated revenue from the related product, and sales-based milestones or royalty payments that may be payable after commercial launch;
- 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;

- cash requirements of any future acquisitions;
- resources and costs required to promote compliance with applicable laws and regulations by us and our third-party partners;
- costs of our personnel; and
- the costs of operating as a public company in both the United States and Hong Kong.

**We and our subsidiaries have entered into debt arrangements with certain financial institutions in China, and we may in the future consider additional debt arrangements, to fund our business or working capital needs. Such debt arrangements may restrict our future operations.**

We may enter into debt arrangements with certain financial institutions to support our business and working capital needs. To date, we have entered into certain debt arrangements with Chinese financial institutions that allow certain of our wholly-owned subsidiaries to borrow up to approximately \$317.4 million (or RMB2,271.7 million) to support our working capital needs in mainland China, and Zai Lab Limited has agreed to guarantee approximately \$294.9 million (or RMB2,111.7 million) of this debt. Such debt requires us or our subsidiaries to dedicate a portion of our or their cash flow to service interest and principal payments and, if interest rates rise, this amount may increase. As a result, our existing debt may limit our ability to use our cash flow to fund capital expenditures, to engage in transactions, or to meet other capital needs. Additionally, our subsidiaries' debt service obligations may limit their ability to make future distributions to us. Our debt could also limit our flexibility to plan for and react to changes in our business or industry and may increase our vulnerability to general adverse economic and industry conditions, including a downturn in our business or the economy. This debt is denominated in RMB, and some bears interest at variable rates. As a result, increases in market interest rates and changes in foreign exchange rates could require a greater portion of our cash flow to be used to pay interest, which could further hinder our operations. We may also have difficulty refinancing our existing debt or incurring new debt on terms that we would consider commercially reasonable or at all. To the extent that we incur additional indebtedness, the foregoing risks could increase.

**We may enter into certain capital raising, business collaboration, or other arrangements that may cause dilution to our shareholders, restrict our operations, or require us to relinquish rights to our technologies or product candidates.**

We may seek business opportunities or additional funding in the future through 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, such as our registered offering of our ADSs in November 2024, 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 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

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of such issuance, may cause the market price of our securities to decline. Additionally, to finance any acquisitions, licensing arrangements, or strategic alliances, we may choose to issue our securities as consideration, which could dilute the ownership of our shareholders. 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 our rights to technologies or product candidates.

### **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 borrowers and investors. That volatility and unpredictability in the financial markets has adversely affected, and may in the future adversely affect, access to capital and credit for life sciences companies, particularly for companies like ours with significant operations in China as a result of geopolitical tensions between the United States and China or otherwise. In the event of adverse market conditions, we may be unable to obtain adequate capital or credit market financing, obtain that capital or credit on favorable terms, or access such capital or credit in the market(s) or manner most favorable to the Company.

### **Our results of operations may be adversely affected by sustained periods of increased inflation.**

The global economy, including the U.S. economy, has experienced rising inflation in recent years. We source our products, product candidates, and key materials from third parties located in the United States, including our licensors, other suppliers, and CROs. For example, we rely on argenx for VYVGART and VYVGART Hytrulo, NovoCure for OPTUNE, Deciphera for QINLOCK, Innoviva for XACDURO, and BMS for AUGTYRO. Although we have not been materially affected by inflation in the past, sustained or increased inflation may result in increased product costs or other expenses. As a result, our results of operations may be adversely affected.

## **RISKS RELATED TO OUR BUSINESS AND INDUSTRY**

### **Our ability to generate revenues is highly dependent on the success of our commercial products and our ability to obtain regulatory approvals for our product candidates.**

Our ability to generate product revenues depends on the success of our commercial products, including our current commercial products as well as new products or additional indications for our current commercial products that we may launch in the future. Our ability to successfully generate revenue from our commercial products will depend on, among other things, our ability to:

- maintain sufficient manufacturing or supply arrangements with third-party licensors or manufacturers;
- produce through a validated process or procure internally or from third-party manufacturers sufficient quantities and inventory of our commercial products;
- build and maintain sufficient internal sales, distribution, and marketing capabilities;

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- increase awareness and education for our commercial products to promote acceptance from physicians, healthcare payors, patients, and the medical community;
- improve access to, and affordability of, our commercial products, such as through NRDL listings or supplemental insurance coverage in the private-pay market;
- maintain compliance with ongoing regulatory labeling, packaging, storage, advertising, promotion, recordkeeping, safety, and other post-marketing requirements;
- manage our growth and spending as costs and expenses increase due to commercialization; and
- manage business interruptions resulting from the occurrence of any public health crisis, international war or conflict, natural disaster, extreme weather event, or other significant or catastrophic event outside of our control.

We have several product candidates in late-stage clinical development and various others in earlier stage clinical and 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 not occur on the anticipated timeline or at all. The success of our product candidates will depend on several factors, including the following:

- successful enrollment of patients in, and completion of, clinical trials and pre-clinical studies;
- 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 and efficacy 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 and/or making and maintaining necessary arrangements with third-party manufacturers or suppliers;
- obtaining, maintaining, and successfully enforcing or defending 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;
- the success of our marketing efforts and market acceptance of the product candidates by patients, the medical community, and third-party payors;

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- effectively competing with any competing products or therapies;
- obtaining and maintaining healthcare coverage and adequate reimbursement;
- successfully enforcing and defending intellectual property rights and claims; and
- maintaining a continued acceptable safety, tolerability, and efficacy profile of the product candidates following regulatory approval.

We are not permitted to market any of our products or product candidates in mainland China, the United States, the EU, or any other jurisdictions until we have received required regulatory approvals. The process to develop, obtain regulatory approval, and commercialize product candidates is long, complex, and costly and varies among countries. The successful completion of clinical trials or regulatory approval in one country does not mean that clinical trials will be successful, or regulatory approval will be obtained, in any other country. Our product candidates could be delayed in receiving, or fail to receive, regulatory approval for many reasons, including the following:

- disagreement regarding the number, design, size, conduct, or implementation of our clinical trials;
- failure to demonstrate to the satisfaction of the regulator(s) that a product candidate is safe and effective for its proposed indication, including as a result of safety issues, product recalls, or other incidents related to products approved and marketed in other jurisdictions;
- failure of CROs, clinical study sites, or investigators to comply with the ICH-good clinical practice, or GCP, requirements imposed by the regulator(s);
- failure of the clinical trial results to meet the required level of statistical significance;
- failure to demonstrate that clinical and other benefits outweigh safety risks;
- disagreement regarding the interpretation of data from pre-clinical studies or clinical trials;
- insufficient data collected from clinical trials to support the submission of an NDA, PMA, or other submission required to obtain regulatory approval in Greater China, the United States, the EU, or elsewhere;
- failure to obtain approval of the manufacturing processes for our clinical and commercial supplies;
- changes in the approval policies or regulations; and
- actions by our CROs or licensors that materially and adversely affect the clinical trials.

**If we are not successful in gaining broad acceptance of our commercial products, our business would be harmed.**

Sales of our commercial products will depend on our ability to educate and increase physician awareness of the benefits, safety, and cost-effectiveness of such products, in general and relative to any competing therapies. The degree of market acceptance of our commercial products among physicians, patients, healthcare payors, and the medical community may 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 insurance 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 effectiveness of manufacturing and supply chain;
- warnings and limitations contained in the approved labeling;
- safety concerns with respect to similar or competing products marketed by others;
- our ability to comply with regulatory post-marketing requirements;
- the market size for such product, which may be larger or smaller than expected;
- entry timing and price for any competing products; and
- our ability to manage complications or barriers that inhibit our commercial team from reaching the appropriate audience to promote our product(s), such as because of government actions or business disruptions caused by public health crises, natural disasters, extreme weather events, and other significant or catastrophic events.

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**We may not obtain regulatory approval of our product candidates, on the anticipated timeline or at all, which could delay or limit our ability to realize the full potential of our product pipeline.**

In order to market products in any given jurisdiction, we must obtain regulatory approval and comply with numerous and varying regulatory requirements regarding safety, efficacy, and quality. We have obtained approval for our current commercial products for certain indications in certain jurisdictions in Greater China. We may not obtain regulatory approval for our product candidates, including new products or additional indications for our current commercial products, on the anticipated timeline or at all, which could delay or limit our ability to realize the full potential of our pipeline.

**We have limited experience manufacturing our products and product candidates on a large clinical or commercial scale. We rely 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 business and results of operations.**

We currently manufacture, or have rights to manufacture, our internally developed products and certain of our licensed commercial products and product candidates under the terms of our licensing arrangements. We rely on our two manufacturing facilities in Suzhou to support the clinical development and commercial production of such products and product candidates, including ZEJULA and NUZYRA. If our manufacturing facilities are unable to meet our intended production capacity in a timely fashion, we may have to engage a CMO(s) for the production of clinical supplies of our products or product candidates. We may not be able to identify qualified CMOs or alternative suppliers that are able to meet our product production needs on commercially reasonable terms, in a timely manner, or at all. If we are not able to maintain sufficient quantity of our manufactured products and product candidates, our business and results of operations could be adversely affected.

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

We have two manufacturing facilities in Suzhou that have received required approvals from our regulators, and we rely on these facilities for the manufacture of clinical and commercial supply for certain of our products and product candidates. If our facilities were damaged or destroyed, or otherwise subject to disruption, 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 CMOs for an indefinite period. Any new facility needed to replace an existing production facility would need to comply with 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 have been approved. Any disruptions or delays at our facilities or their failure to comply with regulatory requirements would impair our ability to develop and commercialize certain of our products or product candidates, which may adversely affect our business and results of operations.

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

We are a commercial-stage biopharmaceutical company with a relatively limited operating history. Consequently, any predictions about our future success, performance, or prospects are subject to significant uncertainty, particularly in light of the dynamic and evolving industry in which we operate. We will encounter risks and difficulties frequently experienced by companies in our industry as we continue to expand or enhance our commercial activities. In addition, as a commercial-stage business, we may be more likely to encounter unforeseen expenses, difficulties, complications, and delays. If we do not address these risks and difficulties successfully, our business will suffer.

**We may decide to pursue a particular product, product candidate, or indication and fail to pursue other products, product candidates, or indications that may later prove to be more profitable or for which there is a greater likelihood of success.**

We may decide to focus our licensing, research and development, and commercialization programs to specific products and product candidates or to specific indications for those products and product candidates based on our expectations with respect to the potential benefits of the therapies, patient needs and the potential markets, synergies with our existing business, competitive landscape, or otherwise. We may incorrectly assess the benefits, costs, and risks for any potential product or product candidate. As a result, we may forego or delay pursuit of opportunities for other products or product candidates or for other indications that later prove to have greater commercial potential, and our resource allocation decisions may cause us to fail to capitalize on promising commercial drugs or profitable market opportunities. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may also 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. Such developments would have an adverse effect on our business, financial conditions, results of operations, and prospects.

**The market opportunities for certain of our products and product candidates may be small, such as when those opportunities are limited to patients who are ineligible for other treatment options or who have not responded to prior treatments, and our estimations with respect to these populations may be inaccurate.**

The potential markets for certain indications of our commercial products and product candidates may be small, such as when we are seeking approval of our product candidates as a later stage therapy for patients who are ineligible for other treatment options or who have not responded to prior treatments or other approved treatments. We may consider such indications or market indications as an initial entry point for certain of our product candidates or as an additional indication for our current commercial products. We may not be able to achieve such regulatory approval or to generate sufficient revenue from such opportunities to recover related costs, without obtaining regulatory approval for additional indications.

In addition, as part of our evaluation of the commercial prospects for our products and product candidates, we periodically make estimates regarding the incidence and prevalence of our target populations, including with respect to 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

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our therapies and who have the potential to benefit from treatment with our products. We also make projections regarding sales, revenues, costs, and reimbursement for our products and product candidates. We may also use such estimates in making decisions regarding our product development strategy, including business development opportunities as well as our research and development activities and the focus of pre-clinical and clinical trials. These estimates and projections are based on our beliefs, internally generated analyses, and third-party sources, and they may prove to be inaccurate or based on imprecise data. For example, the actual size of the potential market opportunity and patient population for a product or product candidate will depend on a variety of factors, including acceptance by the medical community, patient access, product pricing, reimbursement, and availability of other treatment options. Further, new studies or market data may change the estimated incidence or prevalence of these indications. The number of patients may turn out to be lower than expected, such as because patients may not be amenable to treatment with our products and product candidates or new patients may become increasingly difficult to identify or reach. All of this could significantly harm our business, financial condition, results of operations, and prospects.

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

The pharmaceutical industry in Greater China, the United States, the EU, and some other jurisdictions is subject to extensive and comprehensive regulation and oversight by numerous regulatory authorities, including with respect to approval, manufacturing, distribution, marketing, and other activities related to new drug candidates and certain other therapies and treatments.

In recent years, there have been a number of legislative and regulatory changes in our industry that could prevent or delay regulatory approval of our products and product candidates, restrict or regulate post-approval activities, and affect the commercial prospects of our products and product candidates, including in our primary market of mainland China. We expect evolution in the Chinese healthcare industry to continue. Any changes or amendments, or proposed further changes or amendments, with respect to applicable laws, rules, and regulation and supervision of the pharmaceutical industry in mainland China, including recent anti-corruption enforcement efforts, may result in uncertainties with respect to the interpretation and implementation of applicable laws and regulations and may adversely affect the development or commercialization of our products and product candidates in mainland China. Efforts to comply with these extensive regulatory requirements may involve substantial costs. If our operations were found to be in violation of applicable legal and 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.

In addition, the commercial success of our approved products depends, in part, on adequate insurance coverage and 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 reimbursement available for any approved product which could adversely affect pricing for such product. 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 adversely affect our ability to generate revenue or attain profitability for our commercial products or to successfully launch our product candidates.

**If safety, efficacy, manufacturing, or supply issues arise with any therapy or treatment that we use in combination with our products and product candidates, such as chemotherapy drugs, 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.**

Certain of our products are approved for treatment, and certain of our product candidates are being evaluated as a potential treatment, in combination with other products, such as chemotherapy drugs. For example, we have commercially launched OPTUNE GIO in combination with TMZ for the treatment of patients with newly diagnosed GBM, and we are evaluating OPTUNE as a combination therapy in pancreatic cancer. Additionally, in September 2025, the Hong Kong Department of Health approved TIVDAK for the treatment of adult patients with recurrent or metastatic cervical cancer with disease progression on or after chemotherapy. TIVDAK is currently under regulatory review for its Biologics License Application by the NMPA, which was accepted in March 2025.

If the NMPA, FDA, or another regulatory agency were to revoke its approval of any therapeutic we use in combination with our products and product candidates, we would 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 related 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 anticipated timeline or at all.

**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 drug products or medical devices 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. Some of these competitive drugs and therapies are based on scientific approaches that are 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.

Many of the companies against which we are competing or may in the future compete have significantly greater financial resources and may have additional resources or capabilities with respect to research and development, manufacturing, pre-clinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved drugs than we do. Additionally, some of our competitors may successfully adopt or use emerging technologies to enhance their clinical or business operations before we are able to do so, which could leave us at a competitive disadvantage or with higher costs relative to our peers. Mergers and acquisitions in the pharmaceutical, biotechnology, and diagnostic industries may result in resources being further concentrated among a smaller number of our competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative

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arrangements with large and established companies. These competitors also compete with us in recruiting and retaining global leaders and qualified scientific and management personnel; establishing clinical trial sites and patient registration for clinical trials; and acquiring technologies complementary to, or necessary for, our programs.

Our commercial opportunities could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient, or are less expensive than our products or if they are more successful in their marketing and distribution efforts. Our commercial opportunities also may be adversely affected if the availability of competitor products limits or reduces the prices we are able to charge for our products. Our competitors also may obtain regulatory approvals in our target markets before we do, which could allow them to establish a strong market position before we are able to enter the market. Additionally, technologies developed by our competitors may render our products or product candidates uneconomical or obsolete. We may also be adversely affected as a result of the expiration or successful challenge of our patent rights with respect to the validity and/or scope of patents relating to our competitors' products. Any such development could adversely affect our business, financial condition, results of operations, and prospects.

### **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, our product candidates must complete pre-clinical studies and extensive clinical trials to demonstrate their safety and efficacy. Clinical testing is expensive, difficult to design and implement, and can take many years to complete.

The outcomes of pre-clinical 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.

Before commencing clinical trials, we must finalize the trial design based on ongoing discussions with the NMPA for trials in mainland China, the FDA for trials in the United States, and any other applicable regulatory authorities. The regulatory authorities may subsequently change their position on the acceptability of trial designs or clinical endpoints, which could require us to complete additional clinical trials or impose unexpected additional approval conditions. Successful completion of our clinical trials is a prerequisite to submitting an NDA (or equivalent filing) to the NMPA, FDA, or other applicable regulatory authorities and to the ultimate approval and commercial launch 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 the 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 or at all or whether the clinical trial results will 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 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, such 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, 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;
- we may not be able to conduct a companion diagnostic test to identify patients who are likely to benefit from our products and product candidates in a timely manner or at all;
- 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 may be greater than we anticipate;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials 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 therapies that raise safety or efficacy concerns about our products and product candidates.

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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 applicable 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 mainland 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 government regulations or administrative actions; or lack of adequate funding to continue the clinical trial. Many of the factors that could 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 applicable 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. Our business will be adversely affected 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, 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 applicable regulatory authorities. In particular, we have designed many of our clinical trials, and expect to design future clinical 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. 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.

**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 any regulatory approval.**

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 with respect to product liability, 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 applicable regulatory authorities. For example, side effects, such as fatigue, nausea, and low blood cell levels, are common in the case of oncology products or product candidates. If trial results for our products or product candidates reveal a high and unacceptable severity and prevalence of these or other side effects, trials of our products or product candidates could be suspended or terminated, and the NMPA, FDA, or other applicable regulatory authorities could order us to cease further development 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.

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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 significant negative consequences could result, including:

- our revenue may be negatively impacted;
- our regulatory authorities may withdraw or limit their approval of such products or product candidates;
- our regulatory authorities may require the addition of labeling statements, such as a “boxed” warning or a contraindication;
- 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;
- our 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, could substantially increase the costs of commercializing our products and product candidates, if approved, and could otherwise 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 a Category 1 drug designation, it may not lead to a faster development, review, or approval process.**

The NMPA can designate innovative drugs 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 to have not been marketed anywhere in the world. Our 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 mainland China or, if granted, such designation may not lead to a 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 in mainland China which have significantly accelerated time to market for innovative drugs, the regulatory process 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 we 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 our target markets, 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 other product candidates or to in-license, acquire, or develop additional product candidates in the future.

**We continue to be subject to ongoing obligations and continued regulatory review with respect to our commercial products, 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 commercial products, we may be subject to penalties.**

After obtaining regulatory approval, our commercial products are subject to, among other things, ongoing regulatory requirements governing the labeling, packaging, promotion, recordkeeping, data management, and submission of safety, efficacy, and other post-marketing information. These requirements include submissions of safety and other post-marketing information and reports, registration, and continued compliance with cGMPs and GCPs. Such post-approval development and regulatory requirements may limit how our commercial products 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. To the extent we want to make changes to the approved products, product labeling, or manufacturing processes, we will need to submit new applications or supplements to the applicable regulatory authority and obtain their approval.

Additionally, any regulatory approvals that we receive for our products or product candidates may be subject to limitations on the approved indications for which the products may be marketed or to the conditions of approval or may contain requirements for potentially costly post-marketing studies, including Phase IV studies for the surveillance and monitoring of the safety and efficacy of the products. For example, we are collecting additional safety and efficacy data for post-market safety and efficacy analysis for OPTUNE and monitoring adverse effects related to skin irritation, and we continue to collect safety events for all approved products.

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In addition, once a product is approved by the applicable 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 applicable 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 our global leaders, including Samantha (Ying) Du, our Founder, Chief Executive Officer, and Chairperson of the Board of Directors, our executive management team, and members of our research and development and commercial teams. Although we have entered into employment agreements with our executive officers, they may terminate their employment with us at any time following a reasonable notice of not less than thirty days. We do not maintain “key person” insurance for any of our executives or employees.

Recruiting and retaining qualified management, scientific, clinical, manufacturing, and sales and marketing personnel is critical to our success. In addition, our management will be required to devote significant time to compliance initiatives from our dual primary listing on Nasdaq and the Hong Kong Stock Exchange. 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 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, and failure to succeed in clinical trials may make it more challenging to recruit and retain qualified scientific personnel.

**As the Company develops globally, we may increase the size and capabilities of our organization, and we may experience difficulties in managing such growth.**

As the Company develops globally, we may experience 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 future growth, we may continue to implement and improve our managerial, operational and financial systems, expand our facilities, and continue to recruit and train additional qualified personnel. 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 the attention of our management and business development resources. Any inability to manage growth could delay the execution of our business plans or disrupt our operations and could have a materially adverse effect on our business.

**We may explore additional regional or global licensing or collaboration arrangements for the development and/or commercialization of product candidates, which may expose us to significant additional costs, such as upfront fees, milestone payments, royalty payments, and the costs of related clinical or pre-clinical trials, may divert management attention or resources away from our other products and product candidates, and may expose us to additional risks of conducting business in additional international markets.**

The majority of our products and product candidates are in-licensed for development and commercialization in Greater China. We have and may in the future explore additional global or regional licensing or collaboration agreements, including in territories outside of Greater China. Efforts to enter into license or collaboration with third parties may divert our management's attention away from other corporate strategic goals or objectives, business operations, or potential acquisition or development opportunities for additional product candidates. Further, these arrangements involve significant costs, including upfront fees; development, regulatory, and sales-based milestones; and certain royalties at tiered percentage rates based on annual net sales. Such milestone payments are contingent on product performance, and upfront fees, certain development and regulatory milestones, and costs of clinical or pre-clinical trials may occur before we have commercialized or received any revenue from the related product candidate.

Moreover, international business relationships subject us to additional risks that may materially adversely affect our business, including:

- difficulty of effective enforcement of contractual provisions in other jurisdictions;
- potential third-party patent rights or potentially reduced protection for intellectual property rights;

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- unexpected changes in tariffs, trade barriers and regulatory requirements, including the loss of normal trade status between mainland 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 anti-bribery laws in mainland China, Office of Foreign Asset Control rules and regulations and the FCPA and other anti-bribery and corruption laws; and
- business interruptions resulting from geopolitical actions, including trade disputes, public health crises, international war or conflict, natural disasters, extreme weather events, and other significant or catastrophic events outside of our control.

These and other risks may materially adversely affect our business, results of operations, and financial condition.

### **We may engage in future partnerships, in-licensing arrangements, joint ventures, or other types of business acquisitions that could disrupt our business, cause dilution to holders of our securities, and harm our financial condition and operating results.**

We have engaged, and may again in the future engage, in partnership or strategic collaboration opportunities or investments, including those that require acquisitions of, or investments in, companies that we believe have products or capabilities that are a strategic or commercial fit with our current business and corporate strategic goals. In connection with such partnership or collaboration opportunities, acquisitions, or investments, we may:

- issue securities that would dilute the percentage of ownership of the holders of our securities;
- 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 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.

## RISK FACTORS

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. 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 or strategic collaborations or make other investments, such arrangements may not ultimately strengthen our competitive position or may 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;
- failure to have discovered undisclosed liabilities of the acquired asset or company;
- diversion of management's attention;
- 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, including those of the acquired entity.

We may not be able to realize the benefit of current or future collaborations, strategic partnerships, or licensed 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. Following a strategic transaction or license, we may not be able to achieve sufficient revenue or net income to justify 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 or commercialize our products and product candidates, which would harm our business, financial condition, results of operations, and prospects.

## RISK FACTORS

**We may need to significantly reduce our prices for our approved products in mainland China to be included in the NRDL for reimbursement, which could diminish our sales or adversely affect our profitability.**

The regulations that govern pricing and reimbursement for pharmaceutical drugs and devices vary widely from country to country. In mainland China, the NHSA is responsible for administering mainland China's social security system, including price negotiations with drug companies seeking to include their products in the NRDL. Such price negotiations have resulted in average price reductions ranging from around 50% to 63% over the past few years. The NHSA, together with other government authorities, review the inclusion or removal of drugs from the NRDL, and the category of the NRDL under which a drug will be classified, both of which affect the reimbursement ratio and purchase limits for patients participating in NRDL-related medical insurance coverage. These determinations are made based on a number of factors, including price and efficacy. In connection with obtaining NRDL listing for ZEJULA, VYVGART, NUZYRA, QINLOCK, and AUGTYRO for certain indications, we lowered the selling price of each product in preparation. Although NRDL listing may increase patient access to, and demand for, our commercial products, the lowered price after NRDL price negotiation could negatively affect our revenues or product margins and may not be sufficient to cover our costs, including licensing fees and research, development, manufacturing, marketing, and distribution expenses. We may also continue to experience additional pricing pressure for our products, including as a result of the centralized tender process or otherwise, which may further adversely affect our revenues or results of operations.

Prior to any potential NRDL listing, revenues for our commercial products will depend on sales that are self-paid by patients or otherwise covered by insurance in the private-pay market. Higher patient prices or lower patient access may reduce demand for, and sales of, our commercial products.

**Companies in mainland 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 products and product candidates.**

The life sciences industry in mainland China is subject to extensive government regulation and supervision. In order to manufacture and distribute drug and medical device products in mainland 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 mainland 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 Pharmaceutical Manufacturing Permits, the Pharmaceutical Distribution Permits, and marketing authorizations every five years, among other requirements.

Laws governing medical devices continue to evolve in China. New or revised regulations may be more onerous or costly for us to comply with and may expose us to additional regulatory oversight.

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.

**If we fail to maintain our licenses or other intellectual property-related agreements for our products or product candidates or if we otherwise experience disruptions or disputes relating to our business relationships, we could lose the ability to continue the development and commercialization of our products and product candidates, and such disputes could cause us to use substantial resources.**

Our business relies, in large part, on our ability to develop and commercialize products and product candidates from third parties in accordance with our license and collaboration agreements and other intellectual property-related agreements. If we fail to maintain such licenses or other intellectual-property-related agreements that are relevant to our products and product candidates, we may be unable to develop and commercialize the affected products or product candidates, and our business, financial condition, results of operations, and prospects could be materially harmed. If we fail to comply with our obligations under such agreements or if our licensors or collaboration partners fail to comply with obligations under such agreements or other agreements from which our rights are based, we may be unable to successfully develop and commercialize the affected products or product candidates, and our business, financial condition, results of operations, and prospects could be materially harmed.

Failure to meet obligations under any of the aforementioned agreements may result in termination of same by the other contracting party. Even though we may exercise all rights and remedies available to us and otherwise seek to preserve our rights, we may not be able to do so in a timely manner, at an acceptable cost, or at all. Any uncured, material breach under such agreements could result in loss of our rights and may lead to a complete termination of our rights to applicable products or product candidates. Any of the foregoing could have a material adverse effect on our business, financial conditions, results of operations, and prospects. In addition, we have had, and may in the future have, disputes regarding our rights under license, collaboration, or other intellectual property related agreement, including but not limited to:

- the scope of rights granted under such agreement;
- the use of intellectual property rights under such agreement;
- the satisfaction of diligence obligations under such agreement;
- the ownership of inventions or know-how resulting from such agreement; and
- the payments due under such agreement.

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Such dispute may disrupt our business relationships or otherwise hinder our ability 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. Such disputes may also require or result in substantial costs and diversion of resources, including the consumption of significant management and other personnel time, to defend or assert our contractual rights or interpretation or to settle, arbitrate, or litigate such disputes. Any such settlements of contractual disputes, and the negotiations in connection therewith, could have a material adverse effect on our business, reputation, financial condition, results of operations, and prospects.

In addition, the resolution of any disputed contractual interpretation of any of the foregoing agreements could result in a narrower interpretation of the scope of our rights or increase our financial or other obligations and thereby may prevent or impair our ability to maintain our current agreement on commercially acceptable terms. Accordingly, we may be unable to successfully develop and commercialize the affected products or product candidates. Any of the foregoing could have a material adverse effect on our business, financial condition, 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 harm our 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 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 securities.

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 insurance policies 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.

**Potential cybersecurity threats are changing rapidly and advancing in sophistication. We may not be able to protect our systems and networks, or the confidentiality of our confidential or other information (including personal information), from cyberattacks and other unauthorized access, disclosure, and disruption.**

Cybersecurity risks for companies like ours have significantly increased in recent years, in part because of the proliferation of new technologies, the use of the internet and certain technologies to conduct business, and the increased sophistication and activities of organized crime, hackers, terrorists, and other external parties, including foreign state-sponsored actors.

Like many companies, from time to time we have been, and expect to continue to be, the target of attempted cyberattacks and other cybersecurity incidents. Such incidents may include malware, ransomware, denial-of-service attacks, social engineering, unauthorized access, human error, theft or misconduct, fraud, and phishing, as part of an effort to disrupt operations, potentially test cybersecurity capabilities, or obtain confidential, proprietary, or other information (including personal information). Our cybersecurity risk and exposure depend on various factors, including the evolving nature and increasing frequency, levels of persistence, sophistication, and intensity of these threats, the outsourcing of some of our business operations, and the current global economic and political environment. The increase in remote work environments also may increase our cybersecurity risk if our employees, vendors, service providers, and other third parties with which we interact are working remotely on less secure systems and environments.

Because we are dependent on third parties for certain elements of our business and operations, we could also be adversely affected if any of them are subject to a successful cyberattack or other cybersecurity incident. Third parties with which we do business may also be sources of cybersecurity or other technology risks. We routinely transmit and receive confidential, proprietary, and other information (including personal information) by electronic means. This information could be subject to interception, misuse, or mishandling. Our exposure to these risks could increase as a result of our migration of core systems and applications to a third-party cloud environment. While we generally perform cybersecurity diligence on our key vendors, because we do not control third parties with whom we do business and our ability to monitor their cybersecurity posture is limited, the cybersecurity measures they take may not be sufficient to protect any information we share with them.

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Although we devote significant resources to protect our systems, network, and information, the security measures we have implemented may not provide effective security. Our internal computer systems, software, devices, and networks — and those of our CROs, CMOs, and other third-party providers — may be vulnerable to cyberattacks and other cybersecurity incidents, business or supply chain disruptions, or other attempts to harm our business or reputation or misuse or steal information (including personal information). We routinely identify cybersecurity threats as well as vulnerabilities in our system and work to address them, but these efforts may be insufficient. Outside parties may attempt to induce employees, third-party partners, vendors, service providers, or other users of our systems or networks to disclose confidential, proprietary, or other information (including personal information) in order to gain access to our systems and networks and the information they contain. Unauthorized access or disclosure, or breaches of our security, also may result from human error. We may not be able to anticipate, prevent, detect, recognize, or react to threats to our systems, networks, and assets, or implement effective preventative measures against cyberattacks or other security incidents, especially because the techniques used change frequently or are not recognized until launched.

A cyberattack or other cybersecurity incident could occur and persist for an extended period of time without detection. We expect that any investigation of such an incident would take time, during which we would not necessarily know the extent of the harm or how best to remediate it. Although we have not experienced any such incident resulting in a material impact to the company to date, our cybersecurity risk management program may not prevent such an incident from having a material impact in the future. We have obtained insurance coverage relating to cybersecurity risks, but this insurance may not be sufficient to provide adequate loss coverage (including if the insurer denies future claims) and may not continue to be available to us on economically reasonable terms, or at all. Further, any limitations of liability provisions in our agreements with vendors, customers, and other third parties with which we do business may not be enforceable or adequate or otherwise protect us from any liabilities or damages with respect to any particular claim in connection with a cyberattack or other security incident of a third party on which we rely.

The occurrence of one or more cyberattacks or other cybersecurity incidents could result in the unauthorized disclosure, misuse, or corruption of confidential, proprietary, and other information (including personal and other information about our employees and patients and company and vendor confidential data) or could otherwise cause interruptions or malfunctions in our operations or the operations of our partners, customers, vendors, and other third parties with which we do business. This could result in significant losses or reputational damage, adversely affect our relationships with our partners, customers, vendors, and other third parties, negatively affect our competitive position, or otherwise harm our business. We could also face regulatory and other legal action, including for any failure to provide timely disclosure concerning, or appropriately to limit trading in our securities following, an incident. We may be required to expend significant additional resources to repair or replace information systems or networks, modify our internal controls, and implement or enhance other protective measures or to investigate or remediate vulnerabilities or other exposures. We also may be subject to litigation and financial losses that are not fully insured.

**We may experience operational, regulatory, and competitive risks due to our use of artificial intelligence.**

Artificial intelligence is increasingly being used in the biopharmaceutical industry, and we are exploring and implementing its use in our business operations, including potential use in clinical, discovery, and commercialization activities. The effective development, management, and use of AI require substantial resources, including the implementation of appropriate governance, safeguards, and employee training, and involve risks to our business and operations that may arise from potentially flawed algorithms, insufficient, poor quality or biased data sets, and inappropriate or controversial data practices by data scientists or end-users. If AI applications assist in producing analyses that are deficient or inaccurate, we could be subject to competitive harm, potential legal liability, and reputational harm. We may develop certain AI systems internally and rely on vendors or other third-party providers for integration of specialized capabilities, whose use or development of AI may not meet applicable regulatory standards, which could present additional risks to our business. Use of AI-based software may also lead to the inadvertent release of confidential information. Additionally, the legal and regulatory framework governing AI is rapidly evolving, and existing and future laws, regulations, and regulatory guidance may impose significant compliance obligations, increase costs, or limit how we use AI. Furthermore, some of our competitors may successfully adopt or use AI to enhance their clinical or business operations before we are able to do so, which could leave us at a competitive disadvantage or with higher costs relative to our peers.

**We, our employees, and our contracted third parties 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, our employees, and our contracted third parties are subject to data privacy and security laws in the various jurisdictions in which we operate, obtain, or store personally identifiable information, including in mainland China, the United States, and the EU. 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.

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.

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While we maintain and enforce policies and practices designed so that we and our employees comply with such data privacy and security laws in the various jurisdictions in which we operate, we have identified, and may in the future identify, instances of non-compliance with such policies and practices by our employees. Such non-compliance may result in a material adverse effect on our business, reputation, or operations, and our policies and practices may not prevent such an incident from having a material adverse impact in the future. In addition, our employees and contracted third parties may become subject to regulatory actions involving privacy issues related to data collection and use practices and other data privacy laws and regulations. Such regulatory actions may result in criminal or civil penalties, convictions, or sanctions, which may materially adversely affect our business and reputation. Such investigations of our employees and contracted third parties could also lead to allegations against, or investigations into, the Company and our practices with respect to such data and privacy laws and regulations.

**We may face further restrictions (or even prohibitions) on our ability to transfer our scientific data abroad if Chinese regulators impose new restrictions (or change their interpretation of existing restrictions) on life sciences companies like us and the scientific data we obtain, generate, and maintain.**

The Scientific Data Administrative Measures promulgated by the General Office of the State Council provides a regulatory framework for the collection, submission, retention, exploitation, confidentiality, and security of scientific data. All scientific data generated by research entities, including research institutions, higher education institutions, and enterprises that is created or managed with government funds, or funded by any source that concerns state secrets, national security, or social and public interests, must be submitted to data centers designated by the Chinese government for consolidation. Disclosure of scientific data will be subject to regulatory scrutiny.

The definition of scientific data is broad, and its applicability to clinical trial datasets can be fact-dependent. While none of our clinical study or other scientific data has been created or managed with government funds or funded by any source that concerns state secrets, national security, or social and public interests and, to date, we have received requisite permissions to transfer clinical study data abroad, we are closely monitoring legal and regulatory developments in this area to see how scientific data is interpreted, and we may be required to comply with additional regulatory requirements for sharing clinical study or other scientific data with our licensors or foreign regulatory authorities. The scope of such requirements, if any, is currently unknown.

## RISKS RELATED TO OUR DEPENDENCE ON THIRD PARTIES

**We rely on third parties, including our licensors, CMOs, and other suppliers, to support the commercial and clinical supply of our products and product candidates. Failure of such third parties to supply us with a sufficient quantity of products, in a timely matter or at all, may adversely affect our business.**

We rely on third-party manufacturers to manufacture some of our products and product candidates. For example, with respect to our commercial products, we rely on argenx for VYVGART and VYVGART Hytrulo, NovoCure for OPTUNE, Deciphera for QINLOCK, Innoviva for XACDURO, and BMS for AUGTYRO. We also rely on CMOs for the local production in mainland China of certain drug substances and products, including NUZYRA.

Such reliance on third-party manufacturers entails risks to which we would not be subject to if we manufactured products or product candidates 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 products or product candidates 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 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 increases, manufacturing, or supply-related issues, could harm our business. We anticipate that, in the near term, our 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 products and product candidates. 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 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 key materials after regulatory approval has been obtained, the commercialization 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 such products.

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Furthermore, because of the complex nature of our compounds, we or our manufacturers may not be able to manufacture our compounds at a cost, in quantities, or in a timely manner necessary to make our products commercially successful. In addition, as our product pipeline develops, we may have a greater need for clinical study and commercial manufacturing capacity or third-party supply of our products and product candidates. We may not be able to increase our scale of production or supply on commercially reasonable terms, in a timely manner, or at all.

**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.**

Our internal capacity to perform pre-clinical and clinical trials is limited. As a result, 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 third parties for execution of our pre-clinical and clinical trials, and we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with applicable protocols 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, 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 other applicable 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 and other applicable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. 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 they devote sufficient time and resources to our on-going clinical, nonclinical, and pre-clinical programs. Our CROs may not perform contracted services to our standards, may not produce results in a timely manner, or may fail to perform at all. If our 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.

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

We rely on third-party vendors, including CROs, for some of our pre-clinical studies and clinical trials related to our product 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 they can reasonably demonstrate 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. If any of our relationships with our third-party CROs are terminated, we may not be able to enter into arrangements with alternative CROs in a timely manner, on commercially reasonable terms, or at all. 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. Any such developments could cause our product development efforts to be delayed, which could adversely affect our business and operations.

**We depend on other parties to manage certain intellectual property rights that are material to our business. Any failure to effectively protect these rights could adversely affect our business and operations.**

We depend on other parties to manage certain of our intellectual property rights that are material to our business. In accordance with certain of our licensing agreements, we rely on other parties to manage responsibility for protection of certain intellectual property rights that we hold rights to for our products and product candidates. If such parties fail to procure or maintain intellectual property rights, the rights we hold may be reduced or eliminated, which could materially harm our business, financial conditions, results of operations, and prospects.

Pursuant to the terms of certain of our licensing agreements, we may rely on others to procure, maintain, enforce, or defend certain patent rights we hold that are material to our business. Additionally, even if we are contractually permitted to pursue the enforcement or defense of a patent we hold rights to under an agreement, we require the cooperation of any applicable patent owners to enforce such patent, and such cooperation may not be provided to us. Furthermore, even if we are able to participate in any such legal actions, an adverse outcome could materially harm our business, financial conditions, results of operations, and prospects.

**We rely on third-party distributors to sell our commercial products, and a limited number of customers have generated a substantial portion of our revenue. 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 sell our commercial products, which is consistent with the general practices of the pharmaceutical industry. A substantial amount of our revenue is derived from sales to a limited number of customers, which are distributors. For 2025 and 2024, our five largest customers accounted for approximately 33.1% and 32.4% of our product revenue, respectively. Product revenue generated from our largest customer for the same periods accounted for approximately 17.0% and 16.9% of our product revenue, respectively. We have relatively limited control over our distributors, and they may fail to distribute our products in a timely manner or in the manner we contemplate. Further, while we believe alternative distributors are readily available, if any of our major customers significantly reduces its purchase volume or ceases to purchase from us, and we are not

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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, our major customers may seek to negotiate 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 costs accordingly, our profitability, results of operations, and financial condition may be materially and 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, results of operations, and financial condition may be adversely affected by deterioration in the credit quality of, or defaults by, our customers, and our deposits and investments may be negatively affected by fluctuations in interest rates.**

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 our business evolves, the amount and duration of our credit exposure may increase, 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.

The carrying amounts of cash and cash equivalents, restricted cash, and short-term investments represent the maximum amount of loss due to credit risk. As of December 31, 2025 and 2024, we had cash and cash equivalents of \$679.6 million and \$449.7 million, respectively, restricted cash of \$101.1 million and \$101.1 million, respectively, and short-term investments of \$10.0 million and \$330.0 million, respectively, most of which are deposited in financial institutions outside of mainland China. Although our cash and cash equivalents in mainland China, Hong Kong, Australia, Taiwan, 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. We are also exposed to risks related to changes in interest rates on our cash and cash equivalents, restricted cash, and short-term investments, as a decrease in interest rate may impact our investment income and related cash flows.

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.

## RISKS RELATED TO INTELLECTUAL PROPERTY

**If we are unable to obtain and maintain 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, product candidates, and technologies from competition by obtaining, maintaining, and enforcing our intellectual property rights. We seek to protect our products and product candidates as well as technologies that we consider commercially important through intellectual property rights, such as patents and trade secrets.

We do not own or hold an exclusive license to patent rights in all of the territories in which we plan to commercialize certain of our products and product candidates. Further, we cannot predict whether patent applications that we hold rights to or any of our other owned or in-licensed pending patent applications will result in the issuance of patents that effectively protect our products, product candidates, and technologies, or whether our issued patents will effectively exclude competitors. It is also possible that we do not identify and/or secure patent rights to certain patentable aspects of our products, product candidates, or technologies. If we do not secure patent rights with respect to our products, product candidates, and technologies, 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, license, or defend all necessary or desirable patent rights at a reasonable cost or in a timely manner, and patents may be invalidated, in whole or in part, and thereby rendered unenforceable. In addition, our licenses may not provide us with exclusive rights to products and product candidates in all relevant fields of use and in all territories in a manner which we may wish to develop or commercialize products in the future. As a result, we may not be able to prevent competitors from developing and commercializing competitive products in all such fields and territories.

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 have issued or do 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.

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. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our owned or in-licensed patent rights. 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 the scope and/or duration of patent protection for our product(s) or product candidate(s). Consequently, we may not be able to exclude others from using certain technology without compensating us or possibly may be unable to exclude a competitor from commercializing a competitive product which may materially adversely impact our sales and may also cause us to reduce, more than we otherwise might, the price at which we sell our products.

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For example, granted claims of a patent issued by the PRC that pertain to certain aspects related to OPTUNE have been the subject of a successful invalidation proceeding, which is currently being appealed. 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 term of a patent is finite and generally expires 20 years from its earliest non-provisional filing date provided that associated fees are timely paid. 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. For example, certain of our in-licensed patents related to OPTUNE are projected to expire in 2026. As a result, the patent rights we hold may be insufficient to protect our products and product candidates from competitors' products, including those that are generic.

Moreover, in the case of any patent rights that are jointly owned by us and another party, if we are unable to obtain an exclusive license or otherwise limit the other party's right to license such patent rights to a third party, such patent rights may be licensed to third parties, including our competitors. In addition, we may need the cooperation of any joint owner of such jointly-owned patent to enforce it 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 U.S. Patent and Trademark Office or other foreign authority.**

We or our licensors or collaboration partners may become involved in patent litigation against third parties, for example, to enforce our patent rights, to invalidate patents held by such third parties, or to defend against such claims. Further, third parties could claim that we infringed, misappropriated, or otherwise violated their intellectual property rights 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 common, and there are numerous grounds upon which a party can assert invalidity or unenforceability of a patent. In addition to court proceedings, in certain jurisdictions, parties may initiate legal proceedings before administrative bodies to assert challenges to intellectual property rights, including patent rights. Such proceedings could result in revocation, cancellation, or amendment to the scope of our patent rights and could negatively affect our business.

The outcome of any such proceeding is generally unpredictable. Furthermore, 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.

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 may lack sufficient patent coverage

of our products or product candidates to prevent others from marketing competing products. Any of these outcomes could have a material adverse effect on our business, financial condition, results of operations, and prospects.

### **We may not be able to protect our intellectual property.**

The extent to which intellectual property rights provide adequate protection as available under the relevant intellectual property laws is uncertain, particularly in light of possible challenges to any patents in a given jurisdiction. Any such challenge to our patent rights could have a material adverse effect on our business, results of operations, and prospects. Further, such litigation may require a significant financial expenditure and could divert management's attention from other aspects of our business and operations. An adverse determination in any such litigation could materially impair our intellectual property rights and may harm our business, financial condition, results of operations, prospects, and reputation.

Many companies have encountered significant problems in protecting and defending intellectual property rights in certain jurisdictions, including mainland China. The legal systems, particularly in certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, which could make it difficult for us to enforce our intellectual property and proprietary rights generally. Proceedings to enforce such intellectual property and proprietary rights could result in substantial costs, divert our efforts and attention from other aspects of our business, put our patents at risk of being invalidated or interpreted narrowly, and provoke third parties to assert counterclaims 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 may be inadequate to obtain a significant commercial advantage from the intellectual property that we hold rights to.

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 or uncertainties in patent law could have a negative impact on our business.**

Changes in either the patent laws or interpretation of the patent laws could diminish the value of patents, thereby impairing our ability to protect our products, product candidates, and technologies. Changes in patent laws and regulations in various jurisdictions, changes in the governmental bodies that enforce them, or changes in how the relevant governmental authority enforces them may weaken our ability to obtain new patents or patent rights through our licensors or to enforce any patents in the future. We cannot predict future changes in the interpretation of patent laws or changes to patent laws that might be enacted into law by any legislative body. Such changes could materially affect our patent rights and could have a material adverse effect on our business, results of operations, and prospects.

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

We rely upon proprietary information, including trade secrets and know-how to maintain our competitive position. However, such information can be difficult to protect. We seek to protect our proprietary confidential information, in part, by entering into confidentiality agreements with parties that have access to such information, including our partners, collaborators, scientific advisors, employees, consultants, and other third parties. We may not be able to enter into such agreements with each party that may have or have had access to our trade secrets or other proprietary information. Further, we may not be able to prevent the unauthorized disclosure or use of our trade secrets or other proprietary information (such as know-how) by the parties to these agreements, despite their existence and any other contractual restrictions. If any of these parties breaches or violates the terms of such agreement or otherwise discloses our proprietary confidential information, we may not have adequate remedies for such breach or violation and could lose any competitive advantage such confidential information afforded us. Enforcing a claim that a third party illegally disclosed or misappropriated our trade secrets is difficult, expensive, and time-consuming, with the outcome being unpredictable.

Our trade secrets could become known or even be independently discovered by other parties, including our competitors. If any of our trade secrets were to be disclosed or independently developed, we would have no right to prevent others from using that information to compete against us, which may have a material adverse effect on our business, financial condition, results of operations, and prospects.

### **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 success depends significantly on our ability to develop, manufacture, market, and sell our commercial products 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. We may become party to, or threatened with, litigation or other proceedings regarding intellectual property rights with respect to our products, product candidates, or technologies that could negatively affect our business.

Third parties may assert claims of patent infringement against us, regardless of merit, based on their existing patents or based on later issued patents. Even if we believe such claims are without merit, there is no assurance that a court would find in our favor on questions of patent infringement or counterclaims pertaining to the underlying patent(s) asserted against us. A court of competent jurisdiction could hold that a third-party patent is valid, enforceable, and infringed by us, which could have a material adverse effect on our business.

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

- obtain royalty-bearing licenses from such third party to the relevant patent(s), which may not be available on commercially reasonable terms, require substantial licensing and royalty payments, or may not be available 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;

- defend against additional litigation or administrative proceedings in the same and/or other jurisdiction(s);
- reformulate affected product(s) so that they do not infringe the intellectual property rights of others, which may not be possible or could be expensive and time consuming;
- cease developing, manufacturing, and commercializing any infringing products, product candidates, or technologies; and
- pay such third party significant monetary damages, including treble damages and attorneys' fees, if we are found to have willfully infringed their patent.

Similarly, claims by third parties that we have misappropriated their confidential information, such as trade secrets, could have a material adverse effect on our business. Even if we are ultimately successful in defending against such claims via litigation(s) or administrative proceeding(s), any such litigation or proceeding may be costly and could result in a substantial diversion of management resources. Consequently, any of the foregoing may have a material adverse effect on our business, financial condition, results of operations, and prospects.

**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 such legal proceedings relating to our intellectual property rights 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 securities. 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. Additionally, some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can, for example, because of greater financial or other resources. Moreover, uncertainties resulting from the initiation and continuation of such litigation or other proceedings could have a material adverse effect on our business.

**We may be subject to claims that we or our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or are in breach of confidentiality, non-disclosure, non-use, non-competition, or non-solicitation agreements with such current or former employers, some of whom may be our competitors or potential competitors.**

We could in the future be subject to claims that we or our employees, consultants, or advisors have inadvertently or otherwise improperly used or disclosed alleged trade secrets or other proprietary information of current or former employers of our employees, consultants, or advisors. For example, 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 prevent our employees, consultants, and advisors from improperly using the intellectual property or other proprietary information of their current or former employers in their work for us, these efforts may not be successful.

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Litigation may be necessary to defend against such claims, and even if we are successful in defending against such claims, litigation could result in substantial costs and 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 certain 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 another party. An inability to incorporate such technologies or features could have a material adverse effect on our business and may prevent us from successfully commercializing our affected 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 of such litigation may adversely affect our ability to hire employees or contract with necessary personnel. A loss of key personnel or their work product could hamper or prevent our ability to develop or commercialize our products and product candidates, which would have a material adverse effect on our business, financial condition, results of operations, and prospects.

In addition, while we 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 enforcing such agreements. 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 our employees, contractors, or other third parties, or defend claims that they may bring against us, to determine the ownership of certain 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 intellectual property rights for acquired or in-licensed product candidates.**

Our business model depends, in part, on our ability to successfully identify and acquire or in-license product candidates to enhance and strengthen our product pipeline. For such acquired or in-licensed product candidates, we may be unable to secure intellectual property rights relating to, or necessary for, commercialization of any such product candidates from third parties on commercially reasonable terms or at all. In such 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 the Company and/or obtain intellectual property protection relating to 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 intellectual property rights for product candidates is a competitive area, and a number of other 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 other companies may have a competitive advantage over us, for example due to their size, cash resources, and clinical development and commercialization capabilities. Furthermore, certain 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 could suffer.

**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 regulatory marketing approval of our products or any product candidates we may develop, one or more of our owned or in-licensed patents may be eligible for limited patent term extension in a particular jurisdiction. For example, in the United States, a single patent (provided it claims the approved drug or method for using it, or a method for manufacturing the drug) may be eligible for patent term extension of up to five years, although it cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. However, patent term extension might not be granted due to failure to meet applicable requirements (for example, due to failure to meet applicable deadlines or prior to expiration of the relevant patent) or might be less than requested (for example, due to failure to exercise due diligence during the testing phase or regulatory review process).

The China Patent Law provides for patent term extension, patent term adjustment, and a patent linkage system. However, the lack of operational guidelines has hindered enforcement of any data exclusivity protection for eligible therapeutics. Until finalized operational guidelines are issued, such provisions of the China Patent Law cannot be implemented and a lower-cost generic or biosimilar drug can emerge onto the market more quickly in mainland China. If we are unable to obtain patent term extension or patent term adjustment for any eligible patent or the term of any such patent term extension or patent term 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. If we were to pursue patent linkage litigation, such litigation could take several months to conclude and require additional months thereafter for the decision to be made publicly available. We will monitor future administrative rulings/court decisions on patent linkage in mainland China. Any decision against our interests could adversely affect our business.

**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.**

Over the lifetime of any patent rights we hold, certain government fees will be paid to a patent office in the respective jurisdiction for any patent application(s) and on any patent(s) resulting therefrom. In some of our licensed matters, we rely on our licensors to pay these fees. In addition to the payment of fees, during the patent application process, the patent office of any given jurisdiction requires compliance with procedural and documentary provisions. In some of our licensed matters, we rely on our licensors to comply with these requirements. 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 of a jurisdiction. 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, which may have a material adverse effect on our business, financial condition, results of operations, and prospects.

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## **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 our products or product candidates or utilize similar technology that are not covered by the claims of the patents that we hold rights to;
- patent rights we currently hold or that we may hold in the future might be from inventors that are not the first to file patent applications covering such inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating, or otherwise violating our intellectual property rights;
- patent rights we currently hold to any patent applications that are pending or such patent applications that we may hold patent rights to in the future may not result in issued patents;
- issued patents that we hold rights to may be held invalid or unenforceable;
- 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 impede our ability to exploit our innovations and may harm our business; and
- we may choose to maintain certain trade secrets or know-how, and a third party may discover such trade secrets or know-how through independent research and development, which may harm our business.

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 maintain proper internal control over financial reporting, 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 securities 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, our ADSs may not be able to remain listed on Nasdaq.

**We have incurred losses and have not paid dividends on our securities since our inception, and we do not currently intend to pay dividends on our securities. The success of an investment in our securities will depend on appreciation in the price of our securities.**

We have incurred losses since inception and have never declared or paid any dividends on our securities. We currently intend to invest our future earnings, if any, to fund our business. Therefore, investors are not likely to receive any dividends on their securities, at least in the near term, and the success of an investment in our securities will depend upon any future appreciation in their value compared to their purchase price. There is no guarantee that our securities will appreciate in value or even maintain the price at which they were purchased. Further, investors may need to sell all or part of their holdings of our securities to realize any future gains on their investment.

**The market price of our securities may be volatile, which could result in substantial losses for our investors.**

The market price of our securities has been volatile, and will likely continue to be volatile and subject to wide fluctuations in response to a variety of factors, including the following:

- announcements of competitive developments;
- regulatory developments affecting us, our licensors and partners, our customers, or our competitors;
- announcements regarding litigation or administrative proceedings involving us or our licensors and partners;
- actual or anticipated fluctuations in our period-to-period operating results;

## RISK FACTORS

- 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 securities; and
- sales or perceived sales of additional securities.

In addition, the securities markets have experienced, and may in the future experience, significant price and volume fluctuations that are not related to the operating performance of particular companies. Broad market and industry factors may negatively affect the market price of our securities, regardless of our actual operating performance. For example, in the last few years, tensions between the United States and China, the COVID-19 pandemic, and other geopolitical factors have negatively affected stock market and investor sentiment and resulted in significant volatility, including temporary trading halts. Prolonged global capital markets volatility may affect overall investor sentiment towards our securities, which would also negatively affect the trading prices for our securities.

### **Fluctuations in the value of the RMB or Hong Kong dollars may have a material adverse effect on our results of operations and the value of our securities.**

The value of the RMB or HK dollar against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions. With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the Chinese government has announced, and may again in the future announce, 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. 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.

The value of our securities may, therefore, be affected by foreign exchange rates between U.S. dollars, HK dollars, and the RMB. For example, to the extent that we need to convert U.S. dollars or HK dollars into RMB for our operations or if any of our arrangements with other parties are denominated in U.S. dollars or HK dollars and need to be converted into RMB, appreciation of the RMB against the U.S. dollar or the HK 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 or HK dollars for the purpose of making payments for business purposes, appreciation of the U.S. dollar or the HK dollar against the RMB would have a negative effect on the conversion amounts available to us.

Since 1983, the HKMA has pegged the HK dollar to the U.S. dollar at the rate of approximately HK\$7.80 to US\$1.00. However, there is no assurance that the HK dollar will continue to be pegged to the U.S. dollar or that the HK dollar conversion rate will remain at HK\$7.80 to US\$1.00. If the HK dollar conversion rate against the U.S. dollar changes and the value of the HK dollar depreciates against the U.S. dollar, the Company's assets denominated in HK dollars will be adversely affected. Additionally, if the HKMA were to repeg the HK dollar to, for example, the RMB rather than the U.S. dollar, or otherwise restrict the conversion of HK dollars into other currencies, then the Company's assets denominated in HK dollars will be adversely affected.

Significant revaluation of the RMB or HK dollar may have a material adverse effect on our business. For example, to the extent that we need to convert U.S. dollars into RMB or HK dollars for our operations, appreciation of the RMB or HK dollar 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 or HK dollars into U.S. dollars for the purpose of making payments for 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 mainland 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 our 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 amended and restated articles of association, an annual general meeting and any extraordinary general meeting may be called with not less than fourteen 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 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 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.

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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 the Company. Holders of our ordinary shares are not subject to this discretionary proxy.

**Holders of our ADSs may not receive distributions 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 distributions.**

Although we do not have any present plan to pay any dividends, if we achieve profitability and were to decide to pay dividends in the future, the depositary of our ADSs has agreed to pay our ADS holders 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. Our ADS holders will receive these distributions in proportion to the number of ordinary shares their 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.

**Rights of our shareholders in the United States to participate in any future rights offerings may be limited, which may cause dilution to their 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 our shareholders 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 will not make rights available to our U.S. shareholders 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, our U.S. shareholders may be unable to participate in our rights offerings and may experience dilution in their holdings.

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

We are organized under the laws of the Cayman Islands and currently have subsidiaries in mainland China, Hong Kong, Taiwan, the Cayman Islands, the United States, Australia, and the British Virgin Islands. If we further grow 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, or PFIC for U.S. federal income tax purposes for any taxable year, which could subject U.S. investors in our securities 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 generally 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.

## RISK FACTORS

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, 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 below, 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 our securities, we will generally continue to be treated as a PFIC with respect to such investor for all succeeding years during which the investor owns our securities (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 to our securities, which would result in U.S. federal income tax consequences to holders of our securities that are different from those described above.

If a U.S. investor owns our securities 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 U.S. investor 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. investor is treated as owning (directly, indirectly, or constructively) at least 10% of either the total value or total combined voting power of our ADSs or our ordinary shares, such U.S. investor may be treated as a "U.S. shareholder" with respect to each controlled foreign corporation, or CFC, in the Company (if any). Because the Company includes at least one U.S. subsidiary (Zai Lab (US) LLC), certain of our non-U.S. subsidiaries will be treated as CFCs (regardless of whether Zai Lab Limited is treated as a CFC). A U.S. shareholder of a CFC 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 CFCs, regardless of whether we make any distributions. An individual that is a U.S. shareholder with respect to a CFC generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a U.S. shareholder that is a U.S. corporation. We may not assist investors in determining whether any of our non-U.S. subsidiaries are treated as a CFC or whether such investor is treated as a U.S. shareholder with respect to any of such CFCs. Further, we may not furnish to any investors 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 a U.S. investor to significant monetary penalties and may prevent the statute of limitations with respect to their U.S. federal income tax return for the year for which reporting was due from starting. U.S. investors should consult their tax advisors regarding the potential application of these rules to their investment in our securities.

### **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.

### **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 our securities.**

Our directors, executive officers, and other principal shareholders could exert substantial influence over matters such as electing directors and approving material mergers, acquisitions, or other business combination transactions. This may discourage, delay, or prevent a change in control of the Company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of the Company and reduce the price of our securities. Such actions may be taken even if they are opposed by certain of our other shareholders. In addition, our directors, executive officers, and other principal shareholders could divert business opportunities away from us to themselves or others.

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

ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer, or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository 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 could cause the price of our securities to decline.**

Sales of our ordinary shares, ADSs, or other equity or equity-linked securities, or the perception that these sales could occur, could cause the market price of our securities 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.

## RISK FACTORS

Divestiture in the future of our securities by shareholders, the announcement of any plan to divest our securities, 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 securities to decline.

Furthermore, any major disposal of our securities by any of our directors or executive officers (or the perception that such disposals may occur) may cause the prevailing market price of our securities to fall, which could negatively impact our ability to raise capital in the future.

### **The different characteristics of the capital markets in Hong Kong and the United States may negatively affect the trading prices of our securities.**

We are dual primary listed on Nasdaq and the Hong Kong Stock Exchange. Nasdaq and the Hong Kong Stock Exchange have different listing rules and requirements, trading hours, trading characteristics (including trading volume and liquidity), trading 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 Hong Kong Stock Exchange and our ADSs on Nasdaq may not be the same, even after allowing for currency differences. Fluctuations in the price of our securities due to circumstances unique to the one market could materially and adversely affect the price of our securities on the other market.

### **The depository for our 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 depository for our 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 depository into The Depository Trust Company, or 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 our securities.**

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 depository 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 Hong Kong Stock Exchange. If a substantial number of our ordinary shares are deposited with the depository in exchange for ADSs or vice versa, the liquidity and trading price of our ordinary shares on the Hong Kong Stock Exchange 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 Hong Kong Stock Exchange on which our ADSs and 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 effectuating 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 depository 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. As a result, shareholders who exchange ADSs into ordinary shares, and vice versa, may not achieve the level of economic return they may anticipate.

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

We have established a branch register of members in Hong Kong (the “Hong Kong share register”) for our ordinary shares that are traded on the Hong Kong Stock Exchange, and the trading of these ordinary shares on the Hong Kong Stock Exchange will be subject to the Hong Kong stamp duty. In addition, to facilitate ADS-ordinary share conversion and trading between Nasdaq and the Hong Kong Stock Exchange, 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 any investment in our securities may be affected.

# RISK FACTORS

## GENERAL RISK FACTORS

**We are subject to the risks of doing business globally, such as from economic or political tensions between the United States and China and other business disruptions or other adverse effects caused by economic downturns, market conditions, changing legal and regulatory requirements, political instability, trade sanctions, public health crises, international war or conflict, natural disasters, extreme weather events, and other geopolitical events or significant disruptions outside of our control.**

Because we operate in Greater China, the United States, and other countries, our business is subject to risks associated with doing business globally. For example, our business and financial results could be adversely affected by changes in global, economic, and industry conditions, including currency fluctuations, changes in interest rates, capital and exchange controls, inflation, recession, market volatility, and restrictive government actions such as changes in laws and regulatory requirements, intellectual property, legal protections and remedies, trade regulations, tax laws and regulations, and procedures and actions affecting approval, production, pricing, marketing, reimbursement, and access for our products or product candidates.

In addition, we, as well as our customers, vendors, partners, and patients, may be impacted by geopolitical events, including economic or political tensions between the United States and China; international war or conflicts; and other instances of political or civil unrest, such as major hostilities or acts of terrorism. For example, as a result of economic or political conditions or tensions between the United States and China, the United States and other nations have raised the possibility of tariffs and trade or other sanctions on China, Chinese banks, and companies with operations in China as well as legislation that restricts or prohibits U.S. investment in certain companies operating in China. Such actual or threatened sanctions on us or third parties with which we do business, such as customers, suppliers, intermediaries, services providers, or banks, and other geopolitical factors could adversely affect our business and financial results, including our ability to raise capital or raise capital on favorable terms and the market price of our securities. We, as well as our customers, vendors, partners, and patients, may also be impacted by public health crises, such as the COVID-19 pandemic, as well as earthquakes, hurricanes, floods, drought, wildfires, and other extreme weather or catastrophic events.

The occurrence of one or more of the events described above could disrupt our studies, supply chain, manufacturing facilities, distribution network, and sales and marketing efforts or result in increased costs or decreased demand for our products. Such developments could have a material adverse effect on our business, including our clinical development, financial condition, results of operations, ability to raise capital or raise capital on favorable terms, and the market price of our securities.

**If we or our CROs or CMOs fail to comply with applicable environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on 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 mainland 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 and U.S. laws and regulations concerning the discharge of wastewater, gaseous waste, and solid waste during our research and development of our products and product candidates. We generally contract with third parties for the disposal of these materials and wastes. If we fail to comply with environmental regulations and contamination or injury from these materials results from our use of hazardous materials, we could be held liable for any resulting damages, and any such liability could exceed our resources or insurance coverage (such as workers' compensation insurance for injuries to our employees). We also could incur significant costs associated with civil, administrative, or criminal fines and penalties.

Furthermore, the Chinese or U.S. government may adopt more stringent environmental regulations. If this occurs, we may incur substantial capital expenditures to install, replace, upgrade, or supplement our facilities and equipment or make operational changes to comply with such environmental protection laws and regulations. If such costs were to become prohibitively expensive, we may be forced to cease certain aspects of our business or 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 health and safety laws and regulations, which could impair our research, development, or production efforts. Failure to comply with such laws and regulations may result in substantial fines, penalties, or other sanctions.

**Because of volatility in the price of our securities and the share price of biotechnology and biopharmaceuticals companies more broadly, we may be at increased risk of securities class action litigation.**

In recent years, our company as well as other companies in our industry have experienced significant share price volatility. As a result, we may be at increased risk of securities class action litigation. Historically, securities class action litigation, whether warranted or not, often follows a decline in the market price of a company's securities. If we were to become subject to class action litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

**If analysts do not continue to publish research or publish inaccurate or unfavorable research about our business, the market price and/or trading value of our securities could decline.**

The market for our securities relies in part on research and reports that equity research analysts publish about us or our business. If research analysts do not maintain adequate research coverage or if one or more of the analysts who covers us downgrades our securities or publishes inaccurate or unfavorable research about our business, the market price for our securities would likely decline. If one or more of these analysts cease coverage of the 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 our securities to decline significantly.

## RISK FACTORS

### **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 restrictive regulatory actions, or incur other harm to our business, including damage to the reputation of our products or Company.

# CHAIRPERSON'S STATEMENT

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**Samantha Du, PhD**

*Founder, Chairperson and Chief Executive Officer*

Dear Zai Lab Shareholders,

2025 was a year of disciplined execution for Zai Lab. We made meaningful progress across both our global innovation pipeline and our commercial business in China, while accelerating multiple programs toward patients who need them most. Chief among these was the rapid advancement of zocilurtatug pelitecan (zoci) into pivotal development, enabled by our integrated U.S./China infrastructure, which allows us to operate with speed and capital efficiency.

Zai Lab is evolving into a company increasingly defined by global innovation, powered by a commercially profitable regional business that funds and accelerates our pipeline. Together, our global pipeline and our commercial business position us to make a lasting difference for patients while creating substantial value for shareholders.

## 2025 HIGHLIGHTS

### Advancing Our Global Innovation Pipeline

Zoci's advancement into pivotal development puts it on track to become our first global oncology launch in 2028. We expect to have three registration-enabling studies spanning second-line plus small cell lung cancer (SCLC), first-line SCLC, and other neuroendocrine carcinomas by the end of this year — a meaningful step toward our goal of bringing this important medicine to patients around the world.

We also made significant progress across our broader global pipeline. We are expecting first-in-human data later this year for ZL-1503, our internally discovered IL-13/IL-31R $\alpha$  bispecific for atopic dermatitis. ZL-6201, our LRRC15-targeting ADC, is now enrolling patients in a global Phase 1 study. ZL-1222, our PD-1/IL-12 immunocytokine, is progressing through IND-enabling studies. And ZL-1311, our next generation T-cell engager targeting MUC17, is on track for IND submission by year-end. Taken together, these programs reflect the breadth and quality of our pipeline and our commitment to building a durable global innovation engine.

### Continued Momentum in Our Commercial Business

In 2025, our total revenue grew 15% year-over-year to \$460.2 million and our loss from operations improved 19% to \$229.4 million, reflecting the continued strength of our commercial execution and our ongoing focus on operational discipline.

Our regional business continues to be commercially profitable and provides stability and funding for our global ambitions, even in a challenging macro and operating environment. During the year, we made important progress across market access, portfolio optimization, and business development. We successfully completed NRDl renewals for key products and achieved guideline updates supporting VYVGART in generalized myasthenia gravis and KarXT in schizophrenia, both of which strengthen the durability of our commercial portfolio. We also sharpened our focus by divesting non-core assets and regions, allowing us to reallocate resources toward higher-priority growth opportunities and further improve operational efficiency.

## CHAIRPERSON'S STATEMENT

Looking ahead, we also took important steps to strengthen our regional business. In the second quarter of this year, we intend to launch KarXT for the treatment of schizophrenia, with a focus on disciplined execution and building disease awareness, establishing clinical confidence for broader adoption. We expect approval for TIVDAK for the treatment of recurrent or metastatic cervical cancer in China in the first half of this year, which will build on our established ZEJULA commercial platform and further deepen our leadership in women's cancers. Earlier this year, our partner presented positive Phase 3 data for elegrobarb in active TED, and our China-only Phase 3 study in active TED is ongoing. At the same time, encouraging interim data for povetacept in IgA nephropathy supports our plans to pursue a China submission in mid-2026.

### Looking Ahead

Our work in 2025 has strengthened Zai Lab's foundation in meaningful ways, advancing our pipeline, growing our commercial business, and sharpening our operational focus. We will continue to advance our pipeline with the speed, efficiency, and quality that define how we operate, while pursuing new opportunities through internal discovery and business development.

Improving human health has been our mission since the day Zai Lab was founded. What we accomplished in 2025 expands our ability to deliver on that mission by allowing us to potentially bring meaningful new treatment options to patients and create lasting value for our shareholders in 2026 and beyond.

Thank you for your continued trust and support.

Sincerely,

**Samantha Du**

*Founder, Chairperson, and CEO*

**Zai Lab Limited**

# FINANCIAL SUMMARY

(In thousands of \$, except for percentage)

	For the year ended December 31,				
	2021	2022	2023	2024	2025
<b>Operating results</b>					
Product revenue, net	144,105	212,672	266,719	397,614	<b>457,182</b>
Collaboration revenue	207	2,368	—	1,374	<b>2,974</b>
Total revenues	144,312	215,040	266,719	398,988	<b>460,156</b>
Gross profit	92,073	141,022	170,903	251,128	<b>269,075</b>
Loss before income tax	(704,471)	(443,286)	(334,620)	(257,103)	<b>(178,464)</b>
Net loss	(704,471)	(443,286)	(334,620)	(257,103)	<b>(175,537)</b>
<b>Profitability</b>					
Gross margin (%)	64%	66%	64%	63%	<b>58%</b>
Net profit margin (%)	(488)%	(206)%	(125)%	(64)%	<b>(38)%</b>

	As of December 31,				
	2021	2022	2023	2024	2025
<b>Financial position</b>					
Cash, cash equivalents, and restricted cash	964,903	1,009,273	791,264	550,781	<b>679,573</b>
Short-term investments	445,000	—	16,300	330,000	<b>10,000</b>
Working Capital	1,307,980	984,494	736,539	751,095	<b>603,120</b>
Total assets	1,609,956	1,220,140	1,036,295	1,185,753	<b>1,172,384</b>
Total liabilities	230,000	174,545	240,177	344,855	<b>456,884</b>
Total shareholders' equity	1,379,956	1,045,595	796,118	840,898	<b>715,500</b>

Note:

Financial results and financial position for the relevant periods are prepared based on annual report, which were filed with SEC.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## OVERVIEW

We are a patient-focused, innovative, commercial-stage, global biopharmaceutical company with a substantial presence in both Greater China and the United States. We are focused on discovering, developing, and commercializing products that address medical conditions with significant unmet needs in the areas of oncology, immunology, neuroscience, and infectious disease. We intend to leverage our competencies and resources to positively impact human health. We currently have seven commercial programs — ZEJULA, VYVGART/VYVGART Hytrulo, NUZYRA, OPTUNE, QINLOCK, XACDURO, and AUGTYRO — with products that have received marketing approval and that we have commercially launched in one or more territories in Greater China. We also have multiple programs in late-stage product development and a number of ongoing pivotal trials across our portfolio. For more information on our business, products and product candidates, and operations, see *Business*.

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 selling, general and administrative costs associated with our operations. Developing high quality product candidates requires significant investment in 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 positive cash flow from operations depends upon our ability to successfully market our commercial products and to successfully expand the indications for these products and develop and commercialize our other product candidates. As discussed further below, we expect to continue to incur substantial costs related to our research and development and commercialization activities.

As we pursue our corporate strategic goals, we anticipate that our financial results will fluctuate from quarter to quarter and year to year depending in part on the balance between the success of our commercial products and the level of our research and development expenses. We cannot predict whether or when our product candidates will receive regulatory approval. Further, if we receive such regulatory approval, we cannot predict whether or when we may be able to successfully commercialize such products or whether or when such products may become profitable.

## BUSINESS DEVELOPMENTS AND CORPORATE STRATEGIC GOALS

In 2025, we continued to demonstrate strong financial performance, with a 15% increase in total revenue to \$460.2 million and a 32% decrease in net loss to \$175.5 million compared to the prior year. Our revenue increase was primarily driven by XACDURO, driven by strong patient demand and expanding hospital adoption but partially constrained by supply limitations during the year, and NUZYRA, supported by increasing market coverage and penetration. ZEJULA continued to be the leading PARP inhibitor in hospital sales for ovarian cancer despite evolving competitive dynamics within the PARPi class in mainland China. In 2025, VYVGART revenue included a \$5.6 million rebate related to its NRDL renewal and VYVGART Hytrulo revenue included a \$2.4 million rebate following a voluntary price adjustment ahead of the NRDL negotiation. In the fourth quarter of 2025, the NMPA approved AUGTYRO for the treatment of adult patients with NTRK+ solid tumors and KarXT for the treatment of adult patients with schizophrenia. In 2026, we expect our revenues to continue to increase primarily driven by our existing commercial products and recently approved products or indications that are expected to be launched this year.

# MANAGEMENT DISCUSSION AND ANALYSIS

We also continued to make progress across our product pipeline. For our global assets, we had promising results from the global Phase 1 study of zoci, a potential first-in-class and best-in-class DLL3-targeting ADC for the treatment of extensive stage SCLC, and promising pre-clinical data for ZL-1503, our internally developed IL-13/IL-31R $\alpha$  bispecific antibody for atopic dermatitis. For our late-stage regional pipeline, we had positive data readouts during the year, including for povetacicept in IgA nephropathy and primary membranous nephropathy. We have also expanded and strengthened our pipeline through synergistic business development activities, including obtaining exclusive worldwide rights to develop and commercialize ZL-1311, a next generation TCE targeting MUC17 for the treatment of gastric and gastroesophageal junction cancers, which is expected to enter global clinical development this year. For more information on our commercial products and product pipeline, including status and developments in 2025, see *Business — Our Commercial Products and Operations* and *Business — Our Pipeline of Product Candidates and R&D Activities*.

We also continued to strengthen our business through key new additions to our global leadership team. For example, we appointed Dr. Shan He as Senior Vice President, Chief Business Officer in September 2025. Dr. He is a respected leader with deep expertise in healthcare strategy, capital markets, and entrepreneurship. She will be responsible for leading and directing strategy for business development and strategic partnerships. We also announced the creation of our Oncology Scientific Advisory Board in August 2025. This newly formed Oncology SAB is comprised of distinguished oncology leaders and will support the advancement of our robust oncology products and pipeline, including multiple internally developed investigational therapies.

We further discuss below key factors affecting our results of operations, key components and primary drivers of changes in our results of operations in 2025, and our liquidity and capital resources. For additional information on our mission and corporate strategic goals, see *Business — Our Mission and Corporate Strategic Goals*.

## FACTORS AFFECTING OUR RESULTS OF OPERATIONS

### Our Commercial Products

We generate product revenue through the sale of our commercial products in Greater China, net of any related sales returns and rebates to distributors. Our cost of product revenue mainly consists of the costs of manufacturing ZEJULA and NUZYRA; costs of purchasing VYVGART/VYVGART Hytrulo, OPTUNE, QINLOCK, XACDURO, and AUGTYRO from our collaboration partners; any royalty fees incurred as a result of sales of our commercial products under our license and collaboration agreements; and amortization of capitalized post-approval milestone fees incurred under our license and collaboration agreements. We expect our product revenue to increase in coming years as we continue to focus on increasing patient access to our existing commercial products, such as through NRDL listing or increased supplemental insurance coverage in the private-pay market, and as we launch additional commercial products, if and when we obtain required regulatory approvals. We expect our cost of product revenue to increase as the volume of products sold increases.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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. We are committed to advancing and expanding our pipeline of potential best-in-class and first-in-class products, such as through clinical and pre-clinical trials and business development activities. As a result, we expect to continue making significant investments in research and development, including internal discovery activities.

Elements of research and development expenditures primarily include:

- payroll and other related costs of personnel engaged in research and development activities;
- fees for exclusive development rights of products granted to the Company;
- costs related to pre-clinical testing of the Company's technologies and clinical trials, such as payments to CROs and CMOs, investigators, and clinical trial sites that conduct our clinical studies; and
- costs to produce the product candidates, including raw materials and supplies, product testing, depreciation, and facility-related 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, and professional service fees for legal, intellectual property, 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 expect these costs to continue to be significant to support sales of our commercial products and preparation to launch and subsequent sales of additional product candidates if and when approved.

## Our Ability to Commercialize Our Product Candidates

We have multiple product candidates in late-stage clinical development and various others in clinical and pre-clinical development in Greater China and globally. Our ability to generate revenue from our product candidates is dependent on our receipt of regulatory approvals for and successful commercialization of such product candidates, which may not occur. Certain of our product candidates may require additional pre-clinical and/or clinical development, regulatory approvals in multiple jurisdictions, manufacturing supply, and significant marketing efforts before we generate any revenue from product sales.

# MANAGEMENT DISCUSSION AND ANALYSIS

## License and Collaboration Arrangements

Our results of operations have been, and will continue to be, affected by our license and collaboration agreements. In accordance with these agreements, we may be required to make upfront payments and milestone payments upon the achievement of certain development, regulatory, and sales-based milestones for the relevant products as well as certain royalties at tiered percentage rates based on annual net sales of the licensed products in the licensed territories. As of December 31, 2025, we may in the future be required to pay development and regulatory milestone payments of up to an additional aggregate amount of \$170.0 million for our current clinical programs and \$507.0 million for other programs. Such development and regulatory milestone payments are contingent on the progress of our product candidates prior to commercialization, and we see these payments as favorable because they indicate that product candidates are advancing. As of December 31, 2025, we also in the future may be required to pay sales-based milestone payments of up to an additional aggregate amount of \$2,328.0 million as well as certain royalties at tiered percentage rates on annual net sales. Such sales-based milestone and royalty payments are contingent on the performance of our commercial products, and we see these payments as favorable because they signify that a product is achieving higher sales levels.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Results of Operations

The following table presents our results of operations (\$ in thousands):

	Year Ended December 31		Change	
	2025	2024	\$	%
Revenues				
Product revenue, net	<b>457,182</b>	397,614	59,568	15%
Collaboration revenue	<b>2,974</b>	1,374	1,600	116%
Total revenues	<b>460,156</b>	398,988	61,168	15%
Expenses				
Cost of product revenue	<b>(190,520)</b>	(147,118)	(43,402)	30%
Cost of collaboration revenue	<b>(561)</b>	(742)	181	(24)%
Research and development	<b>(220,904)</b>	(234,504)	13,600	(6)%
Selling, general, and administrative	<b>(277,605)</b>	(298,741)	21,136	(7)%
Loss from operations	<b>(229,434)</b>	(282,117)	52,683	(19)%
Interest income	<b>33,048</b>	37,105	(4,057)	(11)%
Interest expenses	<b>(5,209)</b>	(2,254)	(2,955)	131%
Foreign currency gains (losses)	<b>19,591</b>	(15,137)	34,728	(229)%
Other income, net	<b>3,540</b>	5,300	(1,760)	(33)%
Loss before income tax	<b>(178,464)</b>	(257,103)	78,639	(31)%
Income tax benefit	<b>2,927</b>	—	2,927	NM
Net loss	<b>(175,537)</b>	(257,103)	81,566	(32)%

NM — Not Meaningful

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUES

### Product Revenue, Net

The following table presents net revenue by commercial program (\$ in thousands):

	Year Ended December 31		Change	
	2025	2024	\$	%
ZEJULA	<b>189,042</b>	187,082	1,960	1%
VYVGART/VYVGART Hytrulo	<b>94,198</b>	93,639	559	1%
NUZYRA	<b>60,836</b>	43,199	17,637	41%
OPTUNE	<b>48,325</b>	40,475	7,850	19%
QINLOCK	<b>35,614</b>	28,826	6,788	24%
XACDURO	<b>22,912</b>	3,305	19,607	593%
AUGTYRO	<b>5,538</b>	1,088	4,450	409%
Other (i)	<b>717</b>	—	717	NM
Total product revenue, net	<b>457,182</b>	397,614	59,568	15%

NM — Not Meaningful

(i) Other includes product candidates sold in patient programs prior to commercialization.

Our product revenue is primarily derived from the sales of our commercial products primarily in mainland China, net of sales returns and rebates to distributors with respect to the sales of these products.

Our net product revenue increased by \$59.6 million in 2025, primarily due to increased sales for XACDURO, driven by strong patient demand and expanding hospital adoption but partially constrained by supply limitations during the year, and increased sales for NUZYRA, supported by increasing market coverage and penetration. ZEJULA continued to be the leading PARP inhibitor in hospital sales for ovarian cancer despite evolving competitive dynamics within the PARPi class in mainland China. In 2025, VYVGART revenue included a \$5.6 million rebate related to its NRDL renewal and VYVGART Hytrulo revenue included a \$2.4 million rebate following a voluntary price adjustment ahead of the NRDL negotiation.

### Cost of Product Revenue

Cost of product revenue increased by \$43.4 million in 2025 primarily due to increasing sales volumes and higher inventory provision for VYVGART Hytrulo.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Collaboration Revenue and Cost of Collaboration Revenue

Collaboration revenue and cost of collaboration revenue related to promotional activities in mainland China increased by \$1.6 million and \$0.2 million, respectively, in 2025.

## Research and Development Expenses

The following table presents the components of our research and development expenses (\$ in thousands):

	Year Ended December 31		Change	
	2025	2024	\$	%
Personnel compensation and related costs	<b>87,894</b>	106,154	(18,260)	(17)%
Licensing fees	<b>30,597</b>	30,997	(400)	(1)%
CROs/CMOs/Investigators expenses	<b>73,763</b>	69,870	3,893	6%
Other costs	<b>28,650</b>	27,483	1,167	4%
<b>Total</b>	<b>220,904</b>	234,504	(13,600)	(6)%

Research and development expenses decreased by \$13.6 million in 2025, primarily due to:

- a decrease of \$18.3 million in personnel compensation and related costs primarily driven by the Company's ongoing resource prioritization and efficiency efforts; partially offset by
- an increase of \$5.1 million in CROs/CMOs/Investigators expenses and other costs related to ongoing clinical trials.

The following table presents our research and development expenses by program (\$ in thousands):

	Year Ended December 31		Change	
	2025	2024	\$	%
Clinical programs	<b>86,934</b>	86,126	808	1%
Pre-Clinical programs	<b>24,293</b>	31,913	(7,620)	(24)%
Unallocated research and development expenses	<b>109,677</b>	116,465	(6,788)	(6)%
<b>Total</b>	<b>220,904</b>	234,504	(13,600)	(6)%

Research and development expenses attributable to pre-clinical programs decreased by \$7.6 million in 2025, primarily driven by a decrease of \$9.4 million in licensing fees, partially offset by an increase of \$1.8 million in CROs/CMOs/Investigators expenses and other costs related to newly initiated studies.

Although 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 given time.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Selling, General, and Administrative Expenses

The following table presents our selling, general, and administrative expenses by category (\$ in thousands):

	Year Ended December 31		Change	
	2025	2024	\$	%
Personnel compensation and related costs	<b>165,005</b>	174,958	(9,953)	(6)%
Other costs	<b>112,600</b>	123,783	(11,183)	(9)%
Total	<b>277,605</b>	298,741	(21,136)	(7)%

Selling, general, and administrative expenses decreased by \$21.1 million in 2025 primarily due to our resource prioritization and efficiency efforts.

## Interest Income

Interest income decreased by \$4.1 million in 2025, primarily due to decreased cash and cash equivalents and short-term investments.

## Interest Expenses

Interest expense increased by \$3.0 million in 2025, primarily due to increased short-term debts.

## Foreign Currency Gains (Losses)

Foreign currency gains were \$19.6 million in 2025 primarily driven by remeasurement gain due to appreciation of the RMB against the U.S. dollar, compared to foreign currency losses of \$15.1 million in 2024 primarily driven by remeasurement loss due to depreciation of the RMB against the U.S. dollar.

## Other Income, Net

Other income, net decreased by \$1.8 million in 2025 primarily due to a decrease of \$2.3 million in government grants.

## Income Tax Benefit

Income tax benefit was \$2.9 million in 2025 primarily due to the deferred tax assets recognized as of December 31, 2025. We had no income tax benefit or expense in 2024.

## Net Loss

Net loss was \$175.5 million in 2025, or a loss per ordinary share attributable to common stockholders of \$0.16 (or loss per ADS of \$1.60), compared to a net loss of \$257.1 million in 2024, or a loss per ordinary share of \$0.26 (or loss per ADS of \$2.60).

# MANAGEMENT DISCUSSION AND ANALYSIS

## DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

This section includes discussion of certain key balance sheet items as of December 31, 2025 compared to December 31, 2024.

### Cash, Cash Equivalents, and Restricted Cash

As of December 31, 2025, the Company's cash, cash equivalents, and restricted cash amounted to \$780.7 million and primarily comprised of (i) \$752.3 million denominated in U.S. dollars; (ii) \$25.4 million denominated in RMB; and (iii) \$3.0 million in aggregate denominated in HK dollars, Australian dollars, and new Taiwan dollars.

### Accounts Receivable

Accounts receivable increased by \$20.9 million to \$106.1 million as of December 31, 2025, primarily due to increased product revenue.

### Inventories, Net

Inventories, net increased by \$34.9 million to \$74.7 million as of December 31, 2025, primarily due to increased inventory levels to support anticipated sales growth.

### Property and Equipment, Net

Property and equipment, net decreased by \$0.6 million to \$47.4 million as of December 31, 2025, primarily due to depreciation.

### Intangible Assets, Net

Intangible assets, net increased by \$20.1 million to \$76.1 million as of December 31, 2025, primarily driven by regulatory milestone fees for repotrectinib and KarXT.

### Accounts Payable

Accounts payable increased by \$40.7 million to \$141.6 million as of December 31, 2025, based on the timing of accrual and payments.

### Short-Term Debt

Short-term debt increased by \$72.8 million to \$204.5 million as of December 31, 2025, primarily due to net new borrowings made in 2025.

### Other Current Liabilities

Other current liabilities increased by \$5.0 million to \$63.7 million as of December 31, 2025, primarily due to increased rebates for VYVGART related to the NRDL renewal.

# MANAGEMENT DISCUSSION AND ANALYSIS

## CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT JUDGMENTS AND ESTIMATES

We prepare our financial statements in conformity with U.S. GAAP, which requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures. Some of those judgments can be subjective and complex. Actual results could differ from our estimates.

Our most critical accounting policies and estimates, including those that require the most difficult, subjective, or complex judgments and are the most inherently uncertain, are described below.

### Revenue Recognition

We sell our products to distributors (our customers), who ultimately sell the products to healthcare providers, primarily in mainland China. We recognize revenue when the performance obligations are satisfied upon the product's delivery to distributors.

We offer rebates to our distributors to compensate the distributors consistent with pharmaceutical industry practices. We are required to establish a provision for rebates in the same period the related product sales are recognized. The estimated amount of rebates, if any, is recorded as a reduction of revenue.

Significant judgments are required in making these estimates. In determining the appropriate accrual amount, we consider our contracted rates, sales volumes, levels of distributor inventories, and historical experiences and trends. If actual results vary from our estimates or our expectations change, we will adjust these estimates accordingly, which would affect net product revenue and earnings in the period such variances become expected or known.

### Research and Development Expenses

We have a significant amount of research and development expenses, including with respect to pre-clinical and clinical trials for our product candidates. Such costs are expensed as incurred when they have no alternative future uses.

We contract with third parties to perform various pre-clinical and clinical trial activities on our behalf in the ongoing development of our product candidates. Expenses related to pre-clinical and clinical trial activities are accrued based on the Company's estimates of the actual services performed by the third parties, such as CROs and CMOs.

Significant judgments are required in estimating the actual services performed by the third parties for the respective period and the related expense accruals. In determining the appropriate accrual, we consider a variety of factors, including contractual requirements with respect to services to be provided, related rates, and our assessment of services performed during the period and progress with respect to any contractual milestones when we have not yet been invoiced or otherwise notified by third parties of actual costs. If the actual status and timing of services performed vary from our estimates, our reported expenses and earnings for the corresponding period may be affected.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Share-Based Compensation

We grant share-based awards, including share options and restricted shares, to eligible employees, non-employees, and directors. Such share-based awards are measured at grant date fair value.

Significant assumptions are required in determining the fair value of share options, which we estimate using the Black-Scholes option valuation model. These assumptions include: (i) the volatility of our ADS price, (ii) the periods of time over which grantees are expected to hold their options prior to exercise (expected term), (iii) the expected dividend yield on our ADSs, and (iv) risk-free interest rates. Since we do not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior, the expected term is derived from the average midpoint between the weighted-average vesting and the contractual term, also known as the simplified method. The expected dividend yield is zero as we have never paid dividends and do not currently anticipate paying any in the foreseeable future, and risk-free interest rates are based on quoted U.S. Treasury rates for securities with maturities approximating the expected term. If actual results vary from our estimates or our expectations change, our reported expenses and earnings for the corresponding period may be affected.

## Income Taxes

We recognize 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 or all of a deferred tax asset will not be realized. Significant judgments are required when evaluating tax positions in accordance with ASC 740.

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 the expiration of the applicable 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 or all of our deferred tax assets will not be realized. This assessment considers various factors, including 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. Our estimates 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. If actual benefits vary from our estimates or our expectations change, we will adjust the recognition and measurement estimates accordingly, which would affect reported expenses and earnings in the corresponding period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## LIQUIDITY, FINANCIAL RESOURCES, AND CAPITAL STRUCTURE

The following table represents our cash and cash equivalents, short-term investments, and current restricted each (\$ in thousands):

	December 31,	
	2025	2024
Cash and cash equivalents	<b>679,573</b>	449,667
Restricted cash, current	<b>100,000</b>	100,000
Short-term investments	<b>10,000</b>	330,000
Restricted cash, non-current	<b>1,116</b>	1,114
Total	<b>790,689</b>	880,781

To date, we have financed our activities primarily through private placements and public offerings, including our September 2017 initial public offering and various follow-on offerings on Nasdaq, and our September 2020 secondary listing and initial public offering on the Hong Kong Stock Exchange. We have raised approximately \$164.6 million in private equity financing and approximately \$2,677.8 million in net proceeds from public offerings after deducting underwriting commissions and the offering expenses payable by us. Our operations have consumed substantial amounts of cash since inception. The net cash used in our operating activities was \$150.8 million and \$214.9 million in 2025 and 2024, respectively. For information on our research and development activities and related expenditures, see the *Research and Development Expenses, Selling, General, and Administrative Expenses, License and Collaboration Arrangements*, and *Results of Operations* sections above. In addition, as of December 31, 2025, we had commitments of \$1.7 million related to commercial manufacturing development activities and capital expenditures.

We have also identified opportunities to access capital through debt arrangements on favorable commercial terms. As of December 31, 2025, we had such debt arrangements with Chinese financial institutions that allow certain of our subsidiaries to borrow up to approximately \$317.4 million (or RMB2,271.7 million) to support our working capital needs in mainland China. As of December 31, 2025, we had short-term debt outstanding of \$204.5 million (or RMB1,437.6 million) pursuant to these debt arrangements. These debt arrangements provide us with additional capital capacity that will give us enhanced flexibility to execute on our corporate strategic goals. For more information, see *Note 11*.

As of December 31, 2025, we had cash and cash equivalents, current restricted cash, and short-term investments of \$789.6 million, which we expect will enable us to meet our cash requirements including the funding of operating expenses, capital expenditures, and debt obligations for at least the next 12 months.

Although we believe that we have sufficient capital to fund our operations for at least the next twelve months, we may, from time to time, utilize debt arrangements on favorable commercial terms or consider additional funding sources to bring to fruition our strategic objectives. There can be no assurances that such funding will be made available to us on acceptable terms or at all.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following table presents information regarding our cash flows (\$ in thousands):

	Year Ended December 31,		Change
	2025	2024	\$
Net cash used in operating activities	<b>(150,789)</b>	(214,869)	64,080
Net cash provided by (used in) investing activities	<b>307,866</b>	(375,193)	683,059
Net cash provided by financing activities	<b>72,353</b>	349,889	(277,536)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	<b>478</b>	(310)	788
Net increase (decrease) in cash, cash equivalents and restricted cash	<b>229,908</b>	(240,483)	470,391

## Net Cash Used in Operating Activities

Net cash used in operating activities decreased by \$64.1 million in 2025, primarily due to a decrease of \$81.6 million in net loss and an increase of \$13.7 million in net changes in operating assets and liabilities, partially offset by a decrease of \$31.2 million in adjustments to reconcile net loss to net cash used in operating activities.

## Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was \$307.9 million in 2025, compared to net cash used in investing activities of \$375.2 million in 2024. This shift was primarily due to a decrease of \$320.0 million in purchases of short-term investments, an increase of \$313.7 million in proceeds from maturity of short-term investments, a decrease of \$50.5 million in acquisition of intangible assets, an increase of \$1.2 million in proceeds from sale of equity investment, partially offset by an increase of \$2.4 million in purchases of property and equipment.

## Net Cash Provided by Financing Activities

Net cash provided by financing activities decreased by \$277.5 million in 2025, primarily due to a decrease of \$216.9 million in proceeds from issuance of ordinary shares upon public offerings net of offering costs, an increase of \$138.6 million in repayment of short-term bank borrowings, an increase of \$8.2 million in taxes paid related to settlement of equity awards, partially offset by an increase of \$75.2 million in proceeds from short-term debt and an increase of \$10.5 million in proceeds from exercises of stock options.

## Effect of Exchange Rates on Cash

We have substantial operations in mainland China, which generate a significant amount of RMB-denominated cash from product sales and require a significant amount of RMB-denominated cash to pay our obligations. Since the reporting currency of the Company is the U.S. dollar, periods of volatility in exchange rates may have a significant impact on our consolidated cash balances.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Operating Capital Requirements

We may require or seek to obtain additional funding in connection with our 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 or be forced to delay, reduce, or terminate certain programs or activities.

Although we believe our cash and cash equivalents and short-term investments as of December 31, 2025 will enable us to fund our operating expenses and capital expenditure requirements for at least the next twelve months, we could use our capital resources sooner than we currently expect. Our future capital requirements will depend on many factors, including:

- revenues from our approved commercial products and related product costs;
- the cost and timing of future commercialization activities for our products and any other product candidates for which we receive regulatory approval;
- the cost, timing, and outcome of seeking, obtaining, and maintaining regulatory approval for our products and product candidates;
- the scope, progress, timing, results, and costs of researching and developing our product candidates, including additional indications for our existing commercial products, and conducting pre-clinical and clinical trials;
- our ability to establish and maintain strategic partnerships, including collaboration, licensing, or other arrangements and the economic and other terms, timing, and success of such arrangements, such as with respect to any upfront fees, development and regulatory milestones that may be payable prior to commercialization or before we have generated revenue from the related product, and sales-based milestones or royalty payments that may be payable after commercial launch;
- 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;
- cash requirements of any future acquisitions;
- resources and costs required to promote compliance with applicable laws and regulations by us and our third-party partners;
- costs of our personnel; and
- the costs of operating as a public company in both the United States and Hong Kong.

## Contractual Obligations and Commitments

As of December 31, 2025, our commitments were \$1.7 million and related to commercial manufacturing development activities and capital expenditures that are contracted but not yet reflected in the consolidated financial statements. Of this amount, \$1.5 million and \$0.2 million were expected to be incurred within one year and from one to two years from December 31, 2025, respectively.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Disclosures About Market Risk

We are exposed to market risk including foreign exchange risk, credit risk, and interest rate risk.

### Foreign Exchange Risk

Renminbi, or RMB, is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the PBOC, 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 Company included aggregated amounts of \$25.4 million and \$19.0 million, which were denominated in RMB, representing 4% and 4% of the cash and cash equivalents as of December 31, 2025 and 2024, respectively.

While our financial statements are presented in U.S. dollars, our business mainly operates in mainland China with a significant portion of our transactions settled in RMB, and as such, we do not believe that we currently have significant direct foreign exchange risk and have not used derivative financial instruments to hedge our exposure to such risk. Although, in general, our exposure to foreign exchange risk should be limited, the value of your investment in our ADSs and ordinary shares will be affected by the exchange rate between the U.S. dollar and the RMB and between the HK dollar and the RMB, respectively, because the value of our business is effectively denominated in RMB, while ADSs and ordinary shares are traded in U.S. dollars and HK dollars, respectively.

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in Greater 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.

The value of our ADSs and our ordinary shares will be affected by the foreign exchange rates between U.S. dollars, HK dollars, and the RMB. For example, to the extent that we need to convert U.S. dollars or HK dollars into RMB for our operations or if any of our arrangements with other parties are denominated in U.S. dollars or HK dollars and need to be converted into RMB, appreciation of the RMB against the U.S. dollar or the HK 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 or HK dollars for the purpose of making payments for dividends on ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar or the HK dollar against the RMB would have a negative effect on the conversion amounts available to us.

Since 1983, the HKMA has pegged the HK dollar to the U.S. dollar at the rate of approximately HK\$7.80 to US\$1.00. However, there is no assurance that the HK dollar will continue to be pegged to the U.S. dollar or that the HK dollar conversion rate will remain at HK\$7.80 to US\$1.00. If the HK dollar conversion rate against the U.S. dollar changes and the value of the HK dollar depreciates against the U.S. dollar, our assets denominated in HK dollars will be adversely affected. Additionally, if the HKMA were to repeg the HK dollar to, for example, the RMB rather than the U.S. dollar, or otherwise restrict the conversion of HK dollars into other currencies, then our assets denominated in HK dollars will be adversely affected.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Credit Risk

Financial instruments that are potentially subject to significant concentration of credit risk consist of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, and notes receivable.

The carrying amounts of cash and cash equivalents and short-term investments represent the maximum amount of losses due to credit risk. As of December 31, 2025 and 2024, we had cash and cash equivalents of \$679.6 million and \$449.7 million, respectively, restricted cash of \$101.1 million and \$101.1 million, respectively, and short-term investments of \$10.0 million and \$330.0 million, respectively. As of December 31, 2025 and 2024, all of our cash and cash equivalents, restricted cash, and short-term investments were held by major financial institutions located in mainland China and international financial institutions outside of mainland China which we believe are of high credit quality and for which we monitor continued credit worthiness.

Accounts receivable are typically unsecured and are derived from product revenue. We manage credit risk related to our accounts receivable through ongoing monitoring of outstanding balances and limiting the amount of credit extended based upon payment history and credit worthiness. Historically, we have collected receivables from customers within the credit terms with no significant credit losses incurred. As of December 31, 2025, our two largest customers accounted for approximately 25% of our total accounts receivable collectively.

Certain accounts receivable balances are settled in the form of notes receivable. As of December 31, 2025, such notes receivable included bank acceptance promissory notes that are non-interest bearing and due within six months. These notes receivable were used to collect the receivables based on an administrative convenience, given these notes are readily convertible to known amounts of cash. In accordance with the sales agreements, whether to use cash or bank acceptance promissory notes to settle the receivables is at our discretion, and this selection does not impact the agreed contractual purchase prices.

## Interest Rate Risk

We are exposed to risks related to changes in interest rates on our cash and cash equivalents, restricted cash, and short-term investments. As of December 31, 2025 and 2024, we had cash and cash equivalents of \$679.6 million and \$449.7 million, respectively, restricted cash of \$101.1 million and \$101.1 million, respectively, and short-term investments of \$10.0 million and \$330.0 million, respectively. Our investment portfolio, which relates to cash equivalents and short-term investments, primarily consists of time deposits. The primary objectives of our investment activities are to preserve principal, provide liquidity, and maximize income without significantly increasing risk. Given the short-term nature of our deposits and investments, we believe that a sudden change in market interest rates would not be expected to have a material impact on our financial condition and/or results of operation. For example, a hypothetical 10% relative change in interest rates during any of the periods presented would not have a material impact on future interest income.

We are also exposed to risks related to changes in interest rates on our short-term debt, which is currently subject to a mix of fixed and floating interest rates. As of December 31, 2025 and 2024, we had short-term debt of \$204.5 million and \$131.7 million, respectively. A 100-basis point increase in interest rates would not materially increase our interest expense. Our interest rate exposure from short-term debt is also offset by our exposure in cash and cash equivalents, restricted cash, and short-term investments, as discussed above. For more information on our short-term debt, see *Note 11*.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gearing Ratio

The gearing ratio of the Company, which was calculated by dividing total interest-bearing loans by total shareholders' equity as of the end of the year, was 29% and 16% as of December 31, 2025 and 2024, respectively.

## Significant Investments Held

We did not hold any significant investments as of December 31, 2025 and December 31, 2024.

## Future Plans for Material Investments and Capital Assets

We did not have any future plans for material investments or capital assets as of December 31, 2025.

## Material Acquisitions and Disposals of Subsidiaries, Associates, and Joint Ventures

In 2025, we did not have any material acquisitions or disposals of subsidiaries, associates, or joint ventures.

## Employee and Remuneration Policy

### Human Capital Resources

Our employees are integral to our success, and we are committed to building and maintaining a strong and engaged workforce that is focused on delivering on our mission to become a leading global biopharmaceutical company and to positively impact human health. We seek to attract, retain, and motivate our employees through competitive compensation programs, professional development opportunities, and employee engagement. In evaluating our human capital management, we consider various factors, including employee performance, development, and our ability to recruit well qualified employees to support our business and operations.

As of December 31, 2025, we had a global team of 1,797 full-time employees, of which 1,725 were located in Greater China. The number of full-time employees by function as of such date was as follows:

<b>By Function</b>	<b>Number of Employees</b>
Research and Development	496
Commercial	1,106
Manufacturing	67
General and Administrative*	128
<b>Total</b>	<b>1,797</b>

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

# MANAGEMENT DISCUSSION AND ANALYSIS

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, with a focus on being an employer of choice as well as on diversity, employee capabilities and growth, and succession planning.

The competition for top talent in our industry is intense. To help attract, motivate, and retain well qualified employees, we strive to provide competitive compensation programs and benefits, including cash compensation, stock-based compensation, and other benefits to support the financial, physical, and emotional health of our employees. For our employees in China, consistent with Chinese regulations, we participate in a 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. For our U.S.-based employees, we provide health and welfare benefits, paid sick leave, paid parental leave, and retirement benefits in the form of certain matching contributions to tax-qualified 401(k) plans.

We also provide professional development and training opportunities to our employees to help enhance their competencies and capabilities. These opportunities include formal and comprehensive company-level and department-level training for new employees followed by on-the-job training; periodic trainings to promote awareness and compliance with our policies and procedures; leadership development programs to cultivate leadership excellence; and cross-functional trainings to strengthen and reinforce employee collaborations across different functions, groups, and departments that work together to support our day-to-day operations. We have a performance management and talent development process through which managers provide regular feedback and coaching to develop employees. This process also helps the Company identify our pipeline of talent as well as areas in potential need of additional resources or support. We also engage our employees through employee resource groups, such as our women's leadership community and local diversity, equity, and inclusion committees.

We seek to bring together employees with different backgrounds and expertise while also creating an inclusive culture. We are proud of the diversity, skills, and achievements that our employees bring to our business from various parts of the world. In addition, we are committed to being an equal opportunity employer, where everyone is treated equally and respected, regardless of their gender, nationality, marital status, age, disability, or religious beliefs.

Our worldwide teams are united by a common mission to improve human health. We strive to maintain a good working relationship with our employees. We are committed to encouraging a culture of open communication where employees can ask questions, raise concerns, and contribute creative solutions. Our management team routinely makes themselves available to all employees, including in regular town hall events that encourage open dialogue. None of our employees are represented by a labor union or covered by a collective bargaining agreement, and we have not experienced any material work stoppages or labor disputes.

## **Employee Remuneration Policy**

The remuneration policy for our employees is periodically reviewed by the Compensation Committee of the Board. Employee remuneration packages are determined in consideration of a variety of factors, including our pay-for-performance compensation model and market data for companies in similar industries and with similar complexity and size. In addition to cash compensation and

# MANAGEMENT DISCUSSION AND ANALYSIS

benefits, we may issue share options, share appreciation rights, restricted shares, unrestricted shares, share units including restricted share units, performance awards, and other types of awards to our employees in accordance with our equity incentive plans. For more details about share-based compensation, please refer to the section headed “Equity Incentive Plans” and *Note 15*.

The total remuneration cost incurred by the Company was \$252.9 million and \$281.1 million for 2025 and 2024, respectively.

## **Charges on Group Assets**

As of December 31, 2025 and December 31, 2024, we had a charge over deposit of \$100.0 million in restricted cash with BOC HK to secure the standby letters of credit.

## **Contingent Liabilities**

As of December 31, 2025 and 2024, we did not have any material contingent liabilities. See *Note 16* for contractual obligations under licenses and collaborative agreements.

## **Recent Accounting Pronouncements**

See *Note 2* for recent accounting pronouncements.

## **Segmental Information**

See *Note 21* for information regarding segmental information.

# DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

Our Board consists of nine Directors, comprising two directors and seven independent directors. The following table sets forth the name, age, and position(s) of each of our Directors:

Name	Age	Position(s)	Director Since*
Samantha (Ying) Du	61	Founder, Chief Executive Officer, and Chairperson of the Board of Directors	2014
John D. Diekman	83	Lead Independent Director	2017
Richard Gaynor	76	Independent Director	2021
Nisa Leung	55	Independent Director	2014
William Lis	61	Independent Director	2018
Leon O. Moulder Jr. <sup>Note (i)</sup>	68	Director	2020
Scott Morrison	68	Independent Director	2021
Michel Vounatsos	64	Independent Director	2023
Peter Wirth	75	Independent Director	2017

(i) Mr. Leon O. Moulder Jr. was re-designated as a director with effect from March 5, 2026.

Set forth below is biographical information of our current Directors, which has been confirmed by each of them for inclusion in this report. We have provided their current Board and Committee roles as well as a summary of the experiences, qualifications, attributes, and skills that led the Board of Directors to conclude that each Director should serve as a Director in light of our business and structure. The Board of Directors has determined that all of our director nominees, other than our Chief Executive Officer Dr. Du and Mr. Moulder, are independent under the Nasdaq listing rules and HK Listing Rules. So far as the Board of Directors is aware, there is no other information which is disclosable pursuant to HK Listing Rules 13.51(2)(h) to (v) or other matters that need to be brought to the attention of the shareholders of the Company.

### Samantha (Ying) Du, Ph.D.

Founder, Chairperson of the Board of Directors, and Chief Executive Officer

Age	Director Since	Board Committees	Other Public Company Boards
61	2014	Research and Development	None

Dr. Du is an experienced executive and entrepreneur with significant global leadership experience who brings to the Board of Directors a deep knowledge of the capital markets and the biotechnology, healthcare, and pharmaceutical industries as well as a considerable scientific background. In addition, as the Company's Founder and Chief Executive Officer, Dr. Du provides valuable knowledge of the Company and its business.

# DIRECTORS AND SENIOR MANAGEMENT

## Key Experience and Qualifications

- Founder, Chief Executive Officer, and Chairperson of the Board of Directors of Zai Lab (2014–Present)
- Healthcare Partner (2012–2014) and Venture Partner (2014–2017) at Sequoia Capital China, leading and serving on the boards of several major healthcare investments
- Co-Founder and Chief Executive Officer of Hutchison MediPharma and Co-Founder and Chief Scientific Officer of Hutchison China MediTech (2001–2011)
- Began her research career at Pfizer Inc. in the United States, where she led the global metabolic licensing program and was involved in the development of multiple early and late-stage products (1994–2001)
- Ph.D. in Biochemistry from the University of Cincinnati and a B.S. in Molecular Biology from Jilin University, China

## John David Diekman, Ph.D.

### Lead Independent Director

Age	Director Since	Board Committees	Other Public Company Boards
83	2017	Nominating and Corporate Governance, Chair Compensation	None

Dr. Diekman is an experienced executive who brings to the Board of Directors extensive business, management, policy, and capital markets experience as well as deep expertise in the life sciences and venture capital industries, including in the area of oncology.

## Key Experience and Qualifications

- Founder and Managing Partner of 5AM Ventures (2002–Present)
- Chairman of the Board of Directors of IDEAYA Biosciences, Inc. (NASDAQ) (2015–June 2020)
- Chairman of The Scripps Research Institute (2014–Present), member of the Advisory Board of the Schaeffer Center for Health Policy and Economics at the University of Southern California (2014–March 2021), Charter Trustee of Princeton University (2008–June 2019), and Trustee of The California Institute of Technology (2004–2008)
- Ph.D. in Chemistry from Stanford University and an A.B. in Organic Chemistry from Princeton University

# DIRECTORS AND SENIOR MANAGEMENT

## Richard Brian Gaynor, M.D.

Independent Director

Age	Director Since	Board Committees	Other Public Company Boards
76	2021	Research and Development, Chair Compensation	Alkermes plc (NASDAQ)

Dr. Gaynor is an experienced oncologist who brings to the Board of Directors deep expertise in research and development and significant experience as a senior business executive in the biopharmaceutical industry.

### Key Experience and Qualifications

- President and Chief of Research and Development at BioNTech US Inc. (formerly Neon Therapeutics, Inc.) (May 2020–Present), after serving in this role at Neon Therapeutics from November 2016 to May 2020
- Member of the Board of Directors of Alkermes plc (September 2019–Present)
- Member of the Board of Directors of Infinity Pharmaceuticals, Inc. (March 2020–March 2024)
- Various senior clinical development and medical affairs roles at Eli Lilly and Company (2002–2016), including Senior Vice President of Clinical Development and Medical Affairs
- Professor at the UCLA School of Medicine (1982–1991) and service on the faculty at the University of Texas Southwestern Medical School (1991–2002), including as the Chief of Hematology-Oncology and Director of the Simmons Cancer Center
- Author of nearly 150 publications and participant on numerous advisory boards and committees, including currently serving as a Director for the Damon Runyon Cancer Research Foundation and on committees for the American Association of Cancer Research and other cancer organizations
- M.D. from the University of Texas Southwestern Medical School, where he served a residency in internal medicine; fellowship training in hematology-oncology at the UCLA School of Medicine

# DIRECTORS AND SENIOR MANAGEMENT

## Nisa Bernice Wing-Yu Leung

Independent Director

Age	Director Since	Board Committees	Other Public Company Boards
55	2014	Nominating and Corporate Governance	None

Ms. Leung brings to the Board of Directors significant venture capital experience in the global healthcare industry as well as extensive corporate governance experience through her service on the boards of global companies listed in the United States, Hong Kong, and Shanghai.

### Key Experience and Qualifications

- Founding Managing Partner at Aulis Capital (June 2025–Present)
- Member of the Board of Directors of Hong Kong Exchanges and Clearing Limited (HKSE) (April 2021–April 2025)
- Managing Partner at Qiming Venture Partners, where she led healthcare investments (2006–February 2025)
- Member of the Board of Directors of CanSino Biologics Inc. (HKSE) (September 2015–September 2024)
- Member of the Board of Directors of Venus Medtech (Hangzhou) Inc. (HKSE) (June 2013–January 2023)
- Member of Stanford University International Advisory Council (2024–Present)
- MBA from Stanford Graduate School of Business

## William David Lis

Independent Director

Age	Director Since	Board Committees	Other Public Company Boards
61	2018	Audit Commercial	None

Mr. Lis brings to the Board of Directors over 30 years of experience in the biopharmaceutical industry, at both the executive and board level, including considerable leadership and business, financial, and product development expertise.

# DIRECTORS AND SENIOR MANAGEMENT

## Key Experience and Qualifications

- Executive Chairman of Tr1x Biotherapeutics, Inc. (May 2025–Present), after serving as Chief Executive Officer and member of the Board of Directors (May 2023–May 2025)
- Various board and executive positions at Jasper Therapeutics, Inc., including Executive Chairman of the Board of Directors (March 2022–May 2023) and Chief Executive Officer and Executive Chairman of the Board of Directors (November 2019–March 2022)
- Member of the Board of Directors of Eidos Therapeutics, Inc. (NASDAQ) (December 2018–its acquisition by Bridge Bio Pharma, Inc. in January 2021)
- Various executive and board positions at Portola Pharmaceuticals, Inc. (later acquired by Alexion Pharmaceuticals, Inc. in 2020), including Chief Executive Officer and Member of the Board of Directors (December 2009–August 2018), Chief Operating Officer (2009), and Chief Business Officer (2008–2009)
- Various executive positions at Scios, Inc. (a Johnson & Johnson company) (2003–2008), including Senior Vice President of New Product Development and Business Development
- Various roles of increasing responsibility at Millennium Pharmaceuticals, Inc. (previously COR Therapeutics, Inc.) in sales, marketing, medical affairs, and business development (1998–2003)
- B.S. from the University of Maryland

## Scott William Morrison

### Independent Director

Age	Director Since	Board Committees	Other Public Company Boards
68	2021	Audit, Chair and Audit Committee Financial Expert	IDEAYA Biosciences Inc. (NASDAQ) Tarsus Pharmaceuticals, Inc. (NASDAQ) Vera Therapeutics, Inc. (NASDAQ)

Mr. Morrison brings to the Board of Directors financial expertise obtained from his extensive business, accounting, and financial background obtained from his over 40 years of experience serving public and private companies in the life sciences industry until his retirement in 2015 as well as his significant board and audit committee experience.

# DIRECTORS AND SENIOR MANAGEMENT

## Key Experience and Qualifications

- Partner with Ernst & Young LLP (1996–2015), serving as U.S. Life Sciences Leader from 2002 to 2015
- Member of the Board of Directors, Chair of the Audit Committee, and Member of the Nominating and Corporate Governance Committee of IDEAYA Biosciences Inc. (July 2018–Present)
- Member of the Board of Directors, Chair of the Audit Committee, and Member of the Commercial Committee of Vera Therapeutics, Inc. (April 2020–Present)
- Member of the Board of Directors, Chair of the Audit Committee, and Member of the Commercial Committee of Tarsus Pharmaceuticals, Inc. (October 2022–Present)
- Member of the Board of Directors, Chairperson of the Audit Committee, and Member of the Compensation Committee of Corvus Pharmaceuticals, Inc. (2015–April 2026)
- Member of the Board of Directors, Chair of the Audit Committee, Chair of the Transaction and Financing Committee, and Member of the Compensation Committee and Commercial Committee of Global Blood Therapeutics, Inc. (NASDAQ) (2016–its acquisition by Pfizer Inc. in October 2022)
- Member of the Board of Directors and Chairman of the Audit Committee of Audentes Therapeutics, Inc. (NASDAQ) (2016–its sale to Astellas in January 2020)
- Director on several life sciences industry boards, including BIO ECS (2002–2006), the Bay Area Biosciences Board (now California Life Sciences) (1989–2012), the Biotechnology Institute (1998– 2012), and the Life Sciences Foundation (2014–its merger with the Chemical Heritage Foundation in 2015)
- Awarded the CLS Pantheon 2016 Life Sciences Leadership Award
- B.S. in Business Administration from the Haas School at University of California, Berkeley and Certified Public Accountant (inactive)

# DIRECTORS AND SENIOR MANAGEMENT

## Leon Oliver Moulder, Jr.

### Non-Executive Director

Age	Director Since	Board Committees	Other Public Company Boards
68	2020	Research and Development Commercial	Zenas BioPharma, Inc. (NASDAQ) Dianthus Therapeutics, Inc. (NASDAQ)

Mr. Moulder brings to the Board of Directors significant operational and senior management experience in the biopharmaceutical industry as well as extensive experience as a director on public and private boards in the industry.

### Key Experience and Qualifications

- Founder and Managing Member of Tellus BioVentures, LLC, a life sciences investment fund (March 2019–Present)
- Founder and Chairman of the Board of Directors of Zenas BioPharma, Inc. (NASDAQ), a clinical-stage global biopharmaceutical company focused on developing and commercializing immunology-based therapies (December 2019–Present), also serving as Chief Executive Officer since August 2023
- Member of the Board of Directors of Dianthus Therapeutics, Inc. (NASDAQ), a clinical-stage biotechnology company (September 2023–Present)
- Chairman of the Board of Directors of Trevana, Inc. (2011–December 2023)
- Co-Founder, Chief Executive Officer, and Member of the Board Directors of Tesaro, Inc. (NASDAQ) (May 2010–its acquisition by GSK plc in January 2019)
- President, Chief Executive Officer, and Vice Chairman of the Board of Directors of Abraxis BioScience, Inc. (NASDAQ) (2009–2010)
- Vice Chairman of Eisai Corporation of North America, a research-based pharmaceutical company and wholly owned subsidiary of Eisai Co., Ltd. (2008–2009)
- President, Chief Executive Officer, and Member of the Board of Directors of MGI PHARMA, Inc. (2003–its acquisition by Eisai Corporation of North America in 2008), after serving as President and Chief Operating Officer (2002–2003) and Executive Vice President (1999–2002)
- Temple University Trustee (January 2013–Present), Council Member for the University of Chicago Booth School of Business and the Polsky Center for Entrepreneurship and Innovation (June 2016–Present), and Board Member of the Fox Chase Cancer Center (March 2013–Present)
- MBA from The University of Chicago Booth School of Business and B.S. in Pharmacy from Temple University

# DIRECTORS AND SENIOR MANAGEMENT

## Michel Pericles Vounatsos

### Independent Director

Age	Director Since	Board Committees	Other Public Company Boards
64	2023	Commercial, Chair Research and Development Nominating and Corporate Governance	Revvity, Inc. (NYSE)

Mr. Vounatsos brings to the Board of Directors extensive global leadership and management experience in the biopharmaceutical industry, including more than 25 years of service at leading companies. His expertise includes significant commercial experience in China and worldwide in the areas of primary care and neuroscience.

### Key Experience and Qualifications

- Chief Executive Officer and Member of the Board of Directors of Biogen Inc. (NASDAQ) (January 2017–November 2022), after serving as Executive Vice President and Chief Commercial Officer (2016)
- Member of the Board of Directors and Audit Committee of Revvity, Inc. (formerly part of PerkinElmer, Inc.) (March 2020–Present) and Chair of the Nominating and Corporate Governance Committee (October 2022–Present)
- Various roles of increasing responsibility at Merck & Co. (1996–2016), including President, Primary Care & Merck Customer Centricity (2014–2016), President, Merck Customer Centricity (2012–2014), President of MSD China (2008–2012), and other leadership positions across Europe (1996–2008)
- Member of the Advisory Board of Tsinghua University School of Pharmaceutical Sciences in Beijing, China (December 2020–Present) and Chairman of the Supervisory Board of Liryc, the Electrophysiology and Heart Modeling Institute at the University of Bordeaux (May 2019–Present)
- MBA from HEC School of Management in Paris, France and Certificate of Clinical and Therapeutic Synthesis in Medicine from Université Victor Segalen, Bordeaux II, France

# DIRECTORS AND SENIOR MANAGEMENT

## Peter Karl Wirth, J.D.

### Independent Director

Age	Director Since	Board Committees	Other Public Company Boards
75	2017	Compensation, Chair Audit Nominating and Corporate Governance	None

Mr. Wirth brings to the Board of Directors expertise in corporate governance and significant experience in corporate strategy, product development, business development, and legal issues relating to the operation of a global biopharmaceutical company.

### Key Experience and Qualifications

- Chairman of the Board of Directors at Syros Pharmaceuticals, Inc. (2017–February 2025)
- Venture Partner at Quan Capital Management, LLC (August 2018–August 2023)
- Chairman of the Board of Directors of FORMA Therapeutics Holdings, Inc. (NASDAQ) (2012–its acquisition by Novo Nordisk A/S in October 2022)
- Co-Founder, President, and Member of the Board of Directors of Lysosomal Therapeutics, Inc. (2011–2014)
- Various senior executive roles at Genzyme Corporation (1996–its acquisition by Sanofi-Aventis SA in 2011), most recently as Executive Vice President, Legal and Corporate Development, Chief Risk Officer, and Corporate Secretary
- Partner at Palmer & Dodge LLP, where he was head of the firm’s biotechnology practice group and served as outside general counsel for Genzyme and a number of other biotechnology companies (1975–1996)
- J.D. from Harvard Law School and B.A. in Political Science from the University of Wisconsin at Madison

# DIRECTORS AND SENIOR MANAGEMENT

## SENIOR MANAGEMENT

The following table sets forth the name, age, and position(s) of each of our senior management, other than Dr. Du, who is included above as a Director:

Name	Age	Position(s)
Rafael G. Amado	62	President, Head of Global Research and Development
Yajing Chen	58	Chief Financial Officer
F. Ty Edmondson	60	Chief Legal Officer
Joshua Smiley	56	President and Chief Operating Officer

Biographical information for our current senior management, other than Dr. Du, who is included above as a Director, is set forth below:

**Rafael G. Amado, M.D.**, joined our Company as President, Head of Global Oncology Research and Development in December 2022 and was promoted to President, Head of Global Research and Development in June 2024, expanding his role to encompass R&D efforts across all of our therapeutic areas. Dr. Amado joined Zai Lab from Allogene Therapeutics, Inc., where he served as Executive Vice President, Head of Research and Development and Chief Medical Officer since September 2019. Prior to Allogene, he served as President of Research and Development and Chief Medical Officer of Adaptimmune, LLC from August 2018 to July 2019 and as Chief Medical Officer from March 2015 to July 2018. In these roles, he was responsible for directing discovery and clinical development strategy as well as execution activities for several gene-engineered cell therapies, chairing the R&D leadership team and providing medical guidance for pipeline prioritization. Prior to Adaptimmune, Dr. Amado held various roles of increasing responsibility at GlaxoSmithKline from 2008 to 2015, most recently as Senior Vice President and Global Head of Oncology Research and Development, and at Amgen Inc. from 2003 to 2008, where he was last Executive Director of Clinical Research and Global Development in Therapeutic Oncology. In these roles, he has been instrumental in the development of multiple medicines across therapeutic modalities. Prior to joining Amgen, he held academic roles at the University of California, Los Angeles (UCLA) in the Department of Medicine, Division of Hematology/Oncology. Dr. Amado also served as a member of the Board of Directors of Poseida Therapeutics, Inc. (NASDAQ), a clinical stage allogenic cell therapy and genetics medicine company, from April 2023 until its acquisition by Roche Holdings, Inc. in January 2025. Dr. Amado received an M.D. from the University of Seville School of Medicine in Seville, Spain and completed his internship and residency in Internal Medicine at the Michael Reese Hospital and Medical Center and a fellowship in Hematology/Oncology at UCLA.

**Yajing Chen, Ph.D.**, was promoted to Chief Financial Officer in July 2023. She previously served as the Company's Senior Vice President and Deputy Chief Financial Officer since September 2021. Dr. Chen joined Zai Lab from AstraZeneca, where she held various roles of increasing responsibility from 2006 to 2021, including Chief Financial Officer for the U.S. Oncology Business Unit from 2019 to 2021 and Finance Controller of the Global Oncology Business Unit from 2016 to 2019. In these roles, Dr. Chen led financial planning and analysis as well as the development of a long-term strategic plan for the oncology therapeutic area, guiding business development, pipeline prioritization, and commercial strategy, and enabling substantial revenue growth for their global oncology business. Dr. Chen received a Ph.D. in Microbiology from New York University and an MBA from Columbia University.

## DIRECTORS AND SENIOR MANAGEMENT

**F. Ty Edmondson, J.D.**, joined our Company as Chief Legal Officer in August 2020. Mr. Edmondson joined our Company from Biogen Inc. where he served in various legal and compliance roles during his tenure beginning in 2014, including Senior Vice President, Chief Corporation Counsel, and Assistant Secretary from November 2019 to August 2020 and in several roles of increasing responsibility, including Chief Compliance Officer, Chief Commercial Counsel, Chief International Counsel, and Chief US Counsel from August 2014 to November 2019. Prior to Biogen, Mr. Edmondson served as Vice President, Associate General Counsel, and Corporate Secretary for Sepracor Inc. from 2005 until its acquisition by Sumitomo Dainippon Pharma Co., Ltd. in 2010. He then served with Sumitomo in various senior legal and compliance roles in Japan, China, and the United States until August 2014. Before Sumitomo, Mr. Edmondson served in various legal roles with life sciences companies with a focus on international and U.S. FDA work, including Eisai, Inc. from 2004 to 2005, Boston Scientific from 1999 to 2004, and Bristol-Myers Squibb from 1997 to 1999. Before his work in the life sciences industry, he was an associate with the admiralty law firm, Royston Rayzor in Houston, Texas from 1993 to 1997. Mr. Edmondson received a B.A. in History from Washington & Lee University and a J.D. from the Widener University School of Law.

**Josh Smiley** was appointed in March 2022 as our Chief Operating Officer, effective in August 2022 following the completion of his leave with his prior employer, and he was promoted to President and Chief Operating Officer in April 2023. Mr. Smiley is responsible for our corporate strategy and for overseeing our commercial, manufacturing, business development, finance, human resources, information technology, and corporate affairs functions. Mr. Smiley brings to the Company over 26 years of experience working in the biopharmaceutical industry, including experience leading finance, corporate strategy, business development, venture capital, and global business services operations. Prior to joining the Company, Mr. Smiley worked for Eli Lilly and Company (Lilly) from 1995 to March 2022. While at Lilly, he held various global leadership roles with responsibility over finance, corporate strategy, business development, and capital markets activities, including Senior Vice President and Chief Financial Officer from January 2018 to February 2021. Prior to joining Lilly, he worked in investment banking and consulting. Mr. Smiley earned a B.A. in History from Harvard University.

### **DISCLOSURE OF CHANGES IN DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE HK LISTING RULES**

Upon specific inquiry by the Company and following confirmations from Directors, except as set out below, there was no change in information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the HK Listing Rules during the Reporting Period.

In February 2025, Ms. Nisa Leung resigned from all positions, including Managing Partner, with Qiming Venture Partners. In April 2025, Ms. Nisa Leung was appointed to serve as a member of the Nominating and Corporate Governance Committee, and retired from the board of directors of Hong Kong Exchanges and Clearing Limited (HKSE).

In February 2025, Mr. Peter Wirth resigned as Chairman of Syros Pharmaceuticals, Inc. (NASDAQ).

# DIRECTORS' REPORT

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The Board is pleased to present this report and the audited financial statements of the Company for the Reporting Period.

## GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on March 28, 2013 as an exempted limited liability company under the laws of the Cayman Islands. The Company's ADSs have been listed on the NASDAQ Global Market since September 20, 2017 under the symbol "ZLAB". The Company's Shares have been listed on the Main Board of the HKEX since September 28, 2020 under the stock code 9688. The Company completed its voluntary conversion from secondary listing status to primary listing status on the Hong Kong Stock Exchange, effective June 27, 2022.

## PRINCIPAL ACTIVITIES

We are a patient-focused, innovative, commercial-stage, global biopharmaceutical company with a substantial presence in both Greater China and the United States. We are focused on discovering, developing, and commercializing products that address medical conditions with significant unmet needs in the areas of oncology, immunology, neuroscience, and infectious disease. We intend to leverage our competencies and resources to positively impact human health. We currently have seven commercial programs — ZEJULA, VYVGART/VYVGART Hytrulo, NUZYRA, OPTUNE, QINLOCK, XACDURO, and AUGTYRO — with products that have received marketing approval and that we have commercially launched in one or more territories in Greater China. We also have multiple programs in late-stage product development and a number of ongoing pivotal trials across our portfolio.

## BUSINESS REVIEW

The business review of the Company for the Reporting Period and the future development in the Company's business is set out in the sections of *Business*, *Risk Factors*, *Chairperson's Statement*, *Financial Summary*, *Management Discussion and Analysis*, and the Company's 2025 ESG Report which will be published on the same date, and the paragraphs below.

## SHARE CAPITAL

Details of movements in the share capital of the Company for the Reporting Period are set out in the consolidated statements of shareholders' equity.

## SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in *Note 1*.

## FINANCIAL SUMMARY

A summary of the consolidated results and financial position of the Company is set out on page 103 of this report.

## RESULTS

The results of the Company for the Reporting Period are set out in the consolidated statements of operations on page 199 of this report.

## MAJOR CUSTOMERS AND SUPPLIERS

In 2025 and 2024, the Company's five largest customers accounted for approximately \$151.5 million (33.1%) and \$128.7 million (32.4%) of the product revenue, respectively. One customer accounted for approximately \$77.9 million (17.0%) and \$67.3 million (16.9%) of the product revenue, respectively, for the same periods.

In 2025 and 2024, the five largest suppliers of the Company accounted for approximately 34.4% and 30.5% of the Company's total purchases, respectively, while the largest supplier of the Company accounted for approximately 10.5% and 9.3% of the Company's total purchases, respectively.

During the Reporting Period, none of our Directors, their close associates, or any of our shareholders (which, to the knowledge of our Directors, own more than 5% of the issued shares of the Company (excluding treasury shares)) had any interest in any of the above customers or suppliers.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to doing its part to protect the environment, including by minimizing the environmental footprint from its operations. Details of this commitment, and the steps we are taking in response, will be set out in the Company's 2025 ESG Report to be published. Please refer to the Company's 2025 ESG Report by accessing the website of the Hong Kong Stock Exchange and the Company's website at <https://ir.zailaboratory.com> under section "Financials & Filings — HKEX Announcements & Notices" (or via the link <https://ir.zailaboratory.com/financials-filings/hkex-announcements-notice>).

## COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

During the Reporting Period, as far as the Board is aware, the Company has complied with relevant laws and regulations that have a significant impact on the Company in all material respects.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Except as disclosed in Note 22, there were no important events after the Reporting Period.

## PRINCIPAL RISKS AND UNCERTAINTIES

This summary below provides an overview of material risks that could affect our business, financial condition, results of operations, cash flows, and prospects, which should be read in conjunction with the more detailed discussion of risks in *Risk Factors*.

- Changes in relations between the United States and China, as well as relations between China and other countries, may adversely impact our business, financial condition, and results of operations;
- We are subject to extensive laws, rules, and regulations. Compliance with these laws, including China's Counter-Espionage Law, Data Security Law, Cyber Security Law, Cybersecurity Review Measures, Personal Information Protection Law, Regulation on the Administration of Human Genetic Resources, Biosecurity Law, Security Assessment Measures, and any other future laws and regulations or amendments to such laws and regulations may entail significant expenses and could materially affect our business. Our failure to comply with such laws and regulations, as a result of uncertainties in the Chinese legal system with respect to recent anti-corruption enforcement efforts or otherwise, could lead to government enforcement actions and significant penalties against us, which could materially and adversely impact our business, financial condition, and results of operations;
- We could be adversely affected by risks of doing business globally. For example, business disruptions or other adverse effects caused by economic, political, and social conditions, including market conditions, changing legal and regulatory requirements and government policies, political instability, trade policies and sanctions, public health crises, international war or conflict, natural disasters, extreme weather events, and other geopolitical events or significant disruptions could adversely affect our business, liquidity, and access to capital;
- We have incurred losses since our inception and anticipate that we will continue to incur losses for at least the next few quarters. If we are unable to generate sufficient revenue from our approved commercial products, on the anticipated timeline or at all, at a level that more than offsets our expenses, we will be unable to achieve or maintain profitability;
- We rely on our licensors, CMOs, and other third parties for the commercial and clinical supply of certain of our products and product candidates. Failure of our third parties to supply us with a sufficient quantity of such products, in a timely matter or at all, will adversely affect us;
- 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;
- 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, on the anticipated timeline or at all, and our business could be substantially harmed;

## DIRECTORS' REPORT

- If we are unable to obtain and maintain intellectual property protection for our products and product candidates (e.g., through patent property rights), or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us;
- We may not be able to protect our systems and networks, or the confidentiality of our confidential or other information (including personal information), from cyberattacks and other unauthorized access, disclosure, and disruption, which may materially and adversely affect us;
- The pre-approval of, filing, or other procedures with the CSRC or other Chinese regulatory authorities may be required in connection with issuing securities to foreign investors under Chinese law, and, if required, we cannot predict whether or when we will be able to obtain such approval or complete such filing or other procedures;
- We may be exposed to liabilities under the 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 reputation;
- Certain of our investments may be subject to CFIUS review, which may delay or block a transaction from closing;
- Restrictions on currency exchange may limit our ability to receive and use financing in foreign currencies;
- 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 Zai Lab Limited could have a material and adverse effect on our ability to conduct our business;
- Chinese regulations relating to the establishment of offshore special purpose companies by residents in mainland China may subject our China resident beneficial owners or our wholly foreign-owned subsidiaries in mainland 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;
- Chinese regulations establish complex procedures for some acquisitions of mainland China based companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in mainland China;
- It may be difficult to enforce against us or our management in mainland China any judgments obtained from foreign courts or for overseas regulators to conduct investigations or collect evidence within mainland China; and
- 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.

The Company regularly evaluates and seeks to mitigate all of the material risks to its business and operations by implementing, as appropriate, risk mitigation strategies and procedures across the relevant departments and functions of the Company.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

We recognize that our employees, customers, and suppliers are keys to our development. We are committed to establishing a close and caring relationship with our employees, providing quality services to our customers, and enhancing cooperation with our suppliers.

### Employees

Our employees are integral to our success, and we are committed to building and maintaining a strong and engaged workforce that is focused on delivering on our mission to become a leading global biopharmaceutical company and to positively impact human health. We seek to attract, retain, and motivate our employees through competitive compensation programs, professional development opportunities, and employee engagement. In evaluating our human capital management, we consider various factors, including employee performance, development, and our ability to recruit well qualified employees to support our business and operations. For more details, please refer to the section headed “*Employee and Remuneration Policy*” in this report.

### Customers

We rely on independent third-party distributors in Greater China to sell our commercial products, which is consistent with the pharmaceutical industry norm. This allows us to execute marketing strategies that are specifically tailored to each product and the geographic location of the hospitals located within the distribution territories of our customers across mainland China. 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, past performance, and 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 our distributors upon delivery to and acceptance by the distributors. For more details, please refer to the section headed “*Business — Our Customers*” in this report.

### Suppliers

Our suppliers may consist of (i) third-party licensors from which we have licenses for commercial products and product candidates; (ii) suppliers of raw materials in our supply chain; and (iii) CROs to support our clinical trials. We are dependent on some of our third-party partners for the manufacture and supply of certain of our commercial products and product candidates. We are dependent on third parties for certain raw materials in our supply chain. We also believe we would have access to adequate alternative sources for such supplies, if needed. 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 experience price fluctuations associated with our raw materials, we have not experienced material disruptions in the supply of our raw materials. We have suppliers in both China and the United States. We may also depend on certain CROs to support our clinical trials. For more details, please refer to the section headed “*Business — Manufacturing, Suppliers, and Quality Control — Suppliers*” in this report.

## USE OF NET PROCEEDS

### Use of Net Proceeds from the April 2021 Offering

In April 2021, the Company issued 224,000 ordinary shares (equivalent to 2,240,000 ordinary shares after the Share Subdivision) of the Company at a price of HK\$1,164.20 per share (equivalent to HK\$116.42 per ordinary share after the Share Subdivision) and 5,492,400 ADSs at a price of \$150.00 per ADS for aggregate cash consideration (before deducting underwriting discounts and commissions and other offering expenses) of approximately \$857.5 million.

As of the date of this report, there has been no change in the intended use of net proceeds raised from this offering, which amounted to approximately \$818.0 million, as disclosed in the announcement of the Company dated April 21, 2021:

- Approximately 30% to fund new business and corporate development and licensing opportunities;
- Approximately 30% to complete clinical trials and advance new drug candidates;
- Approximately 20% to expand the Company's commercialization efforts;
- Approximately 15% to enhance the Company's global pipeline; and
- Approximately 5% for working capital and other general corporate purposes.

The following table sets forth a summary of the utilization of the net proceeds from this offering as of December 31, 2025 (\$ in millions):

Purpose	Percentage to total amount	Net proceeds from the offering	Amount of net proceeds unutilized as of January 1, 2025	Amount of net proceeds utilized during the Reporting Period	Actual use of proceeds up to December 31, 2025	Unutilized amount as of December 31, 2025	Expected timeline for use of unutilized proceeds
Fund new business and corporate development and licensing opportunities	30.0%	245.4	245.4	36.5	36.5	208.9	By December 2027
Complete clinical trials and advance new drug candidates	30.0%	245.4	—	—	245.4	—	Not applicable
Expand the Company's commercialization efforts	20.0%	163.6	—	—	163.6	—	Not applicable
Enhance the Company's global pipeline	15.0%	122.7	87.1	39.7	75.3	47.4	By December 2027
Working capital and other general corporate purposes	5.0%	40.9	40.9	—	—	40.9	By December 2027
<b>Total</b>	<b>100.0%</b>	<b>818.0</b>	<b>373.4</b>	<b>76.2</b>	<b>520.8</b>	<b>297.2</b>	

The Company plans to gradually utilize the remaining net proceeds from the April 2021 offering in accordance with such intended purpose depending on actual business, which is expected to be fully utilized by the end of 2027. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

## Use of Net Proceeds from the Global Offering

Dealings in ordinary shares on the Hong Kong Stock Exchange commenced on September 28, 2020. The net proceeds raised from the Global Offering as described in the Prospectus, after deduction of the underwriting fees and commissions and other estimated expenses payable by the Company in connection with the Global Offering, were approximately HK\$6,636.2 million (\$850.8 million). The intended uses for the net proceeds received by the Company from the Global Offering, as previously disclosed in "Use of Proceeds" in the Prospectus and as modified per the announcement of Zai Lab Limited dated March 28, 2024, included the following:

- Approximately 7.2% for ZEJULA to seek indication expansion and hire high-caliber R&D staff dedicated to its development, and to develop and improve the Company's manufacturing facilities to bring ZEJULA to commercialization;
- Approximately 6.2% for ongoing and planned clinical trials and preparation for registration filings of Tumor Treating Fields in multiple solid tumor cancer indications;
- Approximately 16.0% for ZEJULA to enhance the Company's commercialization capabilities through increasing its sales and marketing headcounts, among other efforts;
- Approximately 8.0% to strengthen commercialization efforts for Tumor Treating Fields through recruiting key talents in relevant indications to drive sales and future potential product launch;
- Approximately 20.6% to fund the Company's ongoing and planned clinical trials and preparation for registration filings of other drug candidates in the pipeline, especially late-stage drug candidates;
- Approximately 25.0% to explore new global licensing and collaboration opportunities and bring in potentially global best-in-class/first-in-class assets with clinical validation, synergistic with the Company's current pipeline, and aligned to its expertise;
- Approximately 7.0% to continue investing in and expanding the Company's internal discovery pipeline and recruit and train talent globally; and
- Approximately 10.0% to fund working capital and other general corporate purposes.

The following table presents a summary of the utilization of the net proceeds from the Global Offering as of December 31, 2025 (\$ in millions):

Purpose	Percentage to total amount	Net proceeds from the offering	Amount of net proceeds unutilized as of January 1, 2025	Amount of net proceeds utilized during the Reporting Period	Actual use of proceeds up to December 31, 2025	Unutilized amount as of December 31, 2025	Expected timeline for use of unutilized proceeds
For ZEJULA to seek indication expansion and hire high-caliber R&D staff dedicated to its development, and to develop and improve the Company's manufacturing facilities to bring ZEJULA to commercialization	7.2%	61.6	—	—	61.6	—	Not Applicable
Fund ongoing and planned clinical trials and preparation for registration filings of Tumor Treating Fields in multiple solid tumor cancer indications	6.2%	52.7	28.7	1.9	25.9	26.8	By December 2027
For ZEJULA to enhance the Company's commercialization capabilities through increasing its sales and marketing headcounts, among other efforts	16.0%	136.1	—	—	136.1	—	Not Applicable
Strengthen commercialization efforts for Tumor Treating Fields through recruiting key talents in relevant indications to drive sales and future potential product launch	8.0%	68.1	7.3	7.3	68.1	—	Not Applicable
Fund the Company's ongoing and planned clinical trials and preparation for registration filings of other drug candidates in the pipeline, especially late-stage drug candidates	20.6%	174.9	—	—	174.9	—	Not applicable

## DIRECTORS' REPORT

Purpose	Percentage to total amount	Net proceeds from the offering	Amount of net proceeds unutilized as of January 1, 2025	Amount of net proceeds utilized during the Reporting Period	Actual use of proceeds up to December 31, 2025	Unutilized amount as of December 31, 2025	Expected timeline for use of unutilized proceeds
Explore new global licensing and collaboration opportunities and bring in potentially global best-in-class/first-in-class assets with clinical validation, synergistic with the Company's current pipeline and aligned to its expertise	25.0%	212.7	2.1	2.1	212.7	—	Not applicable
Continue investing in and expanding the Company's internal discovery pipeline and recruit and train talent globally	7.0%	59.6	—	—	59.6	—	Not applicable
Fund working capital and other general corporate purposes	10.0%	85.1	30.7	—	54.4	30.7	By December 2027
<b>Total</b>	<b>100.0%</b>	<b>850.8</b>	<b>68.8</b>	<b>11.3</b>	<b>793.3</b>	<b>57.5</b>	

During the Reporting Period, there was no change in the intended use of net proceeds as previously disclosed in the section "Use of Proceeds" in the Prospectus and the announcement of Zai Lab Limited dated March 28, 2024.

The Company plans to gradually utilize the remaining net proceeds from the Global Offering in accordance with such intended purposes depending on actual business, which is expected to be fully utilized by the end of 2027. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

## Use of Net Proceeds from the November 2024 Offering

In order to raise additional capital for the Group's business and operations, broaden the Company's shareholder base and capital base and enhance further liquidity of the securities of the Company, on November 14, 2024 (U.S. Eastern time), the Company and the Underwriters entered into the underwriting agreement, pursuant to which the Company (i) agreed to issue and sell to the Underwriters an aggregate of 7,843,137 ADSs (representing 78,431,370 underlying ordinary shares with the aggregate nominal value of \$470.59) at the Offer Price; and (ii) granted to the Underwriters the Option to purchase up to an additional 1,176,470 ADSs (representing 11,764,700 underlying ordinary shares with the aggregate nominal value of \$70.59) at the Offer Price less the underwriting discounts and commissions. The Offer Price represents (i) a discount of approximately 4.39% to the closing price per ADS of \$26.67 as quoted on Nasdaq on November 14, 2024 (U.S. Eastern time), being the last trading day immediately prior to the date of the underwriting agreement and the pricing date; and (ii) a discount (calculated based on the ten-to-one share-to-ADS ratio) of approximately 10.64% to the closing price per ordinary share of HK\$22.20 as quoted on the Hong Kong Stock Exchange on November 14, 2024 (Hong Kong time).

Closing of the November 2024 Offering took place on November 18, 2024 (U.S. Eastern time). In addition, since the Underwriters fully exercised their Option, the additional closing took place on November 19, 2024 (U.S. Eastern time). A total of 9,019,607 ADSs were issued to not fewer than six places (being professional, institutional or other investors selected and procured by the Underwriters to subscribe for the ADSs), who and whose ultimate beneficial owners were, to the best of the knowledge, information and belief of the directors of the Company and the Underwriters, not a connected person(s) of the Company within the meaning of the HK Listing Rules.

The net proceeds of the November 2024 Offering, after deduction of the underwriting fees and other expenses relating to the November 2024 Offering, were approximately \$215.0 million (equivalent to approximately HK\$1,673.1 million), and the net Offer Price amounted to approximately \$23.84 per ADS (equivalent to approximately HK\$18.55 per ordinary share calculated based on the ten-to-one share-to-ADS ratio).

As previously disclosed in "Use of Proceeds" in the Final Prospectus Supplement and as supplemented per the Closing Announcement, the Company intends to apply the net proceeds of the November 2024 Offering for general corporate purposes, more specifically, to continue its research and development of its global pipeline, advance its product candidates and drive commercialization of its products, and pursue strategic business and corporate development and licensing opportunities, details of which are further discussed in the Company's press release associated with its third quarter 2024 earnings dated November 12, 2024.

As of January 1, 2025, the unutilized amount of net proceeds from the November 2024 Offering was \$195.3 million. During the Reporting Period, the Company utilized \$195.3 million of the net proceeds from the November 2024 Offering for general corporate purposes, mainly in the areas of advancing its product candidates and driving commercialization of its products, and the unutilized amount of net proceeds as of December 31, 2025 was nil.

During the Reporting Period, there was no change in the intended use of net proceeds as previously disclosed in the section "Use of Proceeds" in the Final Prospectus Supplement and the Closing Announcement.

## DIVIDEND POLICY AND RESERVES

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 in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition, and contractual restrictions.

The Board did not recommend any final dividend for the Reporting Period.

The Company did not have any reserves available for distribution to shareholders as of December 31, 2025. Details of movements in the reserves of the Company and Zai Lab Limited during the Reporting Period are set out in the consolidated statements of shareholders' equity and the parent company statements of shareholders' equity on pages 201 and 252 of this report, respectively.

## PROPERTY AND EQUIPMENT

Details of the property, plant and equipment of the Company during the Reporting Period are set out in *Note 6*.

## BORROWINGS

Details of the Company's borrowings from banks during the Reporting Period are set out in *Note 11* and *Note 22*.

## DONATION

The Company made charitable donations of approximately \$11.0 million during the Reporting Period.

## DEBENTURE ISSUED

The Company did not issue any debentures during the Reporting Period.

## EQUITY-LINKED AGREEMENTS

Except as disclosed in the section headed "*Equity Incentive Plans*", *Note 15* and the section headed "*Collaboration and License Agreement with argenx (Efgartigimod)*" in *Note 16*, no equity-linked agreements were entered into by the Company or existed during the Reporting Period.

# DIRECTORS' REPORT

## DIRECTORS

The Directors who held office up to the date of this report are:

### Directors

Dr. Samantha Du (*Chairperson and Chief Executive Officer*)

Mr. Leon O. Moulder, Jr. (*re-designated as a director with effect from March 5, 2026*)

### Independent Directors

Dr. John Diekman (*Lead Independent Director*)

Dr. Richard Gaynor

Ms. Nisa Leung

Mr. William Lis

Mr. Scott W. Morrison

Mr. Michel Vounatsos

Mr. Peter Wirth

For the Reporting Period, the Company has received from each of current independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the HK Listing Rules and considers each of current independent non-executive Directors is independent.

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the current Directors and current senior management of the Company are set out in the section headed "*Directors and Senior Management*" above in this report.

## EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

### Director Remuneration

For 2025, each member of our Board of Directors who is not an employee of the Company or one of our affiliates was entitled to the following compensation under our non-employee director compensation policy:

- Annual cash retainer of \$50,000 for each non-employee director;
- Additional annual cash retainer of \$35,000 for the Lead Independent Director;
- Additional annual cash retainer of \$25,000 for the Audit Committee chair;

## DIRECTORS' REPORT

- Additional annual cash retainer of \$12,500 for each Audit Committee member;
- Additional annual cash retainer of \$20,000 for the Compensation Committee chair;
- Additional annual cash retainer of \$10,000 for each Compensation Committee member;
- Additional annual cash retainer of \$12,250 for the Nominating and Corporate Governance Committee chair;
- Additional annual cash retainer of \$6,125 for each Nominating and Corporate Governance Committee member;
- Additional annual cash retainer of \$15,000 for the Research and Development Committee chair through October 22, 2025, upon which date this retainer was increased to \$20,000 in recognition of the time commitment of the committee and in consideration of market practices;
- Additional annual cash retainer of \$7,500 for each Research and Development Committee member through October 22, 2025, upon which date this retainer was increased to \$10,000 in recognition of the time commitment of the committee and in consideration of market practices;
- Additional annual cash retainer of \$15,000 for the Commercial Committee chair;
- Additional annual cash retainer of \$7,500 for each Commercial Committee member; and
- A grant of restricted shares under our 2024 Plan.

In accordance with our non-employee director compensation policy, each non-employee director received an annual grant of a number of shares of Restricted Shares (as defined in the 2024 Plan) equal to \$400,000 divided by the Nasdaq closing price of the Company's ADS on the date of grant, rounded down to the nearest whole number, which vests in full on the first anniversary of the date of grant, subject to continued service as a member of the Board of Directors through such date.

Our non-employee directors are also reimbursed by the Company for reasonable and customary expenses incurred in connection with attendance at board of directors and committee meetings, in accordance with the Company's policies. Dr. Du does not receive separate compensation for her service as a director.

Details of Directors' remuneration for the Reporting Period are set out in *Note 25*.

### **Executive Remuneration**

The Compensation Committee actively reviews and assesses our executive compensation program in consideration of the significant competition for top talent in our industry; the challenges of recruiting, retaining, and motivating executives in an industry that generally has significant risks and longer business cycles than other commercial industries; and evolving compensation governance and best practices. In addition, as a company incorporated in the Cayman Islands, with a substantial presence in Greater China and the United States and dual-primary listing on Nasdaq and the Hong Kong Stock Exchange, our leadership team must also possess, in addition to deep knowledge of the U.S. and Hong Kong securities laws and governance requirements, the global perspectives and

expertise required to navigate geopolitical challenges and to address novel and complex issues amid the evolving global regulatory landscape. Because the Company is designing an executive compensation program to attract, retain, and motivate global talent, with specific knowledge of the evolving Chinese regulatory and operating environment, the Company's executive compensation program may differ from our U.S. peers to reflect the competitive market in China, the need to attract a global skillset with deep knowledge of both U.S. and Chinese regulatory regimes, and the Company's desire to incentivize an entrepreneurial mindset to encourage actions that support our long-term growth and strategy. For these reasons, the Compensation Committee looks at the totality of factors the Company faces when it considers and determines executive compensation.

The Compensation Committee strives to act in the long-term best interests of the Company and our shareholders and believes that our executive compensation program is strongly aligned with the long-term interests of our shareholders.

Details of the remuneration of the senior management of the Company by band, whose biographies are set out on pages 123 to 124 and pages 132 to 133 of this report for the Reporting Period, are set out below:

<b>Remuneration Band</b>	<b>Number of Individuals</b>
\$2,500,001–\$5,500,000	4
\$5,500,001–\$13,800,000	1

For more details about share-based compensation, please refer to the section headed "*Equity Incentive Plans*" and *Note 15*.

Details of the five highest paid individuals for the Reporting Period are set out in *Note 26*.

### **Employee Remuneration Policy**

The remuneration policy for our employees is periodically reviewed by the Compensation Committee. Employee remuneration packages are determined in consideration of a variety of factors, including market data for companies in similar industries and companies with similar complexity and size. For more details about employee remuneration policy, please refer to the section headed "*Employee and Remuneration Policy*" contained in this report.

## **DIRECTORS' SERVICE CONTRACTS**

The employment agreement entered into with Dr. Samantha Du, in her capacity as Chairperson and Chief Executive Officer of the Company, is determinable within one year, subject to payment of compensation in the sum of 18-month remuneration.

None of the Directors proposed for re-election at the 2026 annual general meeting of shareholders has a service contract with members of the Company that is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## **DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE**

Except as disclosed in the sections headed “*Directors' Service Contracts*” and “*Connected Transactions and Continuing Connected Transactions*”, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party subsisting during or at the end of the Reporting Period.

## **PERMITTED INDEMNITY**

Pursuant to the Current Articles and subject to the applicable laws and regulations, every Director shall be indemnified and held harmless out of the assets and profits of the Company against all actions, proceedings, costs, charges, expense losses, damages or liabilities incurred or sustained by him/her in connection with the execution or discharge of his/her duties, powers, authorities or discretion as a Director or officer of the Company, unless such liability arises through the willful neglect or default of such Director or officer.

Such permitted indemnity provision has been in force for the Reporting Period. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

## **MANAGEMENT CONTRACTS**

Except as disclosed in the section headed “*Directors' Service Contracts*” in this report, no contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Period.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Except as disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESS**

During the Reporting Period, none of the Directors had any interest in a business, apart from the business of our Company, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the HK Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, so far as was known to the Directors and chief executive of the Company, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares, and debentures of the Company or its associated corporations within the meaning of Part XV of the SFO, which were required to be (a) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they had taken or were deemed to have under such provisions of the SFO); (b) recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Nature of interest	Number of Shares	Approximate percentage of holding <sup>(1)</sup>
Samantha (Ying) Du	Beneficial owner	46,128,911 <sup>(2)</sup>	4.12%
	Beneficiary of a trust (other than a discretionary interest)	4,258,579	0.38%
	Founder of a discretionary trust who can influence how the trustee exercises his discretion	198,570 <sup>(3)</sup>	0.02%
	Other	3,061,410 <sup>(4)</sup>	0.27%
John David Diekman	Beneficial owner	997,690	0.09%
Richard Brian Gaynor	Beneficial owner	548,990	0.05%
Nisa Bernice Wing-Yu Leung	Beneficial owner	739,260	0.07%
William David Lis	Beneficial owner	351,060	0.03%
Scott William Morrison	Beneficial owner	345,330	0.03%
Leon Oliver Moulder Jr.	Beneficial owner	726,020	0.06%
Michel Pericles Vounatsos	Beneficial owner	504,160	0.05%
Peter Karl Wirth	Beneficial owner	3,937,500	0.35%

Notes:

- (1) These calculations are based on the total number of 1,119,628,030 Shares in issue (excluding treasury shares) as of December 31, 2025.
- (2) These Shares include, among others, Dr. Du's entitlements to receive up to (i) 33,542,250 Shares pursuant to share options granted to her and not yet exercised or expired, subject to any applicable conditions thereof; and (ii) 3,169,340 Shares pursuant to non-option awards granted to her and not yet vested, subject to satisfaction of applicable service-based or performance-based conditions thereof.
- (3) These Shares are held by Ying Du Revocable Trust for the benefit of Dr. Du, of which Dr. Du is the trustee and is the founder having power to influence the exercise of the trustee's discretion.
- (4) These 3,061,410 Shares are held by certain other shareholders, including members of the Company's management and their affiliates, who have granted to Dr. Du the right to vote their Shares and for which Dr. Du may be deemed to have an "interest" based on her right to vote such Shares, however Dr. Du has no pecuniary interest therein.
- (5) All interests stated above are long positions.

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

As of December 31, 2025, so far as was known to the Directors and based on the information filed with the Disclosure of Interest Online (DION) System, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Capacity/nature of interest	Number of Shares held	L/S/P <sup>(1)</sup>	Approximate Percentage of Shareholding in the Company <sup>(2)</sup>
Wong Roderick	Interest of corporation controlled by you	69,590,320	(L)	6.22%
BAILLIE GIFFORD & CO <sup>(i)</sup>	Investment manager	405,906 <sup>(3)</sup>	(L)	0.36%
Citigroup Inc. <sup>(iii)</sup>	Interest of corporation controlled by you	5,510,261 <sup>(3)</sup>	(L)	4.92%
	Person having a security interest in shares	500 <sup>(3)(4)</sup>	(L)	0.00%
	Interest of corporation controlled by you	31,314 <sup>(3)(4)</sup>	(L)	0.03%
	Interest of corporation controlled by you	4,202 <sup>(3)(4)</sup>	(S)	0.00%
JPMorgan Chase & Co. <sup>(iii)</sup>	Approved lending agent	5,200,946 <sup>(3)(4)</sup>	(P)	4.65%
	Beneficial owner	33,689,857 <sup>(5)</sup>	(L)	3.01%
	Beneficial owner	38,124,446 <sup>(5)</sup>	(S)	3.41%
	Investment manager	294,910 <sup>(5)</sup>	(L)	0.03%
	Investment manager	25,656	(L)	0.00%
	Person having a security interest in shares	8,569,606 <sup>(5)</sup>	(L)	0.77%
	Trustee	550 <sup>(5)</sup>	(L)	0.00%
	Approved lending agent	14,193,479 <sup>(5)</sup>	(L)	1.27%

Notes:

- (1) Long position (L)/Short position(S)/Lending pool (P)
- (2) These calculations are based on the total number of 1,119,628,030 Shares in issue (excluding treasury shares) as of December 31, 2025.
- (3) As the number of Shares held is based on the Corporate Substantial Shareholder Notice filed to the Hong Kong Stock Exchange before the Share Subdivision, for the purpose of calculating the shareholding percentage in this section, the relevant number of Shares has been adjusted to ten times of the original number of ordinary shares held to reflect the impact of the Share Subdivision.
- (4) According to the Corporate Substantial Shareholder Notice regarding the relevant event dated September 28, 2020 submitted by Citigroup Inc. to the Hong Kong Stock Exchange on October 5, 2020, an aggregated 5,232,760 Shares (long position), 4,202 Shares (short position), and 5,200,946 Shares (lending pool) are held by Citigroup Inc. indirectly through its certain subsidiaries. Among them, 5,080,573 Shares (long position) and 4,202 Shares (short position) are physically settled listed derivatives, and 137 Shares (long position) are cash settled unlisted derivatives.
- (5) According to the Corporate Substantial Shareholder Notice regarding the relevant event dated December 26, 2025 submitted by JPMorgan Chase & Co. to the Hong Kong Stock Exchange on December 31, 2025, an aggregated 56,748,402 Shares (long position), 38,150,102 Shares (short position), and 14,193,479 Shares (lending pool) are held by JPMorgan Chase & Co. indirectly through its certain subsidiaries. Among them, 2,900 Shares (short position) are cash settled listed derivatives, 1,644,411 Shares (long position) and 3,956,622 Shares are physically settled unlisted derivatives, and 1,673,180 Shares (long position) and 4,228,850 Shares (short position) are cash settled unlisted derivatives.

## DIRECTORS' REPORT

- (i) According to the Form 13F filed by Baillie Gifford & Co with the SEC on August 8, 2022 ([https://www.sec.gov/Archives/edgar/data/1088875/000108887522000108/xslForm13F\\_X01/edbgcajun22.xml](https://www.sec.gov/Archives/edgar/data/1088875/000108887522000108/xslForm13F_X01/edbgcajun22.xml)), as of June 30, 2022, it held 737,152 ADSs of the Company. According to the Form 13F filed by Baillie Gifford & Co with the SEC on January 23, 2026 ([https://www.sec.gov/Archives/edgar/data/1088875/000108887526000002/xslForm13F\\_X02/primary\\_doc.xml](https://www.sec.gov/Archives/edgar/data/1088875/000108887526000002/xslForm13F_X02/primary_doc.xml)), as of December 31, 2025, it did not appear to hold any ADSs of the Company. No corresponding record is found on the DION System.
- (ii) According to the Form 13F filed by Citigroup Inc with the SEC on February 13, 2026 ([https://www.sec.gov/Archives/edgar/data/831001/000083100126000006/xslForm13F\\_X02/CITIGROUP\\_13F\\_HR\\_INFOTABLE.xml](https://www.sec.gov/Archives/edgar/data/831001/000083100126000006/xslForm13F_X02/CITIGROUP_13F_HR_INFOTABLE.xml)), as of December 31, 2025, it held 5,151 ADSs of the Company. No corresponding record is found on the DION System.
- (iii) According to the Form 13F filed by JPMorgan Chase & Co with the SEC on February 11, 2026 ([https://www.sec.gov/Archives/edgar/data/19617/000001961726000083/xslForm13F\\_X02/Information\\_Table\\_12.31.2025.xml](https://www.sec.gov/Archives/edgar/data/19617/000001961726000083/xslForm13F_X02/Information_Table_12.31.2025.xml)), as of December 31, 2025, it held 293,703 ADSs of the Company. No corresponding record is found on the DION System.

Save as disclosed above and to the best knowledge of the Directors, as of December 31, 2025, the Directors are not aware of any other person (other than the Directors or the chief executive of the Company whose interests are set out in the section headed *"Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company or Any of its Associated Corporations"* above) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## EQUITY INCENTIVE PLANS

The Company has 4 equity incentive plans, namely the 2015 Plan, the 2017 Plan, the 2022 Plan, and the 2024 Plan. The 2024 Plan was adopted by the shareholders of the Company and took effect on June 18, 2024, and the Board determined that no new grants would be made under the 2015 Plan and the 2017 Plan after the Primary Conversion Effective Date and that no new grants would be made under the 2022 Plan after the adoption of the 2024 Plan on June 18, 2024.

As at January 1, 2025, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Plan, the 2017 Plan, the 2022 Plan, and the 2024 Plan was 101,015,470. As at December 31, 2025, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2015 Plan, the 2017 Plan, the 2022 Plan, and the 2024 Plan was 80,967,820.

The number of Shares that may be issued in respect of the options and non-option awards granted under the 2024 Plan during the Reporting Period represented 1.57% of the weighted average number of Shares in issue (excluding treasury shares) for the Reporting Period.

# DIRECTORS' REPORT

## 1. 2015 Plan

The 2015 Plan was approved by the Board on March 5, 2015 and most recently amended with effect on April 10, 2016. The Board determined that no new grants would be made under the 2015 Plan after the Primary Conversion Effective Date.

Name of grantee	Category of grantees	Date of grant	Vesting period <sup>(1)</sup>	Exercise period <sup>(2)</sup>	Exercise (grant) price (in \$) <sup>(3)</sup>	Price on day prior to exercise during the Reporting Period (in \$) <sup>(4)</sup>	Outstanding as of January 1, 2025	Number of shares underlying the options			Outstanding as of December 31, 2025	
								Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
<b>Directors and chief executive of the Company</b>												
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	10/22/2015	5 years	10 years	0.06	3.04	5,891,650	5,891,650	0	0	0	
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	3/9/2016	5 years	10 years	0.12	3.22	6,043,760	6,043,760	0	0	0	
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	8/25/2016	5 years	10 years	0.174	—	9,221,840	0	0	0	9,221,840	
<b>Employee Participants (other than chief executive)</b>												
In aggregate	Employee Participants	3/5/2015	5 years	10 years	0.06	3.44	1,230	1,230	0	0	0	
In aggregate	Employee Participants	10/22/2015	5 years	10 years	0.06	3.04	2,754,360	2,754,360	0	0	0	
In aggregate	Employee Participants	3/9/2016	5 years	10 years	0.12	3.22	262,690	330	0	0	262,360	
In aggregate	Employee Participants	8/25/2016	5 years	10 years	0.174	3.43	708,820	646,670	0	0	62,150	
In aggregate	Employee Participants	8/25/2016	3 years	10 years	0.174	—	4,160	0	0	0	4,160	
In aggregate	Employee Participants	12/6/2016	3 years	10 years	0.174	—	4,160	0	0	0	4,160	
In aggregate	Employee Participants	5/12/2017	5 years	10 years	0.3	3.17	161,670	58,350	0	0	103,320	
In aggregate	Employee Participants	5/12/2017	3 years	10 years	0.3	—	4,160	0	0	0	4,160	
<b>Total</b>							25,058,500	15,396,350	0	0	9,662,150	

### Notes:

- (1) The options had been fully vested as at the end of the Reporting Period.
- (2) The relevant portion of the options becomes exercisable upon vesting on each anniversary of the date of grant, with the validity period of the options being ten years from the date of grant.
- (3) The stated exercise (grant) price was determined in good faith by the administrator of the 2015 Plan in the absence of an established market for the Shares.
- (4) The stated price was the weighted average closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date on which the options were exercised during the Reporting Period.

### **Purposes**

The purposes of the 2015 Plan are to (1) attract and retain the best available personnel for positions of substantial responsibility; (2) provide additional incentive to employees, directors, and consultants; and (3) promote the success of the Company's business.

### **Eligible Participants**

Management including officers, directors, employees, and individual advisors who render services to the Company may participate in the 2015 Plan.

### **Maximum Number of Shares**

The initial total number of shares available for issue under the 2015 Plan is 44,833,110 Shares (taking into account the Share Consolidation and the Share Subdivision), which represents approximately 3.95% of the issued shares of the Company (excluding treasury shares) as at the date of this annual report. As at the date of this annual report, 4,788,870 Shares remain issuable upon the exercise in full of all outstanding options under the 2015 Plan which are yet to be exercised, which represents approximately 0.42% of the issued shares of the Company (excluding treasury shares). The Board had already determined that no new grants would be made under the 2015 Plan after the Primary Conversion Effective Date. As such, the number of Shares issuable under the options available for grant under the 2015 Plan was nil as at January 1, 2025 and December 31, 2025.

### **Limit of Each Grantee**

The 2015 Plan does not specify any limit on maximum number of options that can be granted to a grantee.

### **Expiration of the 2015 Plan**

Unless sooner terminated by the Board, the 2015 Plan will continue in effect for a term of 10 years from the later of (1) the effective date of the 2015 Plan, or (2) the earlier of the most recent Board or shareholder approval of an increase in the number of Shares reserved for issuance under the 2015 Plan, i.e. April 10, 2026. As at the date of this annual report, the 2015 Plan has expired.

### **Vesting Period**

At the time an option is granted, the administrator of the 2015 Plan will fix the relevant vesting period.

### **Exercise Period**

At the time an option is granted, the administrator of the 2015 Plan will fix the period within which the option may be exercised. The term of each option granted under the 2015 Plan will be no more than 10 years from the date of grant.

# DIRECTORS' REPORT

## Consideration

No cash consideration is required to be paid by the grantees for the acceptance of options granted under the 2015 Plan.

## Exercise Price

The exercise price of each share option granted under the 2015 Plan shall be no less than 100% of the fair market value of a share on the date of grant (110% in the case of certain incentive share options).

## 2. 2017 Plan

The 2017 Plan was approved by the Board on August 7, 2017. The 2017 Plan provides for the grant of share options, SARs, restricted and unrestricted shares, and share units, performance awards, and other awards that are convertible into or otherwise based on Shares. Dividend equivalents may also be provided in connection with awards under the 2017 Plan. The Board determined that no new grants would be made under the 2017 Plan after the Primary Conversion Effective Date.

## Options

Details of the outstanding options under the 2017 Plan are set out below:

Name of grantee	Category of grantees	Date of grant	Vesting period <sup>(1)</sup> (2) (3)	Exercise period <sup>(4)</sup>	Exercise (grant) price (in \$) <sup>(5)</sup>	Price on day prior to exercise during the Reporting Period (in \$) <sup>(6)</sup>	Outstanding as of January 1, 2025	Number of shares underlying the options			Outstanding as of December 31, 2025	
								Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period		
<b>Directors and chief executive of the Company</b>												
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	3/28/2018	5 years	10 years	2.09	—	3,500,000	0	0	0	3,500,000	
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	3/8/2019	5 years	10 years	3.893	—	3,000,000	0	0	0	3,000,000	
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	3/12/2020	5 years	10 years	4.494	—	2,500,000	0	0	0	2,500,000	
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	4/1/2021	5 years	10 years	13.096	—	870,000	0	0	0	870,000	
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	4/1/2022	5 years	10 years	4.547	—	2,820,000	0	0	0	2,820,000	

Name of grantee	Category of grantees	Date of grant	Vesting period <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>	Exercise period <sup>(4)</sup>	Exercise (grant) price (in \$) <sup>(5)</sup>	Price on day prior to exercise during the Reporting Period (in \$) <sup>(6)</sup>	Outstanding as of January 1, 2025	Number of shares underlying the options				
								Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2025	
<b>Employee Participants (other than chief executive)</b>												
In aggregate	Employee Participants	9/20/2017	3 years	10 years	1.8	—	75,000	0	0	0	75,000	
In aggregate	Employee Participants	9/20/2017	5 years	10 years	1.8	3.22	7,860	850	0	0	7,010	
In aggregate	Employee Participants	1/22/2018	5 years	10 years	2.374	3.41	353,400	56,000	0	0	297,400	
In aggregate	Employee Participants	1/26/2018	5 years	10 years	2.458	—	370,000	0	0	0	370,000	
In aggregate	Employee Participants	3/22/2018	5 years	10 years	2.074	3.58	1,250,000	1,150,000	0	0	100,000	
In aggregate	Employee Participants	8/14/2018	5 years	10 years	2.193	3.38	375,000	90,000	0	0	285,000	
In aggregate	Employee Participants	11/26/2018	5 years	10 years	1.76	3.5	358,000	223,000	0	0	135,000	
In aggregate	Employee Participants	2/25/2019	3 years	10 years	2.912	—	50,000	0	0	0	50,000	
In aggregate	Employee Participants	3/8/2019	5 years	10 years	2.775	3.44	590,000	320,000	0	15,000	255,000	
In aggregate	Employee Participants	3/27/2019	5 years	10 years	2.807	3.47	1,100,210	145,000	0	0	955,210	
In aggregate	Employee Participants	6/28/2019	5 years	10 years	3.487	—	315,000	0	0	40,000	275,000	
In aggregate	Employee Participants	9/30/2019	5 years	10 years	3.235	3.65	88,000	8,000	0	0	80,000	
In aggregate	Employee Participants	12/31/2019	5 years	10 years	4.159	—	296,130	0	0	5,760	290,370	
In aggregate	Employee Participants	10/14/2019	5 years	10 years	3.343	4.14	250,000	250,000	0	0	0	
In aggregate	Employee Participants	10/7/2019	3 years	10 years	3.188	—	25,000	0	0	0	25,000	
In aggregate	Employee Participants	3/12/2020	5 years	10 years	4.494	—	310,000	0	0	0	310,000	
In aggregate	Employee Participants	3/31/2020	5 years	10 years	5.148	—	2,416,000	0	0	353,000	2,063,000	
In aggregate	Employee Participants	6/30/2020	5 years	10 years	8.213	—	285,420	0	0	10,000	275,420	
In aggregate	Employee Participants	8/17/2020	5 years	10 years	8.25	—	377,500	0	0	0	377,500	
In aggregate	Employee Participants	9/21/2020	5 years	10 years	7.33	—	203,410	0	0	25,000	178,410	
In aggregate	Employee Participants	12/21/2020	5 years	10 years	12.872	—	349,570	0	0	35,100	314,470	
In aggregate	Employee Participants	5/1/2021	5 years	10 years	16.621	—	12,000	0	0	0	12,000	
In aggregate	Employee Participants	3/1/2021	5 years	10 years	16.202	—	28,000	0	0	8,000	20,000	
In aggregate	Employee Participants	4/1/2021	5 years	10 years	13.096	—	1,915,630	0	0	299,040	1,616,590	
In aggregate	Employee Participants	6/1/2021	5 years	10 years	18	—	73,000	0	0	0	73,000	
In aggregate	Employee Participants	7/1/2021	5 years	10 years	17.837	—	18,750	0	0	3,000	15,750	
In aggregate	Employee Participants	8/1/2021	5 years	10 years	14.461	—	9,230	0	0	3,130	6,100	
In aggregate	Employee Participants	9/1/2021	5 years	10 years	14.718	—	82,070	0	0	40,480	41,590	
In aggregate	Employee Participants	10/1/2021	5 years	10 years	10.275	—	223,810	0	0	8,980	214,830	
In aggregate	Employee Participants	11/1/2021	5 years	10 years	10.442	—	30,000	0	0	21,000	9,000	
In aggregate	Employee Participants	11/1/2021	4 years	10 years	10.442	—	451,500	0	0	85,000	366,500	
In aggregate	Employee Participants	12/1/2021	5 years	10 years	7.123	—	66,790	0	0	64,450	2,340	
In aggregate	Employee Participants	12/1/2021	4 years	10 years	7.123	—	65,500	0	0	11,890	53,610	
In aggregate	Employee Participants	12/30/2021	3 years	10 years	6.692	—	29,000	0	0	0	29,000	
In aggregate	Employee Participants	1/1/2022	5 years	10 years	6.285	—	4,000	0	0	1,600	2,400	
In aggregate	Employee Participants	2/1/2022	5 years	10 years	5.359	—	173,760	0	0	55,760	118,000	
In aggregate	Employee Participants	3/1/2022	5 years	10 years	5.255	—	295,640	0	0	97,500	198,140	
In aggregate	Employee Participants	4/1/2022	5 years	10 years	4.547	—	7,105,100	0	0	1,135,070	5,970,030	
In aggregate	Employee Participants	5/1/2022	5 years	10 years	3.955	—	459,000	0	0	39,430	419,570	
In aggregate	Employee Participants	6/1/2022	5 years	10 years	2.95	3.44	108,750	28,600	0	30,000	50,150	
<b>Total</b>							<b>33,287,030</b>	<b>2,271,450</b>	<b>0</b>	<b>2,388,190</b>	<b>28,627,390</b>	

# DIRECTORS' REPORT

## Notes:

- (1) Where the vesting period is five years, one-fifth of the options shall vest on each anniversary of the date of grant for the next five years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (2) Where the vesting period is four years, one-fourth of the options shall vest on each anniversary of the date of grant for the next four years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (3) Where the vesting period is three years, one-third of the options shall vest on each anniversary of the date of grant for the next three years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (4) The relevant portion of the options becomes exercisable upon vesting on each anniversary of the date of grant, with the validity period of the options being ten years from the date of grant.
- (5) The stated exercise (grant) price was the closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the date of grant or the Nasdaq trading day immediately prior to or after the date of grant if the date of grant is not a Nasdaq trading day.
- (6) The stated price was the weighted-average closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date on which the options were exercised during the Reporting Period.

## Non-Option Awards

As at December 31, 2025, the Company had granted certain non-option awards under the 2017 Plan which remained outstanding. The non-option awards include RSUs, PSUs and RSAs. The purchase price for the grant of such non-option awards under the 2017 Plan was nil.

Details of the unvested non-option awards under the 2017 Plan are set out below:

Name of grantee	Category of grantees	Type of award	Date of grant	Vesting period <sup>(1)(2)(3)</sup>	Price on day prior to vesting during the Reporting Period (in \$) <sup>(4)</sup>	Unvested as of January 1, 2025	Number of shares underlying the non-option awards			
							Vested during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of December 31, 2025
<b>Directors and chief executive of the Company</b>										
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	PSU	12/1/2021	(1)	—	315,880	0	0	0	315,880
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	4/1/2021	5 years	3.61	68,000	34,000	0	0	34,000
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	4/1/2022	5 years	3.61	324,000	108,000	0	0	216,000
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	6/25/2022	4 years	3.76	1,176,000	588,000	0	0	588,000

Number of shares underlying the non-option awards										
Name of grantee	Category of grantees	Type of award	Date of grant	Vesting period <sup>(1)(2)(3)</sup>	Price on day prior to vesting during the Reporting Period (in \$) <sup>(4)</sup>	Unvested as of January 1, 2025	Vested	Cancelled	Lapsed	Unvested
							during the Reporting Period	during the Reporting Period	during the Reporting Period	as of December 31, 2025
<b>Employee Participants (other than chief executive)</b>										
In aggregate	Employee Participants	PSU	12/1/2021	(1)	—	280,790	0	0	35,100	245,690
In aggregate	Employee Participants	RSU	8/17/2020	5 years	3.57	48,500	48,500	0	0	0
In aggregate	Employee Participants	RSU	12/21/2020	5 years	1.8	6,000	6,000	0	0	0
In aggregate	Employee Participants	RSU	3/1/2021	5 years	3.46	800	400	0	400	0
In aggregate	Employee Participants	RSU	4/1/2021	5 years	3.61	409,700	201,860	0	26,030	181,810
In aggregate	Employee Participants	RSU	5/1/2021	5 years	3.17	3,600	1,800	0	0	1,800
In aggregate	Employee Participants	RSU	6/1/2021	5 years	3.01	14,800	7,400	0	0	7,400
In aggregate	Employee Participants	RSU	7/1/2021	5 years	3.5	4,000	1,600	0	800	1,600
In aggregate	Employee Participants	RSU	8/1/2021	5 years	3.78	7,330	3,410	0	880	3,040
In aggregate	Employee Participants	RSU	9/1/2021	5 years	3.31	73,940	24,920	0	24,190	24,830
In aggregate	Employee Participants	RSU	10/1/2021	5 years	3.39	69,420	32,810	0	9,110	27,500
In aggregate	Employee Participants	RSU	11/1/2021	5 years	2.61	11,800	3,100	0	5,600	3,100
In aggregate	Employee Participants	RSU	11/1/2021	4 years	2.61	45,410	37,910	0	7,500	0
In aggregate	Employee Participants	RSU	12/1/2021	4 years	2.04	6,400	5,120	0	1,280	0
In aggregate	Employee Participants	RSU	12/1/2021	5 years	2.04	10,050	130	0	9,770	150
In aggregate	Employee Participants	RSU	1/1/2022	5 years	2.62	900	300	0	600	0
In aggregate	Employee Participants	RSU	2/1/2022	5 years	2.72	38,190	11,830	0	4,960	21,400
In aggregate	Employee Participants	RSU	3/1/2022	5 years	3.46	77,280	25,750	0	4,400	47,130
In aggregate	Employee Participants	RSU	4/1/2022	5 years	3.61	1,486,770	482,850	0	186,420	817,500
In aggregate	Employee Participants	RSU	5/1/2022	5 years	3.17	123,040	37,970	0	9,090	75,980
In aggregate	Employee Participants	RSU	6/1/2022	5 years	3.01	27,020	4,480	0	13,500	9,040
In aggregate	Employee Participants	RSU	6/25/2022	4 years	3.76	5,349,240	2,450,930	0	663,320	2,234,990
<b>Total</b>						<b>9,978,860</b>	<b>4,119,070</b>	<b>0</b>	<b>1,002,950</b>	<b>4,856,840</b>

Notes:

- (1) Vesting of PSUs is directly linked to achieving milestone goals. Up to 100% of the PSUs can be earned for maximum performance; 50% for threshold performance; 0% for below threshold performance. Any unearned awards at the end of the performance period from December 1, 2021 to December 31, 2025 will be cancelled.
- (2) Where the vesting period is five years, one-fifth of the RSUs shall vest on each anniversary of the date of grant for the next five years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (3) Where the vesting period is four years, one-fourth of the RSUs shall vest on each anniversary of the date of grant for the next four years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (4) The stated price was the weighted average closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date on which the applicable non-option awards were vested during the Reporting Period.

## Purposes

The purposes of the 2017 Plan are to attract, retain, and reward key employees and directors of, and consultants and advisors to, the Company and its subsidiaries, to incentivize them to generate shareholder value, to enable them to participate in the growth of the Company, and to align their interests with the interests of the Company's shareholders.

## Types of awards

The 2017 Plan provides for the grant of share options, SARs, restricted and unrestricted shares, and share units, performance awards, and other awards that are convertible into or otherwise based on our Shares. Dividend equivalents may also be provided in connection with awards under the 2017 Plan.

## Stock options and SARs

The Administrator may grant share options, including ISOs, and SARs. A share option is a right entitling the holder to acquire shares upon payment of the applicable exercise price. An SAR is a right entitling the holder upon exercise to receive an amount (payable in cash or shares of equivalent value) equal to the excess of the fair market value of the shares subject to the right over the base value from which appreciation is measured. The exercise price of each share option, and the base value of each SAR, granted under the 2017 Plan shall be no less than 100% of the fair market value of a share on the date of grant (110% in the case of certain ISOs). Other than in connection with certain corporate transactions or changes to our capital structure, share options and SARs granted under the 2017 Plan may not be repriced or substituted for with new share options or SARs having a lower exercise price or base value, nor may any consideration be paid upon the cancellation of any share options or SARs that have a per share exercise or base price greater than the fair market value of a share on the date of such cancellation, in each case, without shareholder approval. Each share option and SAR will have a maximum term of not more than 10 years from the date of grant (or 5 years, in the case of certain ISOs).

## Restricted and unrestricted shares and share units

The Administrator may grant awards of shares, share units, restricted shares, and restricted share units. A share unit is an unfunded and unsecured promise, denominated in shares, to deliver shares or cash measured by the value of shares in the future, and a restricted share unit is a share unit that is subject to the satisfaction of specified performance or other vesting conditions. Restricted shares are shares that are subject to restrictions requiring that they be redelivered or offered for sale to the Company if specified conditions are not satisfied.

## Performance awards

The Administrator may grant performance awards, which are awards subject to performance criteria.

## Other stock-based awards

The Administrator may grant other awards that are convertible into or otherwise based on shares, subject to such terms and conditions as it determines.

### **Substitute awards**

The Administrator may grant substitute awards, which may have terms and conditions that are inconsistent with the terms and conditions of the 2017 Plan.

### **Eligible Participants**

The Compensation Committee of the Board shall select participants of the 2017 Plan from among key employees and directors of, and consultants and advisors to, the Company. Eligibility for stock options intended to be incentive stock options (as defined under Section 422 of the Code) is limited to employees of the Company or certain affiliates. Eligibility for stock options, other than incentive stock options, and stock appreciation rights is limited to individuals who are providing direct services on the date of grant of the award to the Company or certain affiliates.

### **Maximum Number of Shares**

The initial total number of shares available for issue under the 2017 Plan is 19,243,270 Shares (taking into account the Share Consolidation and the Share Subdivision), which represents 1.70% of the issued shares of the Company (excluding treasury shares) as at the date of this annual report. As at the date of this annual report, 30,825,710 Shares remain issuable upon the exercise/vesting in full of all outstanding options and non-option awards under the 2017 Plan which are yet to be exercised/vested, which represents approximately 2.72% of the issued shares of the Company (excluding treasury shares). The Board had already determined that no new grants would be made under the 2017 Plan after the Primary Conversion Effective Date. As such, the number of Shares issuable under the options and non-option awards available for grant under the 2017 Plan was nil as at January 1, 2025 and December 31, 2025.

### **Limit of Each Grantee**

The total number of Shares underlying the share options that may be granted to a grantee under the 2017 Plan within a calendar year shall not exceed 5,772,980 Shares (taking into account the Share Subdivision). In addition, the maximum grant date fair value of awards granted under the 2017 Plan to any non-employee director of the Company in respect of his or her service as a director with respect to any calendar year may not exceed \$500,000, assuming maximum payout.

### **Term of the 2017 Plan**

According to the terms of the 2017 Plan, no awards may be made after 10 years from the date of adoption of the 2017 Plan. However, the Board had already determined that no new grants would be made under the 2017 Plan after the Primary Conversion Effective Date. The remaining life of the 2017 Plan is around one year and three months as at the date of this annual report.

### **Vesting Period and Exercise Period**

The Compensation Committee of the Board determines the terms of all options and awards granted under the 2017 Plan, including the time or times an option or award vests or becomes exercisable, the terms on which an option or award remains exercisable, and the effect of termination of a participant's employment or service on an option or award. The Compensation Committee of the Board may at any time accelerate the vesting or exercisability of an option or award. The maximum term of share options must not exceed 10 years from the date of grant.

# DIRECTORS' REPORT

## Consideration

No cash consideration is required to be paid by the grantees for the acceptance of options or non-option awards granted under the 2017 Plan.

## Exercise Price

The exercise price of each share option granted under the 2017 Plan shall be no less than 100% of the fair market value of a share on the date of grant (110% in the case of certain incentive share options).

## 3. 2022 Plan

The 2022 Plan was approved at the Company's 2022 annual general meeting of shareholders on June 22, 2022. Under the 2022 Plan, the Compensation Committee may award share options, share appreciation rights, restricted shares, restricted share units, performance-based awards, unrestricted shares, and cash-based awards subject to such conditions and restrictions as it may determine. Dividend equivalents may also be provided in connection with awards under the 2022 Plan. The Board determined that no new grants would be made under the 2022 Plan upon the adoption of the 2024 Plan on June 18, 2024.

## Options

Details of the outstanding options under the 2022 Plan are set out below:

Name of grantee	Category of grantees	Date of grant	Vesting period <sup>(1)</sup> / <sup>(2)</sup> / <sup>(3)</sup>	Exercise period <sup>(4)</sup>	Exercise (grant) price (in \$) <sup>(5)</sup>	Price on day prior to exercise during the Reporting Period (in \$) <sup>(6)</sup>	Outstanding as of January 1, 2025	Number of shares underlying the options				
								Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2025	
<b>Directors and chief executive of the Company</b>												
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	4/3/2023	4 years	10 years	3.395	—	3,773,910	0	0	0	3,773,910	
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	4/3/2024	4 years	10 years	1.618	—	5,330,650	0	0	0	5,330,650	
<b>Five highest paid individuals during the Reporting Period (other than Dr. Samantha Du)</b>												
In aggregate	Five highest paid individuals during the Reporting Period (other than chief executive)	8/15/2022	5 years	10 years	4.578	—	1,390,000	0	0	0	1,390,000	

Number of shares underlying the options												
Name of grantee	Category of grantees	Date of grant	Vesting period <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>	Exercise period <sup>(4)</sup>	Exercise (grant) price (in \$) <sup>(5)</sup>	Price on day prior to exercise during the Reporting Period (in \$) <sup>(6)</sup>	Outstanding as of January 1, 2025	Number of shares underlying the options				Outstanding as of December 31, 2025
								Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2025	
In aggregate	Five highest paid individuals during the Reporting Period (other than chief executive)	12/30/2022	5 years	10 years	3.07	—	1,837,000	0	0	0	1,837,000	
In aggregate	Five highest paid individuals during the Reporting Period (other than chief executive)	4/3/2023	4 years	10 years	3.395	—	4,422,610	0	0	0	4,422,610	
In aggregate	Five highest paid individuals during the Reporting Period (other than chief executive)	4/1/2024	4 years	10 years	1.672	3.42	4,791,100	192,500	0	0	4,598,600	
<b>Employee Participants (other than the five highest paid individuals during the Reporting Period)</b>												
In aggregate	Employee Participants	8/15/2022	5 years	10 years	4.578	—	28,300	0	0	0	28,300	
In aggregate	Employee Participants	9/12/2022	5 years	10 years	5.169	—	26,440	0	0	0	26,440	
In aggregate	Employee Participants	10/3/2022	5 years	10 years	3.672	—	5,000	0	0	5,000	0	
In aggregate	Employee Participants	11/14/2022	5 years	10 years	3.695	—	1,103,560	0	0	700,000	403,560	
In aggregate	Employee Participants	12/12/2022	5 years	10 years	3.518	—	13,000	0	0	0	13,000	
In aggregate	Employee Participants	3/6/2023	5 years	10 years	3.986	4.06	91,090	5,200	0	0	85,890	
In aggregate	Employee Participants	4/3/2023	4 years	10 years	3.395	3.58	9,332,390	1,251,460	0	1,590,140	6,490,790	
In aggregate	Employee Participants	4/7/2023	3 years	10 years	3.351	—	29,000	0	0	0	29,000	
In aggregate	Employee Participants	5/15/2023	4 years	10 years	3.602	—	426,000	0	0	0	426,000	
In aggregate	Employee Participants	6/7/2023	4 years	10 years	3.403	3.65	95,940	4,500	0	13,500	77,940	
In aggregate	Employee Participants	7/3/2023	4 years	10 years	2.877	3.41	50,000	12,500	0	37,500	0	
In aggregate	Employee Participants	8/14/2023	4 years	10 years	2.571	—	241,710	0	0	0	241,710	
In aggregate	Employee Participants	9/18/2023	4 years	10 years	2.593	3.34	700,000	350,000	0	350,000	0	
In aggregate	Employee Participants	10/2/2023	4 years	10 years	2.466	—	51,000	0	0	0	51,000	
In aggregate	Employee Participants	11/13/2023	4 years	10 years	2.852	3.64	135,000	17,500	0	0	117,500	
In aggregate	Employee Participants	12/4/2023	4 years	10 years	2.76	—	55,000	0	0	0	55,000	
In aggregate	Employee Participants	3/4/2024	4 years	10 years	2.127	3.47	347,000	20,000	0	260,000	67,000	
In aggregate	Employee Participants	4/1/2024	4 years	10 years	1.672	3.42	7,660,160	738,580	0	1,879,490	5,042,090	
In aggregate	Employee Participants	5/14/2024	4 years	10 years	2.155	—	504,000	0	0	0	504,000	
In aggregate	Employee Participants	6/3/2024	4 years	10 years	1.806	—	22,000	0	0	0	22,000	
<b>Total</b>							42,461,860	2,592,240	0	4,835,630	35,033,990	

# DIRECTORS' REPORT

## Notes:

- (1) Where the vesting period is five years, one-fifth of the options shall vest on each anniversary of the date of grant for the next five years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (2) Where the vesting period is four years, one-fourth of the options shall vest on each anniversary of the date of grant for the next four years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (3) Where the vesting period is three years, one-third of the options shall vest on each anniversary of the date of grant for the next three years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (4) The relevant portion of the options becomes exercisable upon vesting on each anniversary of the date of grant, with the validity period of the options, being ten years from the date of grant.
- (5) The stated exercise (grant) price represents the higher of (i) the closing price of the underlying ADSs, divided by ten, on the date of grant, and (ii) the average closing price of the underlying ADSs, divided by ten, for the five Nasdaq trading days immediately preceding the date of grant.
- (6) The stated price was the weighted-average closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date on which the options were exercised during the Reporting Period.

## Non-Option Awards

As at December 31, 2025, the Company granted certain RSUs and RSAs under the 2022 Plan which remained outstanding. The purchase price for the grant of such non-option awards under the 2022 Plan was nil.

Details of the unvested non-option awards under the 2022 Plan are set out below:

Name of grantee	Category of grantees	Type of award	Date of grant	Vesting period <sup>(1) (2) (3)</sup>	Price on day prior to vesting during the Reporting Period (in \$) <sup>(4)</sup>	Unvested as of January 1, 2025	Number of shares underlying the non-option awards			
							Vested during the Reporting Period <sup>(5)</sup>	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of December 31, 2025
<b>Directors and chief executive of the Company</b>										
Mr. Michel Vounatsos	Independent non-executive director	RSA	3/3/2023	3 years	3.46	122,220	61,110	0	0	61,110
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	6/29/2023	4 years	3.47	539,100	179,700	0	0	359,400
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	4/3/2024	4 years	3.64	270,000	67,500	0	0	202,500

Number of shares underlying the non-option awards										
Name of grantee	Category of grantees	Type of award	Date of grant	Vesting period <sup>(1) (2) (3)</sup>	Price on day prior to vesting during the Reporting Period (in \$) <sup>(4)</sup>	Unvested as of January 1, 2025	Vested	Cancelled	Lapsed	Unvested
							during the Reporting Period <sup>(5)</sup>	during the Reporting Period	during the Reporting Period	as of December 31, 2025
<b>Five highest paid individuals during the Reporting Period (other than Dr. Samantha Du)</b>										
In aggregate	Five highest paid individuals during the Reporting Period (other than chief executive)	RSU	8/15/2022	5 years	3.49	477,000	159,000	0	0	318,000
In aggregate	Five highest paid individuals during the Reporting Period (other than chief executive)	RSU	12/30/2022	5 years	1.78	630,000	210,000	0	0	420,000
In aggregate	Five highest paid individuals during the Reporting Period (other than chief executive)	RSU	4/3/2023	4 years	3.64	631,850	210,610	0	0	421,240
In aggregate	Five highest paid individuals during the Reporting Period (other than chief executive)	RSU	4/1/2024	4 years	3.61	3,115,720	778,920	0	0	2,336,800
<b>Employee Participants (other than the five highest paid individuals during the Reporting Period)</b>										
In aggregate	Employee Participants	RSU	8/15/2022	5 years	3.49	42,480	12,560	0	6,000	23,920
In aggregate	Employee Participants	RSU	9/12/2022	5 years	3.25	6,070	2,010	0	0	4,060
In aggregate	Employee Participants	RSU	10/3/2022	5 years	3.39	16,200	5,400	0	0	10,800
In aggregate	Employee Participants	RSU	11/14/2022	5 years	2.17	369,210	42,670	0	241,200	85,340
In aggregate	Employee Participants	RSU	12/12/2022	5 years	1.78	160,800	52,800	0	2,400	105,600
In aggregate	Employee Participants	RSU	3/6/2023	5 years	3.59	66,130	16,530	0	1,200	48,400
In aggregate	Employee Participants	RSU	4/3/2023	4 years	3.64	2,530,780	812,930	0	390,250	1,327,600
In aggregate	Employee Participants	RSU	5/15/2023	4 years	2.81	168,640	56,210	0	1,000	111,430
In aggregate	Employee Participants	RSU	6/7/2023	4 years	3.81	39,790	11,010	0	6,750	22,030
In aggregate	Employee Participants	RSU	7/3/2023	4 years	3.55	15,750	500	0	14,250	1,000
In aggregate	Employee Participants	RSU	8/14/2023	4 years	3.56	56,630	18,370	0	1,500	36,760
In aggregate	Employee Participants	RSU	9/18/2023	4 years	3.26	301,500	100,500	0	200,000	1,000
In aggregate	Employee Participants	RSU	10/2/2023	4 years	3.44	19,500	6,500	0	0	13,000
In aggregate	Employee Participants	RSU	11/13/2023	4 years	2.19	39,000	13,000	0	0	26,000
In aggregate	Employee Participants	RSU	12/4/2023	4 years	1.98	24,000	6,750	0	3,750	13,500
In aggregate	Employee Participants	RSU	3/4/2024	4 years	3.17	342,500	21,620	0	292,000	28,880
In aggregate	Employee Participants	RSU	4/1/2024	4 years	3.61	8,592,520	2,074,740	0	1,682,470	4,835,310
In aggregate	Employee Participants	RSU	5/14/2024	4 years	2.86	370,000	92,500	0	1,500	276,000
In aggregate	Employee Participants	RSU	6/3/2024	4 years	3.12	36,000	9,000	0	0	27,000
<b>Total</b>						<b>18,983,390</b>	<b>5,022,440</b>	<b>0</b>	<b>2,844,270</b>	<b>11,116,680</b>

# DIRECTORS' REPORT

## Notes:

- (1) Where the vesting period is five years, one-fifth of the RSUs shall vest on each anniversary of the date of grant for the next five years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (2) Where the vesting period is four years, one-fourth of the RSUs shall vest on each anniversary of the date of grant for the next four years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (3) Where the vesting period is three years, such RSAs shall vest ratably over three years on the anniversary of the date of grant, subject to the grantee's continued service as a member of the Board through such date.
- (4) The stated price was the weighted average closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date on which the applicable non-option awards were vested during the Reporting Period.

## Purposes

The purposes of the 2022 Plan are to attract, retain, and reward key employees and directors of, and consultants and advisors to, the Company and its subsidiaries, to incentivize them to generate shareholder value, to enable them to participate in the growth of the Company, and to align their interests with the interests of the Company's shareholders.

## Eligible Participants

The Compensation Committee of the Board shall select participants of the 2022 Plan from among key employees and directors of, and consultants and advisors to, the Company. Eligibility for stock options intended to be incentive stock options (as defined under Section 422 of the Code) is limited to employees of the Company or certain affiliates. Eligibility for share options, other than incentive stock options, and stock appreciation rights is limited to individuals who are providing direct services on the date of grant of the award to the Company or certain affiliates.

## Maximum Number of Shares

The initial total number of shares available for issue under the 2022 Plan is 97,908,743 Shares, which represents 10% of the issued shares of the Company as of June 22, 2022 and approximately 8.63% of the issued shares of the Company (excluding treasury shares) as at the date of this annual report. As at the date of this annual report, 40,583,350 Shares remain issuable upon the exercise/vesting in full of all outstanding options and non-option awards under the 2022 Plan which are yet to be exercised/vested, which represents approximately 3.58% of the issued shares of the Company (excluding treasury shares). The Board had already determined that no new grants would be made under the 2022 Plan upon the adoption of the 2024 Plan on June 18, 2024. As such, the number of Shares issuable under the options and non-option awards available for grant under the 2022 Plan was nil as at January 1, 2025 and December 31, 2025.

### **Limit of Each Grantee**

Unless approved by the Company's shareholders, the total number of Shares issued and to be issued upon the exercise of share options granted and to be granted under the 2022 Plan and any other plan of the Company to any person within any 12-month period shall not exceed 1% of the Shares in issue at the date of any grant. In addition, the maximum grant date value of awards granted to any non-employee director in any calendar year, assuming a maximum payout, may not exceed, in the case of newly appointed non-employee director, \$750,000 in the first year of his/her appointment, or otherwise \$500,000 (subject to applicable laws).

### **Term of the 2022 Plan**

Unless sooner terminated by the Board, the term of the 2022 Plan will expire 10 years from the date of adoption, i.e., on April 20, 2032. The remaining life of the 2022 Plan is around six years as at the date of this annual report.

### **Vesting Period and Exercise Period**

The Compensation Committee of the Board determines the terms of all awards granted under the 2022 Plan, including the time or times an award vests or becomes exercisable, the terms on which an award remains exercisable, and the effect of termination of a participant's employment or service on an award. The Compensation Committee of the Board may at any time accelerate the vesting or exercisability of an award. The maximum term of share options must not exceed 10 years from the date of grant.

### **Consideration**

No cash consideration is required to be paid by the grantees for the acceptance of options or non-option awards granted under the 2022 Plan.

### **Exercise Price**

The exercise price of each share option granted under the 2022 Plan shall be no less than the fair market value of a share on the date of grant (110% in the case of certain incentive share options). Pursuant to a waiver granted by the Hong Kong Stock Exchange, the exercise price of the options will be determined based on the higher of: (i) the per-share closing price of the Company's ADSs on Nasdaq on the date of grant, which must be a Nasdaq trading day; and (ii) the average per-share closing price of the Company's ADSs on Nasdaq for the five Nasdaq trading days immediately preceding the date of grant, in each case of (i) and (ii), multiplied by the applicable conversion ratio from an ADS to ordinary share, subject to the condition that the Company shall not issue any share options with an exercise price denominated in Hong Kong dollars unless such exercise price complies with Rule 17.03E of the HK Listing Rules.

## 4. 2024 Plan

The 2024 Plan was approved at the Company's 2024 annual general meeting of shareholders on June 18, 2024. Under the 2024 Plan, the Compensation Committee may award share options, share appreciation rights, restricted shares, share units (including restricted share units), performance awards, unrestricted shares, and other types of awards that are convertible into or otherwise based on shares subject to such conditions and restrictions as it may determine. Dividend equivalents may also be provided in connection with awards under the 2024 Plan. The 2024 Plan is subject to the requirements under Chapter 17 of the HK Listing Rules, and all types of awards granted under the 2024 Plan which involve the issue of new shares or use of treasury shares shall comply with Chapter 17 of the HK Listing Rules.

### Options

Details of the outstanding options under the 2024 Plan are set out below:

Name of grantee	Category of grantees	Date of grant	Vesting period <sup>(1)</sup>	Exercise period <sup>(2)</sup>	Exercise (grant) price (in \$) <sup>(3)</sup>	Price on day prior to exercise during the Reporting Period (in \$) <sup>(4)</sup>	Number of shares underlying the options					
							Outstanding as of January 1, 2025	Exercised during the Reporting Period <sup>(4)</sup>	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2025	
<b>Directors and chief executive of the Company</b>												
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	3/10//2025	4 years	10 years	3.469	—	0	0	0	0	2,525,850	
<b>Employee Participants (other than chief executive)</b>												
In aggregate	Employee Participants	7/1/2024	4 years	10 years	1.802	3.47	6,000	1,500	0	0	4,500	
In aggregate	Employee Participants	9/9/2024	4 years	10 years	1.996	—	2,080	0	0	0	2,080	
In aggregate	Employee Participants	10/7/2024	4 years	10 years	2.635	—	200,000	0	0	0	200,000	
In aggregate	Employee Participants	3/3/2025	4 years	10 years	3.419	—	0	0	0	0	47,000	
In aggregate	Employee Participants	3/12/2025	4 years	10 years	3.555	—	0	0	0	0	2,489,860	
In aggregate	Employee Participants	4/1/2025	4 years	10 years	3.729	—	0	0	0	253,500	1,793,000	
In aggregate	Employee Participants	6/3/2025	4 years	10 years	3.113	—	0	0	0	25,000	0	
In aggregate	Employee Participants	7/2/2025	4 years	10 years	3.561	—	0	0	0	0	143,000	
In aggregate	Employee Participants	9/8/2025	4 years	10 years	3.17	—	0	0	0	0	66,000	
In aggregate	Employee Participants	10/1/2025	4 years	10 years	3.444	—	0	0	0	0	250,000	
In aggregate	Employee Participants	11/10/2025	4 years	10 years	2.45	—	0	0	0	0	5,000	
In aggregate	Employee Participants	12/1/2025	4 years	10 years	2.005	—	0	0	0	0	118,000	
<b>Total</b>							208,080	1,500	0	278,500	7,644,290	

Details of the options granted under the 2024 Plan during the Reporting Period are as follows:

		Number of shares underlying the options													
Name of grantee	Category of grantees	Date of grant	Vesting period <sup>(1)</sup>	Exercise period <sup>(2)</sup>	Fair value on	Price on day	Price on			Outstanding as of January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period <sup>(4)</sup>	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as of December 31, 2025
					Exercise (grant) price (in \$) <sup>(3)</sup>	day of grant during the Reporting Period (in \$) <sup>(5)</sup>	during the Reporting Period (in \$) <sup>(6)</sup>	day prior to exercise during the Reporting Period (in \$) <sup>(4)</sup>							
<b>Directors and chief executive of the Company</b>															
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	3/10//2025	4 years	10 years	3.469	2.305	3.642	—	0	2,525,850	0	0	0	0	2,525,850
<b>Employee Participants (other than chief executive)</b>															
In aggregate	Employee Participants	3/3/2025	4 years	10 years	3.419	2.065	3.464	—	0	47,000	0	0	0	0	47,000
In aggregate	Employee Participants	3/12/2025	4 years	10 years	3.555	2.356	3.535	—	0	2,489,860	0	0	0	0	2,489,860
In aggregate	Employee Participants	4/1/2025	4 years	10 years	3.729	2.478	3.614	—	0	2,046,500	0	0	253,500	1,793,000	
In aggregate	Employee Participants	6/3/2025	4 years	10 years	3.113	2.072	3.119	—	0	25,000	0	0	25,000	0	
In aggregate	Employee Participants	7/2/2025	4 years	10 years	3.561	2.372	3.517	—	0	143,000	0	0	0	143,000	
In aggregate	Employee Participants	9/8/2025	4 years	10 years	3.17	2.074	3.076	—	0	66,000	0	0	0	66,000	
In aggregate	Employee Participants	10/1/2025	4 years	10 years	3.444	2.291	3.389	—	0	250,000	0	0	0	250,000	
In aggregate	Employee Participants	11/10/2025	4 years	10 years	2.45	1.409	2.19	—	0	5,000	0	0	0	5,000	
In aggregate	Employee Participants	12/1/2025	4 years	10 years	2.005	1.315	2.041	—	0	118,000	0	0	0	118,000	
<b>Total</b>									0	7,716,210	0	0	278,500	7,437,710	

Notes:

- (1) Where the vesting period is four years, one-fourth of the options shall vest on each anniversary of the date of grant for the next four years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (2) The relevant portion of the options becomes exercisable upon vesting on each anniversary of the date of grant, with the validity period of the options, being ten years from the date of grant.
- (3) The stated exercise (grant) price represents the higher of (i) the closing price of the underlying ADSs, divided by ten, on the date of grant, and (ii) the average closing price of the underlying ADSs, divided by ten, for the five Nasdaq trading days immediately preceding the date of grant.
- (4) The stated price was the weighted average closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date on which the options were exercised during the Reporting Period. No options granted under the 2024 Plan during the Reporting Period had been vested and become exercisable as of December 31, 2025.
- (5) The fair value of options at the date of grant was determined on the basis of the Black-Scholes option valuation model, the key inputs into the model are as follows: (i) risk-free rate based on the average daily treasury rate at the time of grant for the period equal to the expected term; (ii) expected volatility primarily based on the historical volatility of the trading of the Shares on Nasdaq; (iii) expected dividends yield of zero as we have never paid dividends and do not currently anticipate paying any in the foreseeable future; and (iv) expected term which is based on the average period the share options are expected to remain outstanding. As the Company does not have sufficient historical information since its IPO to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior, the expected term of options granted is derived from the average midpoint between the weighted average vesting and the contractual term, also known as the simplified method.
- (6) The stated price was the closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date of grant.

# DIRECTORS' REPORT

## Non-Option Awards

As at December 31, 2025, the Company granted certain RSUs, PSUs, and RSAs under the 2024 Plan which remained outstanding. The purchase price for the grant of such non-option awards under the 2024 Plan was nil.

Details of the unvested non-option awards under the 2024 Plan are set out below:

Name of grantee	Category of grantees	Type of award	Date of grant	Vesting period <sup>(A)</sup> <sup>(B)</sup>	Price on day prior to vesting during the Reporting Period (in \$) <sup>(C)</sup>	Number of shares underlying the non-option awards				
						Unvested as of January 1, 2025	Vested during the Reporting Period <sup>(D)</sup>	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of December 31, 2025
<b>Directors and chief executive of the Company</b>										
Dr. John Diekman	Independent non-executive director	RSA	6/18/2024	1 year	3.72	212,530	212,530	0	0	0
Dr. Richard Gaynor	Independent non-executive director	RSA	6/18/2024	1 year	3.72	212,530	212,530	0	0	0
Mr. William Lis	Independent non-executive director	RSA	6/18/2024	1 year	3.72	212,530	212,530	0	0	0
Mr. Scott W. Morrison	Independent non-executive director	RSA	6/18/2024	1 year	3.72	212,530	212,530	0	0	0
Mr. Leon O. Moulder, Jr.	Independent non-executive director	RSA	6/18/2024	1 year	3.72	212,530	212,530	0	0	0
Mr. Michel Vounatsos	Independent non-executive director	RSA	6/18/2024	1 year	3.72	212,530	212,530	0	0	0
Mr. Peter Wirth	Independent non-executive director	RSA	6/18/2024	1 year	3.72	212,530	212,530	0	0	0
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	7/1/2024	4 years	3.5	720,000	180,000	0	0	540,000
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	3/10/2025	4 years	—	0	0	0	0	106,200
Dr. John Diekman	Independent non-executive director	RSA	6/18/2025	1 year	—	0	0	0	0	108,310
Dr. Richard Gaynor	Independent non-executive director	RSA	6/18/2025	1 year	—	0	0	0	0	108,310
Ms. Nisa Leung	Independent non-executive director	RSA	6/18/2025	1 year	—	0	0	0	0	108,310
Mr. William Lis	Independent non-executive director	RSA	6/18/2025	1 year	—	0	0	0	0	108,310
Mr. Scott W. Morrison	Independent non-executive director	RSA	6/18/2025	1 year	—	0	0	0	0	108,310
Mr. Leon O. Moulder, Jr.	Independent non-executive director	RSA	6/18/2025	1 year	—	0	0	0	0	108,310

Number of shares underlying the non-option awards

Name of grantee	Category of grantees	Type of award	Date of grant	Vesting period <sup>(1)</sup> <sup>(2)(B)</sup>	Price on day prior to vesting during the Reporting Period (in \$) <sup>(4)</sup>	Unvested as of January 1, 2025	Vested during the Reporting Period <sup>(4)</sup>	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of December 31, 2025
Mr. Michel Vounatsos	Independent non-executive director	RSA	6/18/2025	1 year	—	0	0	0	0	108,310
Mr. Peter Wirth	Independent non-executive director	RSA	6/18/2025	1 year	—	0	0	0	0	108,310
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	7/2/2025	4 years	—	0	0	0	0	441,940
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	PSU	7/2/2025	(3)	—	0	0	0	0	365,420
<b>Employee Participants (other than chief executive)</b>										
In aggregate	Employee Participants	RSU	7/1/2024	4 years	3.5	9,000	2,250	0	0	6,750
In aggregate	Employee Participants	RSU	8/12/2024	4 years	3.47	70,000	17,000	0	2,000	51,000
In aggregate	Employee Participants	RSU	9/9/2024	4 years	3.13	96,220	23,050	0	4,000	69,170
In aggregate	Employee Participants	RSU	10/7/2024	4 years	3.33	238,000	58,000	0	6,000	174,000
In aggregate	Employee Participants	RSU	11/18/2024	4 years	2.09	150,000	35,750	0	7,000	107,250
In aggregate	Employee Participants	RSU	12/2/2024	4 years	1.99	6,000	1,000	0	2,000	3,000
In aggregate	Employee Participants	RSU	3/3/2025	4 years	—	0	0	0	5,000	96,000
In aggregate	Employee Participants	RSU	3/12/2025	4 years	—	0	0	0	0	809,170
In aggregate	Employee Participants	PSU	3/12/2025	(3)	—	0	0	0	0	809,170
In aggregate	Employee Participants	RSU	4/1/2025	4 years	—	0	0	0	405,500	3,795,500
In aggregate	Employee Participants	PSU	4/1/2025	(3)	—	0	0	0	67,750	262,000
In aggregate	Employee Participants	RSU	5/12/2025	4 years	—	0	0	0	0	98,000
In aggregate	Employee Participants	RSU	6/3/2025	4 years	—	0	0	0	35,000	6,040
In aggregate	Employee Participants	RSU	7/2/2025	4 years	—	0	0	0	0	145,500
In aggregate	Employee Participants	RSU	8/11/2025	4 years	—	0	0	0	0	33,000
In aggregate	Employee Participants	RSU	9/8/2025	4 years	—	0	0	0	0	98,930
In aggregate	Employee Participants	RSU	10/1/2025	4 years	—	0	0	0	0	321,500
In aggregate	Employee Participants	RSU	11/10/2025	4 years	—	0	0	0	0	721,000
In aggregate	Employee Participants	RSU	12/1/2025	4 years	—	0	0	0	0	226,650
<b>Total</b>						<b>2,776,930</b>	<b>1,804,760</b>	<b>0</b>	<b>534,250</b>	<b>10,153,670</b>

# DIRECTORS' REPORT

Details of the non-option awards granted under the 2024 Plan during the Reporting Period are as follows:

														Number of shares underlying the non-option awards				
Name of grantee	Category of grantees	Type of award	Date of grant	Vesting period <sup>(1)</sup> <sup>(2)</sup> <sup>(3)</sup>	Price on			Unvested as of January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period <sup>(4)</sup>	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of December 31, 2025					
					Fair value on day of grant	day prior to grant	Price on day prior to vesting											
					during the Reporting Period	during the Reporting Period	during the Reporting Period											
					Period (in \$) <sup>(5)</sup>	Period (in \$) <sup>(6)</sup>	Period (in \$) <sup>(4)</sup>											
<b>Directors and chief executive of the Company</b>																		
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	3/10/2025	4 years	3.469	3.642	—	0	106,200	0	0	0	106,200					
Dr. John Diekman	Independent non-executive director	RSA	6/18/2025	1 year	3.693	3.722	—	0	108,310	0	0	0	108,310					
Dr. Richard Gaynor	Independent non-executive director	RSA	6/18/2025	1 year	3.693	3.722	—	0	108,310	0	0	0	108,310					
Ms. Nisa Leung	Independent non-executive director	RSA	6/18/2025	1 year	3.693	3.722	—	0	108,310	0	0	0	108,310					
Mr. William Lis	Independent non-executive director	RSA	6/18/2025	1 year	3.693	3.722	—	0	108,310	0	0	0	108,310					
Mr. Scott W. Morrison	Independent non-executive director	RSA	6/18/2025	1 year	3.693	3.722	—	0	108,310	0	0	0	108,310					
Mr. Leon O. Moulder, Jr.	Independent non-executive director	RSA	6/18/2025	1 year	3.693	3.722	—	0	108,310	0	0	0	108,310					
Mr. Michel Vounatsos	Independent non-executive director	RSA	6/18/2025	1 year	3.693	3.722	—	0	108,310	0	0	0	108,310					
Mr. Peter Wirth	Independent non-executive director	RSA	6/18/2025	1 year	3.693	3.722	—	0	108,310	0	0	0	108,310					
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	RSU	7/2/2025	4 years	3.549	3.517	—	0	441,940	0	0	0	441,940					
Dr. Samantha Du	Executive Director, Chairperson and Chief Executive Officer	PSU	7/2/2025	(3)	3.549	3.517	—	0	365,420	0	0	0	365,420					
<b>Employee Participants (other than chief executive)</b>																		
In aggregate	Employee Participants	RSU	3/3/2025	4 years	3.173	3.464	—	0	101,000	0	0	5,000	96,000					
In aggregate	Employee Participants	RSU	3/12/2025	4 years	3.543	3.535	—	0	809,170	0	0	0	809,170					
In aggregate	Employee Participants	PSU	3/12/2025	(3)	3.543	3.535	—	0	809,170	0	0	0	809,170					
In aggregate	Employee Participants	RSU	4/1/2025	4 years	3.729	3.614	—	0	4,201,000	0	0	405,500	3,795,500					
In aggregate	Employee Participants	PSU	4/1/2025	(3)	3.729	3.614	—	0	329,750	0	0	67,750	262,000					
In aggregate	Employee Participants	RSU	5/12/2025	4 years	2.94	2.924	—	0	98,000	0	0	0	98,000					

Number of shares underlying the non-option awards

Name of grantee	Category of grantees	Type of award	Date of grant	Vesting period <sup>(1) (2) (3)</sup>	Price on			Unvested as of January 1, 2025	Granted during the Reporting Period	Vested during the Reporting Period <sup>(4)</sup>	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Unvested as of December 31, 2025
					Fair value on day of grant during the Reporting Period (in \$) <sup>(5)</sup>	day prior to grant during the Reporting Period (in \$) <sup>(6)</sup>	Price on day prior to vesting during the Reporting Period (in \$) <sup>(4)</sup>						
In aggregate	Employee Participants	RSU	6/3/2025	4 years	3.113	3.119	—	0	41,040	0	0	35,000	6,040
In aggregate	Employee Participants	RSU	7/2/2025	4 years	3.549	3.517	—	0	145,500	0	0	0	145,500
In aggregate	Employee Participants	RSU	8/11/2025	4 years	3.466	3.496	—	0	33,000	0	0	0	33,000
In aggregate	Employee Participants	RSU	9/8/2025	4 years	3.133	3.076	—	0	98,930	0	0	0	98,930
In aggregate	Employee Participants	RSU	10/1/2025	4 years	3.444	3.389	—	0	321,500	0	0	0	321,500
In aggregate	Employee Participants	RSU	11/10/2025	4 years	2.189	2.190	—	0	721,000	0	0	0	721,000
In aggregate	Employee Participants	RSU	12/1/2025	4 years	1.988	2.041	—	0	226,650	0	0	0	226,650
<b>Total</b>								0	9,715,750	0	0	513,250	9,202,500

Notes:

- (1) Where the vesting period is four years, one-fourth of the RSUs shall vest on each anniversary of the date of grant for the next four years, in each case, subject to the grantee's continued employment relationship with the Company on such vesting dates.
- (2) Where the vesting period is one year, such RSAs shall vest in full on the first anniversary of the date of grant, subject to the grantee's continued service as a member of the Board through such date.
- (3) The PSUs shall vest on the three-year anniversary of the date of grant, subject to the grantee's continued employment relationship with the Company through the vesting date and the achievement of the performance targets set forth in the award agreement for the January 1, 2025 through December 31, 2025 performance period. In no event shall more than one hundred and fifty percent (150%) of the target Performance Share Units become vested.
- (4) The stated price was the weighted-average closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date on which the applicable non-option awards were vested during the Reporting Period. None of the non-option awards granted under the 2024 Plan during the Reporting Period had been vested as of December 31, 2025.
- (5) The fair value of non-option awards at the date of grant was determined based on the closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the date of grant or the immediately following trading day if the date of grant is not a Nasdaq trading day.
- (6) The stated price was the closing price of the underlying ADSs as quoted on Nasdaq, divided by ten, on the trading day immediately prior to the date of grant.

**Purposes**

The purposes of the 2024 Plan are to attract, retain, and reward key employees and directors of the Company and its subsidiaries, to incentivize them to generate shareholder value, to enable them to participate in the growth of the Company, and to align their interests with the interests of the Company's shareholders.

## Eligible Participants

The Compensation Committee of the Board shall select participants of the 2024 Plan from among employees and directors of the Company and its affiliates (namely any subsidiary, the holding companies, fellow subsidiaries, or associated companies of the Company). Eligibility for stock options intended to be incentive stock options (as defined under Section 422 of the Code) is limited to employees of the Company or certain affiliates. Eligibility for share options, other than incentive stock options, and SARs is limited to employees and directors who are providing direct services on the date of grant of the award to the Company or certain affiliates.

## Maximum Number of Shares

The initial total number of shares available for issue under the 2024 Plan is 99,208,743 Shares, which represents 10% of the issued shares of the Company as of June 18, 2024 and approximately 8.75% of the issued shares of the Company (excluding treasury shares) as at the date of this annual report. As at the date of this annual report, 35,459,430 Shares remain issuable upon the exercise/vesting in full of all outstanding options and non-option awards under the 2024 Plan which are yet to be exercised/vested, which represents approximately 3.13% of the issued shares of the Company (excluding treasury shares). As at January 1, 2025 and December 31, 2025, 96,223,733 and 79,604,523 Shares were available for future grant of options and non-option awards under the 2024 Plan, respectively.

## Limit of Each Grantee

Unless approved by the Company's shareholders, the total number of shares issued and to be issued upon the vesting or exercise of awards granted under the 2024 Plan and any other plan of the Company to an individual grantee within any 12-month period (excluding any awards that have lapsed in accordance with the terms of the 2024 Plan or such other plan) shall not exceed 1% of the shares in issue (excluding treasury shares) at the date of any such grant, provided that awards may be issued in excess of such limit if separately approved by the shareholders in a manner compliant with Chapter 17 of the HK Listing Rules. In addition, the maximum grant date fair value of all equity-based awards granted under the 2024 Plan and cash compensation awarded to any non-employee director in any calendar year shall not exceed (a) in the case of a newly appointed director, \$1,000,000 in the first year of such director's appointment, or (b) otherwise \$750,000 (subject to applicable laws).

## Term of the 2024 Plan

Unless sooner terminated by the Board, the term of the 2024 Plan will expire 10 years from the date of adoption, i.e., on June 17, 2034. The remaining life of the 2024 Plan is around eight years and two months as at the date of this annual report.

## Vesting Period and Exercise Period

The Compensation Committee of the Board determines the terms of all awards granted under the 2024 Plan, including the time or times an award vests or becomes exercisable, the terms on which an award remains exercisable, and the effect of termination of a participant's employment or service on an award. The Compensation Committee of the Board may at any time accelerate the vesting or exercisability of an award. The maximum term of share options must not exceed 10 years from the date of grant.

## Consideration

No cash consideration is required to be paid by the grantees for the acceptance of options or non-option awards granted under the 2024 Plan.

## Exercise Price

The Exercise Price of each share option granted under the 2024 Plan shall be established by the Administrator or shall be determined by a method established by the Administrator at the time the Share Option or SAR is granted; provided, however, that the exercise price shall not be less than the higher of (i) the per-share closing price of an ADS (or, if applicable, a Share) on Nasdaq on the date of grant (which must be a Nasdaq trading day); and (ii) the average per-share closing price of an ADS (or, if applicable, a Share) on Nasdaq for the five Nasdaq trading days immediately preceding the date of grant (or, if greater, the par value of a Share on such date); provided, however, in the case of an incentive share option granted to a ten (10)-percent shareholder within the meaning of Section 422, the exercise price shall be no less than one hundred and ten percent (110%) of the per-share closing price of an ADS (or, if applicable, a share) on Nasdaq on the date of grant (which must be a Nasdaq trading day) in addition to (i) and (ii) above, whichever is higher.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under our Current Articles or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to shareholders by reason of their holding of the Company's securities.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the Company did not purchase, sell, or redeem any of the Company's securities listed on the Hong Kong Stock Exchange.

During the Reporting Period and as at December 31, 2025, the Company did not have any treasury shares (as defined in the HK Listing Rules).

## AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS

The Audit Committee oversees the accounting and financial reporting processes of the Company and the audits of the Company's financial statements, including but not limited to assisting the Board in its oversight of the integrity of the consolidated financial statements of the Company, the Company's compliance program, and the Company's risk management and internal control over financial reporting. The Audit Committee currently consists of three members, namely Mr. Scott W. Morrison, Mr. William Lis, and Mr. Peter Wirth, all of whom are independent Directors. Mr. Morrison is the chairperson of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements and annual results of the Company for the year ended December 31, 2025. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal controls with members of senior management and the external auditor of the Company. The consolidated financial statements included in this report have been audited by the external auditor of the Company.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HK LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21, and 13.22 of the HK Listing Rules.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained the minimum public float required by the Hong Kong Stock Exchange.

On behalf of the Board

**Zai Lab Limited**

Dr. Samantha Du

*Director, Chairperson, and Chief Executive Officer*

Shanghai

April 28, 2026

# CORPORATE GOVERNANCE REPORT

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The Board is pleased to present the corporate governance report for the Company for the Reporting Period.

## CORPORATE GOVERNANCE PRACTICES

We seek to implement and follow corporate governance practices in line with best practices in our industry. The Board of Directors has adopted Corporate Governance Guidelines, which are available on our website at <https://ir.zailaboratory.com/corporate-governance/highlights>. The Board of Directors periodically reviews and updates these Guidelines, as deemed appropriate, such as in consideration of evolving legal and regulatory requirements and corporate governance best practices.

Our corporate governance practices include the following:

- The majority of our directors are independent;
- The Board has a lead independent director to, among other things, lead meetings of the Board when the Chairperson is not present, serve as liaison between the Chairperson and independent and non-employee directors, and preside over executive sessions of our independent and non-employee Directors;
- Our Directors are elected annually;
- The Audit, Nominating and Corporate Governance, and Compensation Committees are comprised solely of independent Directors;
- Each of the Board committees operates pursuant to a written charter that has been approved by the Board and is available on our website;
- Non-employee and independent Directors meet regularly without management;
- The Company provides new Directors with a Director orientation program to help familiarize them with our business, policies, and procedures and makes available to Directors continuing education programs;
- The Board and committees are provided access to senior management as well as independent advisors as necessary to perform their duties and, for committees, in accordance with their respective charters;
- The Board and Board committees conduct an annual self-evaluation; and
- The Board periodically reviews the Company's succession planning.

The Company's corporate governance practices are based on the principles and code provisions set forth in the CG Code which are applicable to the Company.

# CORPORATE GOVERNANCE REPORT

Pursuant to code provision C.2.1 of the CG Code, companies listed on the Hong Kong Stock Exchange are expected to comply with, but may choose to deviate from, the requirement that the responsibilities of the Chairperson and the Chief Executive Officer should be segregated and should not be performed by the same individual. Dr. Samantha Du currently serves as our Chairperson and Chief Executive Officer. The Board believes that Dr. Du is the director best suited to serve as Chairperson, including due to her ability to identify strategic opportunities for the Company and areas of focus for the Board of Directors, her extensive understanding of our business as our founder and Chief Executive Officer and her deep knowledge of our industry. The Board also believes that the combined role of Chairperson and Chief Executive Officer promotes effective execution of strategic initiatives and facilitates the flow of information between management and the Board. The Board believes that the balance of power and authority on the Board will not be impaired due to this arrangement. The Board will continue to review the corporate governance structure and practices from time to time and shall make changes the Board considers appropriate.

Except as disclosed above, during the Reporting Period, the Company has complied with the code provisions set out in Part 2 of the CG Code.

The Board will continue to periodically review and monitor its corporate governance practices for compliance with Part 2 of the CG Code and maintain a high standard of corporate governance practices of the Company.

## CORPORATE CULTURE

Zai Lab's corporate culture is intertwined with its business objectives, emphasizing entrepreneurship, innovation, a patient-first mindset, collaboration, dedication, and integrity. To promote high standards of commitment and best practices across the Company, our corporate culture is integrated into the daily operations, policies, and practices of the Company.

The Company will review its business model, strategy, and goals and evaluate the Company's performance, and make prompt and proactive adjustments, if necessary, based on market changes and/or developments to foster the long-term development of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own securities dealing policies on terms no less exacting than those in the Model Code regarding director dealings in the securities of the Company.

Having made specific enquiry of all of the Directors, all of the Directors confirmed that they have complied with the required standards set forth in the Company's securities dealing policies during the Reporting Period.

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS

The Board currently comprises nine members, consisting of two directors and seven independent directors.

The Board comprises the following Directors:

### Directors

Dr. Samantha Du (*Chairperson and Chief Executive Officer*)

Mr. Leon O. Moulder, Jr. (*re-designated as a director with effect from March 5, 2026*)

### Independent Directors

Dr. John Diekman (*Lead Independent Director*)

Dr. Richard Gaynor

Ms. Nisa Leung

Mr. William Lis

Mr. Scott W. Morrison

Mr. Michel Vounatsos

Mr. Peter Wirth

The biographical details of the current Directors are set out in the section headed “*Directors and Senior Management*” of this report.

None of the members of the Board is related to one another.

## INDEPENDENT DIRECTORS

To promote strong corporate governance while the roles of Chairperson of the Board and Chief Executive Officer are combined, the Board has established a lead independent director and appointed Dr. John Diekman to serve in this important position. Our lead independent director, among other things, leads meetings of the Board when the Chairperson is not present, serves as liaison between the Chairperson and non-employee and independent directors, has the authority to call meetings of the non-employee and independent directors, and, if requested by a significant portion of our shareholders, will be available for consultation and direct communication.

During the Reporting Period, the Board at all times met the requirements of the HK Listing Rules relating to the appointment of at least three independent Directors, who are considered “independent non-executive directors” for the purpose of Rule 3.10 of the HK Listing Rules, representing at least one-third of the Board, with one possessing appropriate professional qualifications or accounting or related financial management expertise.

The Board has received from each of the independent Directors a written annual confirmation of his or her independence pursuant to Rule 3.13 of the HK Listing Rules and considers each of them to be independent.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the Current Articles, each Director shall be elected annually for terms expiring at the next annual general meeting of the Company, at which he or she may be eligible for re-election, until his or her earlier death, resignation or removal.

## RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD

The Board is responsible for the Company's risk management and internal control systems on an ongoing basis and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate risks of failure to achieve the business objectives of the Company and to only provide reasonable and not absolute assurance against material misstatement or loss.

The Board oversees the management of risks inherent in the operation of our business and the implementation of our business strategies. The Board performs this oversight role directly and with the support of its committees. For example, in connection with its review of our operations and corporate functions, the Board oversees risks associated with those operations and corporate functions. In addition, the Board reviews the risks associated with our business strategies periodically throughout the year.

Each of the Board committees oversees risk management within its areas of responsibility. In performing this function, each committee has full access to management, as well as the ability to engage advisors. For example, the Audit Committee oversees the operation of our enterprise risk management program, including the identification of the primary risks associated with our business and periodic updates to such risks, and reports to the Board regarding these activities. The Audit Committee also oversees risks related to our financial reporting, compliance with applicable laws and regulations, and our cybersecurity, IT systems, processes, and data. With respect to cybersecurity, to date, we have not experienced a cyberattack or other cybersecurity incident that has materially affected us, though there can be no guarantee that we will not experience such an incident in the future. For more information regarding our cybersecurity program and oversight, refer to *Item 1C. Cybersecurity* in our 2025 Annual Report on Form 10-K. In connection with its risk management role, the Audit Committee meets privately with representatives from our independent registered public accounting firms and receives regular reporting from management, including our Chief Financial Officer and Chief Legal Officer. Our Chief Financial Officer is responsible for identifying, evaluating, and implementing risk management controls and methodologies to address financial reporting risks, and our Chief Legal Officer is responsible for our enterprise risk management program more broadly. The Compensation Committee considers risks related to our compensation policies and practices, the Research and Development Committee oversees risks related to our R&D activities, and the Commercial Committee oversees risks related to our commercial programs.

## COMMITTEES OF THE BOARD

As of the date of this report, the Board of Directors has five standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Research and Development Committee, and the Commercial Committee. The Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee are comprised solely of independent Directors. The Company's Chief Executive Officer and Chairperson participates as a member of the Research and Development Committee and participated as a member of the Commercial Committee during the Reporting Period. These committees perform important oversight and advisory functions on behalf of the Board and meet regularly. All of our committees operate in accordance with written charters, which were approved by the Board of Directors and are available on the websites of the Hong Kong Stock Exchange and on our website at <https://ir.zailaboratory.com/corporate-governance/highlights>.

# CORPORATE GOVERNANCE REPORT

The current membership of each committee, a brief description of their primary responsibilities, the number of meetings held during the Reporting Period, and summary of their work during the Reporting Period are included below.

## Audit Committee

Scott Morrison (Chair), William Lis, and Peter Wirth currently serve on the Audit Committee. The Board of Directors has determined that each member of the Audit Committee is “independent” for Audit Committee purposes as that term is defined in SEC and Nasdaq rules and the HK Listing Rules. The Board of Directors has evaluated the background of Scott Morrison and, upon so doing, designated him as an “audit committee financial expert,” as defined in SEC rules. The Board of Directors has also determined that Mr. Morrison has the relevant accounting qualification as required under the HK Listing Rules. The Audit Committee’s responsibilities include:

- Overseeing the integrity of our consolidated financial statements;
- Overseeing our compliance with legal and regulatory requirements;
- Overseeing the qualifications, independence, and performance of our independent auditor;
- Overseeing the performance of the Company’s internal audit function, including reviewing the internal audit department’s responsibilities, budget, staffing, and any recommended changes in the planned scope of the internal audit with the independent auditor and management;
- Deciding whether to appoint, retain, or terminate our independent auditors and approving all audit, audit-related, and permitted non-audit services, including tax and other services, if any, to be provided by the independent auditors as well as the related fees and terms for such services;
- Reviewing and discussing with management and the independent auditor our annual audited financial statements and our quarterly and interim financial statements and related disclosures as well as significant financial reporting judgments and critical accounting policies and practices used by us;
- Overseeing our controls and procedures, including: reviewing the adequacy of our internal control over financial reporting; overseeing our procedures for the receipt, retention, and treatment of financial and accounting-related complaints and concerns; establishing and overseeing policies and procedures regarding the review and approval of proposed related party transactions and reviewing and determining whether to approve related party transactions to the extent required in accordance with such policies and procedures; overseeing our policies and procedures for compliance with insider trading requirements; and overseeing our ethics and compliance function;
- Discussing with senior management our enterprise risk management program;
- Overseeing our cybersecurity risk management and the integrity of our information technology systems, processes, and data, including our use of emerging technologies such as artificial intelligence and large language models, and reviewing and discussing with management and the internal auditor the adequacy of security for our IT systems, processes, and data and our incidence response and contingency plans;
- Recommending, based upon the Audit Committee’s review and discussions with management and the independent auditor, whether our annual audited financial statements should be included in our Annual Report on Form 10-K filed with the SEC and our annual report and annual results announcement filed with the Hong Kong Stock Exchange;

# CORPORATE GOVERNANCE REPORT

- Preparing the Audit Committee report and other disclosures required by SEC rules to be included in our annual proxy statement and our Annual Report on Form 10-K; and
- Reviewing our earnings releases and unaudited financial statements to be included in our quarterly and interim filings with the SEC and Hong Kong Stock Exchange, as applicable.

The Audit Committee's written charter satisfies the applicable standards of the SEC and Nasdaq as well as the HK Listing Rules. The Audit Committee held seven meetings in 2025. During the Reporting Period, among others, the Audit Committee reviewed and discussed with management and our independent auditor the audited financial statements in our Annual Report on Form 10-K for the year ended December 31, 2024 and the unaudited consolidated financial statements and interim results of the Company for the six months ended June 30, 2025, discussed with the independent auditor the matters required to be discussed with the Audit Committee by the applicable requirements of the PCAOB and SEC, and also reviewed and discussed matters with respect to the accounting policies and practices adopted by the Company, internal controls, and the effectiveness of the Company's internal audit function with members of senior management and the independent registered public accounting firms and auditors of the Company, KPMG LLP and KPMG.

## Compensation Committee

Peter Wirth (Chair), John Diekman, and Richard Gaynor currently serve on the Compensation Committee. The Board of Directors has determined that each member of the Compensation Committee is "independent" as that term is defined in Nasdaq requirements and HK Listing Rules. The Compensation Committee's responsibilities include:

- Reviewing and approving the Company's executive and director compensation programs, policies, structure, and long-term compensation strategy and determining the types of stock and other compensation plans to be used by the Company and its subsidiaries;
- Reviewing the corporate goals and objectives relevant to the compensation of our CEO, evaluating the performance of our CEO in light of such corporate goals and objectives, and recommending to the Board of Directors for approval the compensation of our CEO based on that evaluation;
- Reviewing and approving the compensation of our executive officers other than the CEO;
- Reviewing and recommending to the Board of Directors for approval the compensation of our non-employee directors;
- Overseeing the administration of our equity incentive plans and other incentive or compensation plans;
- Reviewing and discussing with management the compensation discussion and analysis and other compensation-related disclosure and preparing the Compensation Committee Report to be included in our annual proxy statement and the Company's Annual Report on Form 10-K;
- Overseeing the management of risks relating to our executive compensation and overall compensation and benefits strategies, plans, arrangements, practices, and policies;

# CORPORATE GOVERNANCE REPORT

- Overseeing our compliance with applicable rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes and the approval of equity compensation plans, and considering shareholder votes and feedback with respect to executive compensation policies and practices; and
- Evaluating and assessing any legal counsel, compensation consultants, and other advisors the Compensation Committee retains in accordance with applicable laws, regulations, and exchange requirements, including in conducting the independent assessment set forth in the Nasdaq listing rules to the extent required.

In accordance with its charter and subject to applicable laws and listing rules, the Compensation Committee has the authority to delegate to subcommittees and officers of the Company any of its responsibilities.

The Compensation Committee held four meetings in 2025. During the Reporting Period, among others, the Compensation Committee reviewed and recommended to the Board in respect of the compensation policy and structure by benchmarking peer companies with a similar scale to ensure that the Company's compensation packages are competitive to recruit top talents in our industry and to retain key staff, reviewed and recommended to the Board on the compensation packages for the Directors, assessed performance of and reviewed and approved adjustments to the compensation packages for senior management, and reviewed and approved matters relating to equity-based grants under the 2024 Plan.

In respect of material matters related to the equity incentive plans of the Company, the Compensation Committee discussed and approved the grant of a total of 7,716,210 share options, 7,344,930 RSUs, 1,504,340 PSUs, and 866,480 RSAs to employees and Directors during the Reporting Period, the details of which are disclosed in the relevant grant announcements made by the Company. In respect of the grants made to Directors and senior management, the Compensation Committee considered it was appropriate to approve such grants, taking into account their potential and/or actual contribution to the Company and past performance, as well as the non-employee director compensation policy in respect of grants made to non-employee Directors. There were no performance targets attached to any of the grants of share options, RSUs, and RSAs made during the Reporting Period, and such grants were not subject to any clawback mechanism. The Compensation Committee was of the view that the grants without performance targets or a clawback mechanism were market competitive, consistent with the Company's customary practice, and aligned with the purpose of the 2024 Plan. There were performance targets attached to the grants of PSUs made during the Reporting Period, and such grants were subject to clawback mechanisms in accordance with the Company's clawback policy. The Compensation Committee considered that the grants could recognize and reward the grantees for their contribution to the Company, and to provide additional incentives to them to maintain and further promote the success of the Company's business, and therefore aligned with the purpose of the 2024 Plan and aligned the grantees' interest with those of the Company's and its shareholders.

## **Nominating and Corporate Governance Committee**

John Diekman (Chair), Nisa Leung, Michel Vounatsos, and Peter Wirth currently serve on the Nominating and Corporate Governance Committee. The Board of Directors has determined that each member of the Nominating and Corporate Governance Committee is "independent" as that term is defined in the Nasdaq and HK listing rules. The Nominating and Corporate Governance Committee's responsibilities include:

- Identifying and recommending candidates for membership on the Board of Directors and committees to the Board of Directors in accordance with criteria approved by the Board of Directors;
- Assessing the independence of our non-employee directors;

# CORPORATE GOVERNANCE REPORT

- Reviewing our practices and policies with respect to the Board of Directors, including the structure, size, and composition of the Board of Directors and assisting the Board of Directors in maintaining a board skills matrix;
- Reviewing the functions, duties, and composition of the committees of the Board of Directors and the frequency and structure of Board Committee meetings;
- Supporting the Company's regular evaluation of the performance of the Board of Directors, including recommending to the Board of Directors or to the appropriate Board committee processes for the annual evaluation of the performance of the Board of Directors, Chairperson of the Board of Directors, Chief Executive Officer, and committees of the Board of Directors;
- Considering and reporting to the Board of Directors any questions regarding potential conflicts of interest of Board members;
- Communicating governance expectations to directors, including with respect to duties, responsibilities, and engagement, and overseeing director training including new director orientation and continuing education;
- Overseeing the maintenance and presentation of the Board of Directors or management's plans for succession to our senior management positions;
- Reviewing the Company's corporate governance principles, including the Company's Corporate Governance Guidelines, on an annual basis, or more frequently if appropriate; and
- Overseeing the Company's environmental, social, and governance ("ESG") activities, progress, and disclosure.

The Nominating and Corporate Governance Committee held four meetings in 2025. During the Reporting Period, among others, the Nominating and Corporate Governance Committee reviewed the structure, size, and composition of the Board, considered and made recommendations to the Board on the appointment and re-election of Directors at the 2025 annual general meeting with reference to the criteria set forth in the Corporate Governance Guidelines and the Board Diversity Policy, and reviewed the Company's 2024 ESG report. The Nominating and Corporate Governance Committee has also assessed the independence of the Directors, taking into account of the independence guidelines under applicable SEC rules and regulations, HK Listing Rules, and Nasdaq and Hong Kong Stock Exchange requirements.

## Research and Development Committee

Richard Gaynor (Chair), Samantha Du, Leon O. Moulder, Jr., and Michel Vounatsos currently serve on the Research and Development Committee. The Research and Development Committee's responsibilities include:

- Reviewing and discussing with management our strategic research and development objectives and priorities, identifying opportunities for further research and development projects, and assessing, informing, and recommending to the Board of Directors such strategies and opportunities that it deems suitable for the Company;
- Overseeing, assessing, and, where applicable, approving ongoing Company research and development programs;
- Providing feedback and advice to the Board of Directors regarding our ongoing research and development programs and activities; and
- Reviewing assessments regarding the benefits, risks, and safety of our products and product candidates, as deemed appropriate.

The Research and Development Committee held four meetings in 2025.

# CORPORATE GOVERNANCE REPORT

## Commercial Committee

Michel Vounatsos (Chair), William Lis, and Leon O. Moulder, Jr. currently serve on the Commercial Committee. The Commercial Committee's responsibilities include:

- Overseeing our commercialization strategy including reviewing and discussing with management our product commercialization plans and efforts and competitiveness of our commercial programs;
- Overseeing commercial risk management, including reviewing and discussing with management our risk assessment and risk management policies and procedures relating to commercial programs;
- Reviewing the capabilities and performance of our commercial team and the adequacy of the resources for our commercial programs; and
- Providing feedback and advice to the Board regarding commercial performance goals and performance with respect to those goals.

The Commercial Committee held three meetings in 2025.

## BOARD DIVERSITY POLICY

The Company's Board Diversity Policy, which is available on our website at <https://ir.zailaboratory.com/corporate-governance/highlights>, sets out the Company's approach to promote diversity on the Board. The Company sees increasing diversity at the Board level as an important element in supporting its development and the attainment of its strategic objectives and development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, which have been approved by the Board, having due regard for the benefits of diversity on the Board.

Pursuant to the Board Diversity Policy, the Nominating and Corporate Governance Committee will report annually on the Board's composition, including with respect to diversity and other director qualifications and characteristics, and will monitor and evaluate the implementation of the Board Diversity Policy.

In reviewing the Board's composition, the Nominating and Corporate Governance Committee considers a variety of factors, one of which is diversity. Diversity may be considered across multiple dimensions, including diversity in experiences, perspective, and skills as well as diversity with respect to other background characteristics such as gender, age, culture, ethnicity, and nationality. The ultimate decision on whether to recommend a director candidate for approval will be based on merit and the expected contributions that the proposed candidates will bring to the Board.

The Nominating and Corporate Governance Committee will review and reassess the adequacy of this Policy, as appropriate. The Nominating and Corporate Governance Committee will recommend any proposed changes to the Board.

# CORPORATE GOVERNANCE REPORT

As at December 31, 2025, two-ninths of the Board's Directors are female, including the Chairperson of the Board who also serves as the Company's Chief Executive Officer. The Board will continue to consider gender diversity as an important factor when evaluating the suitability of future Director candidates in light of the needs of the Board at that time. The Company is of the view that gender diversity in respect of the Board has been achieved.

Our commitment to diversity is reflected in the composition of our workforce. As at December 31, 2025, approximately 59% of the workforce are female, and 53% of all our management positions (including junior, middle, and senior management) are held by women. Accordingly, the Company considers that gender diversity is also achieved in its workforce generally.

## NOMINATION POLICY

The Board is responsible for nominating and recommending Director candidates to the Company's shareholders for election at the annual general meeting or for appointing Directors to the Board to fill a vacancy or as an addition to the existing Board between annual general meetings. The Board has delegated to the Nominating and Corporate Governance Committee the responsibility to identify, evaluate, and recommend Director candidates to the Board for their consideration, as deemed appropriate. From time to time, the Nominating and Corporate Governance Committee utilizes third-party search firms to identify Director candidates.

In accordance with the Nominating and Corporate Governance Committee Charter, the Corporate Governance Guidelines, and the Board Diversity Policy, the Nominating and Corporate Governance Committee will periodically review the size of the Board and recommend any proposed changes to the Board. The Nominating and Corporate Governance Committee is responsible for reviewing, on an annual basis, the qualification criteria for the Board as a whole and its individual members.

In evaluating the suitability of individual candidates (both new candidates and current Board members), the Board and the Nominating and Corporate Governance Committee will take into account many factors, including:

- personal and professional integrity, character, reputation and business judgment;
- qualifications, skills, expertise, experience, and educational background;
- diversity across multiple dimensions, including diversity in experiences, perspectives, and skills as well as diversity with respect to gender, age, culture, ethnicity, and nationality;
- dedication and time availability in light of other commitments;
- any actual or perceived conflicts of interest; and
- any other relevant factors that the Nominating and Corporate Governance Committee deems appropriate in the context of the needs of the Board and the overall diversity and composition of the Board.

With respect to the above, the Board and the Nominating and Corporate Governance Committee will also consider the candidate's ability to make independent analytical inquiries, general understanding of marketing, finance, and other elements relevant to the success of a publicly traded company in today's business environment, experience in the Company's industry, understanding of the Company's business on a technical level, other board service, and educational and professional background. Each Director nominee must also possess fundamental qualities of intelligence, honesty, good judgment, ethics and integrity, fairness, and responsibility.

# CORPORATE GOVERNANCE REPORT

The Board will evaluate each individual in the context of the Board as a whole, with the objective of assembling a group that can best perpetuate the success of the business and represent shareholder interests. In determining whether to recommend a Director for re-election, the Nominating and Corporate Governance Committee should also consider the Director's past attendance at meetings and participation in and contributions to the activities of the Board.

Overall, the Board and the Nominating and Corporate Governance Committee will be guided to select and recommend Director candidates that they determine are best suited to meet the needs of the Board and further the interests of our shareholders through their established record of professional accomplishment, ability to contribute positively to the collaborative culture among board members, knowledge of our business, understanding of the competitive landscape, and professional and personal experiences and relevant expertise. Shareholder(s) may request the Company to convene an extraordinary general meeting for the purpose of nominating a person pursuant to the section titled "*General Meetings*" of the Current Articles.

After the publication of the notice of the general meeting by the Company, if a shareholder wishes to propose a person (the "Candidate") for election as a Director of the Company at the general meeting, he/she shall lodge a written notice (the "Notice") to: Zai Lab Limited, 314 Main Street, 4th Floor, Suite 100 Cambridge, MA 02142 USA, Attention: Chief Legal Officer and Corporate Secretary, with a copy forwarded to the registered office of the Company. The Notice (i) must include the personal information of the Candidate as required by Rule 13.51(2) of the HK Listing Rules; and (ii) must be signed by the shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent to the publication of his/her personal information. The period for lodgement of the Notice shall be a period commencing on the day after the dispatch of the notice of such meeting and end on the earlier of (i) seven (7) days after the date of such Notice, or (ii) seven (7) days prior to the date of such meeting (or such other period, being a period of not less than seven (7) days, commencing no earlier than the day of dispatch of the notice of such meeting and ending no later than seven (7) days prior to the date appointed for such meeting, as may be determined by the Directors from time to time). In order to allow the Company's shareholders to have sufficient time to consider the proposal of election of the Candidate as a Director of the Company, shareholders who wish to make the proposal are urged to submit and lodge the Notice as early as practicable before the relevant general meeting. Please refer to the Company's Procedures for Shareholders to Propose a Person for Election as a Director of the Company (which is available on the Company's website) and the Current Articles for further details of the procedures involved.

## CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The Board has reviewed and monitored the training and continuous professional development of Directors and senior management; reviewed practices on the Company's compliance with legal and regulatory requirements; developed and reviewed code of conduct applicable to employees and Directors; and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

# CORPORATE GOVERNANCE REPORT

## BOARD MEETINGS, COMMITTEE MEETINGS AND SHAREHOLDER MEETINGS

The attendance records of each Director at Board meetings, committee meetings and shareholder meetings during the Reporting Period are set out below.

Name of Director	Attendance/Number of Meeting(s)							Shareholder Meeting
	Board	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Research and Development Committee	Commercial Committee	AGM June 18	
<b>Director:</b>								
Dr. Samantha Du	4/4	N/A	N/A	N/A	3/4	3/3	Yes	
<b>Independent Directors:</b>								
Dr. John Diekman	4/4	7/7	4/4	4/4	N/A	N/A	No	
Dr. Richard Gaynor	4/4	N/A	N/A	N/A	4/4	N/A	Yes	
Ms. Nisa Leung*	4/4	N/A	N/A	2/2	N/A	N/A	No	
Mr. William Lis	4/4	N/A	N/A	4/4	N/A	N/A	Yes	
Mr. Scott W. Morrison	4/4	7/7	N/A	N/A	N/A	N/A	Yes	
Mr. Leon O. Moulder, Jr.	4/4	N/A	4/4	4/4	N/A	3/3	Yes	
Mr. Michel Vounatsos	4/4	N/A	N/A	N/A	4/4	3/3	Yes	
Mr. Peter Wirth	3/4	7/7	4/4	N/A	N/A	N/A	Yes	

\* Ms. Nisa Leung was appointed to serve as a member of the Nominating and Corporate Governance Committee with effect from April 16, 2025.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period.

The Directors of the Company are responsible for the oversight of the consolidated financial statements for the Reporting Period that give a true and fair view in accordance with U.S. generally accepted accounting principles and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. During the Reporting Period, the Audit Committee oversees the accounting and financial reporting processes of the Company and the audits of the Company's financial statements, including but not limited to assisting the Board in its oversight of the integrity of the consolidated financial statements of the Company, the Company's compliance program, and the Company's risk management and internal control over financial reporting.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

# CORPORATE GOVERNANCE REPORT

## CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

The Directors intend to keep abreast of their responsibilities as Directors of the Company and of the conduct, business activities, and development of the Company.

The Company arranges a formal and comprehensive induction to a newly appointed Director so that the Director has a proper understanding of the Company's operations and business and is fully aware of the director's responsibilities under the HK Listing Rules and SFO, and other legal and regulatory requirements.

The Company arranges trainings to provide Directors with updates on developments and changes in the HK Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position, and prospects to enable the Board as a whole and each Director to discharge his or her duties. The Company also encourages the Directors to attend relevant training courses provided by legal advisors and/or any appropriate institutions.

During the Reporting Period, all Directors (namely, Dr. Samantha Du, Dr. John Diekman, Dr. Richard Gaynor, Ms. Nisa Leung, Mr. William Lis, Mr. Scott W. Morrison, Mr. Leon O. Moulder, Jr., Mr. Michel Vounatsos, and Mr. Peter Wirth) participated in continuing professional development regarding their duties and responsibilities as a director of a listed company which included attending training and/or reading materials.

## MECHANISMS TO ENSURE INDEPENDENT VIEWS AND INPUT FOR THE BOARD

The Company has established different channels to enable all Directors, including the independent Directors to express their opinions in an open and honest manner to the Board and, if necessary, in a confidential manner. All Directors also have separate and independent access to the management of the Company and full and timely access to information of the Company in order to make informed decisions.

The Board may obtain independent views and input through the following mechanisms:

- (a) the Board should have at least three independent Directors, and at least one-third of its members should be independent Directors, such that there is always a strong element of independence on the Board that can effectively exercise independent judgment;
- (b) the Nominating and Corporate Governance Committee should strictly comply with the independence assessment criteria for the nomination and appointment of independent non-executive Directors as set out in the HK Listing Rules;
- (c) the Nominating and Corporate Governance Committee is authorized to assess the independence of the independent Directors annually in accordance with the independence criteria set out in the HK Listing Rules, so as to ensure that they are able to exercise independent judgment;

# CORPORATE GOVERNANCE REPORT

- (d) the independent Directors are required to provide an annual confirmation of their independence to the Company and to notify the Company as soon as possible of any change in their personal information that may materially affect their independence;
- (e) all Directors, including the independent Directors, have the right to seek further information and documents from the management for matters discussed at Board meetings, and, if necessary, may seek independent professional advice at the expense of the Company;
- (f) all Directors, including the independent Directors or any of their close associates who have a material interest in any matter to be considered in a meeting should declare their interest before the meeting and abstain from voting on the relevant resolution, and shall not be included in the quorum of the meeting. Independent Directors who, and whose associates, have no interest in the matter should attend the meeting; and
- (g) the chairman of the Board should hold at least one meeting every year, with the independent non-executive Directors and without the presence of other Directors, to discuss significant matters and any concerns.

During the Reporting Period, the Board reviewed the above mechanisms to ensure that it can obtain independent views and input, and believed that the existing mechanisms remained effective. The Board shall continue to review the implementation and effectiveness of such mechanisms on an annual basis.

## AUDITORS' REMUNERATION

The following table presents the fees billed to the Company by KPMG LLP and its affiliates for 2025 and 2024 (\$ in thousands). KPMG LLP has been our independent registered public accounting firm and auditor since 2022.

	Year Ended December 31,	
	2025	2024
Audit Fees <sup>(1)</sup>	3,335	3,556
Audit-Related Fees <sup>(3)</sup>	—	—
Tax Fees <sup>(2)</sup>	65	—
All Other Fees <sup>(3)</sup>	—	—
<b>Total Fees</b>	<b>3,400</b>	<b>3,556</b>

(1) Audit fees consist of fees for the audit of our consolidated financial statements, reviews of our interim financial statements, and the audit of the effectiveness of our internal control over financial reporting. Audit fees also include services that are normally provided in connection with statutory and regulatory filings.

(2) Tax fees consist of fees for compliance and advisory work related to our international tax planning and intellectual property.

(3) KPMG LLP and its affiliates did not provide any audit-related or other services.

# CORPORATE GOVERNANCE REPORT

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, the Company did not have any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the HK Listing Rules.

## RELATED PARTY TRANSACTIONS

During the Reporting Period, the Company did not have any related party transactions that constituted a connected transaction or continuing connected transaction subject to independent shareholders' approval, annual review and all disclosure requirements in Chapter 14A of the HK Listing Rules.

## RISK MANAGEMENT AND INTERNAL CONTROLS

During the Reporting Period, we have conducted an annual review of the effectiveness of our risk management and internal control systems, which we consider to be effective and adequate. Such review covers the adequacy of resources, staff qualifications and experience, training programs, and budget of the issuer's accounting, internal audit, financial reporting functions, as well as those relating to the issuer's ESG performance and reporting, and the matters covered in code provision D.2.3 of the CG Code. For more details about the Company's risk management and internal control systems, please see *Business — Risk Management and Internal Control* and *Corporate Governance Report — Responsibilities, Accountabilities and Contributions of the Board*.

### Procedures and Internal Controls for the Handling and Dissemination of Inside Information

The Company follows the requirements of the SFO and the HK Listing Rules and discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbors of the SFO. Before such disclosure, the information should be kept strictly confidential. In addition, the Company has adopted a policy of disclosing relevant information only to appropriate staff within the Company or to its professional advisers who have a need to know such information.

## JOINT COMPANY SECRETARY

During the Reporting Period and up to June 26, 2025, Mr. F. Ty Edmondson and Ms. Nelly Au-Yeung were the joint company secretaries of the Company.

As disclosed in the announcement of the Company dated June 27, 2025, Mr. Edmondson has been appointed as the sole company secretary of the Company with effect from June 27, 2025.

Mr. Edmondson has taken no less than 15 hours of relevant professional training during the Reporting Period in compliance with Rule 3.29 of the HK Listing Rules.

## SHAREHOLDERS' RIGHTS

### Convening of Extraordinary General Meetings by Shareholders

Pursuant to Articles 57 and 58 of the Current Articles, an extraordinary general meeting of our Company shall be convened on a members' requisition put forth by our shareholders holding at the date of deposit of the requisition not less than one-tenth of the share capital of the Company as at that date carries the right of voting at general meetings of the Company. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the principal place of business of the Company (with a copy forwarded to the registered office), and may consist of several documents in like form each signed by one or more requisitionists. If the Directors do not within 21 calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further 21 calendar days, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the second said 21 calendar days.

### Putting Forward Proposals at General Meetings

Shareholders may present proper proposals for inclusion in our proxy statement and for consideration at our next annual general meeting of shareholders by submitting their proposals in writing to us in a timely manner. In order to be considered for inclusion in the proxy statement for the 2027 annual general meeting of shareholders, shareholder proposals must be received at our principal executive offices no later than December 29, 2026, and must otherwise comply with the requirements of the Exchange Act. If we do not receive notice of the proposal at our principal executive offices prior to such date, such proposal will be considered untimely for purposes of the Exchange Act. Any other shareholder proposal for the 2027 annual general meeting of shareholders which is submitted outside the processes of Exchange Act shall be considered untimely unless received by the Company in writing no later than March 14, 2027. A copy of all notices of proposals by shareholders should be sent to Chief Legal Officer & Corporate Secretary, Zai Lab Limited, 314 Main Street, Fourth Floor, Suite 100, Cambridge, MA 02142.

### Putting Forward Enquiries to the Board and Contact Details

The Board provides every shareholder the ability to communicate with the Board, as a whole, and with individual Directors on the Board through an established process for shareholder communication. For a shareholder communication directed to the Board as a whole, shareholders may send such communication to the attention of our Corporate Secretary via regular mail or expedited delivery service to: Zai Lab Limited, 314 Main Street, Fourth Floor, Suite 100, Cambridge, MA 02142, Attention: Board c/o Corporate Secretary.

For a shareholder communication directed to an individual Director in his or her capacity as a member of the Board, shareholders may send such communication to the attention of the individual Director via Regular Mail or Expedited Delivery Service to: Zai Lab Limited, 314 Main Street, Fourth Floor, Suite 100, Cambridge, MA 02142, Attention: [Name of Individual Director].

Communications will be distributed to the Board, or to any individual Director or Directors as deemed appropriate, depending on the facts and circumstances outlined in the communications. Items that are unrelated to the duties and responsibilities of the Board may be excluded, such as junk mail and mass mailings, resumes and other forms of job inquiries, surveys, and solicitations or advertisements.

# CORPORATE GOVERNANCE REPORT

## COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance and strategies. The Company endeavors to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and extraordinary general meetings. The Company provides the shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the HK Listing Rules, to provide information that the Company deems reasonably necessary to enable the shareholders to make an informed decision on the proposed resolution(s). Shareholders are encouraged to participate in general meetings. At the forthcoming 2026 annual general meeting, Directors (or their delegates as appropriate) will be available in person or via teleconference to meet shareholders and answer their enquiries.

The Company has in place a Shareholder Communication Policy, which aims to promote effective communication with shareholders and other stakeholders; encourage the shareholders to engage actively with the Company; and enable the shareholders to exercise their rights as shareholders effectively. The Shareholder Communication Policy provides investors with various sources of communication, including corporate communication in Hong Kong, announcements, and other documents pursuant to the HK Listing Rules, corporate website, shareholder meetings, and shareholder inquiries. The Board has reviewed the implementation and effectiveness of the Company's Shareholder Communication Policy during the Reporting Period and considered that the policy was able to facilitate an open and on-going communication with the shareholders on fair disclosure basis.

## CHANGE IN CONSTITUTIONAL DOCUMENTS

There was no change in the Current Articles during the Reporting Period.

# INDEPENDENT AUDITOR'S REPORT

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**Independent auditor's report**  
**to the shareholders of Zai Lab Limited**  
*(incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Zai Lab Limited ("the Company") and its subsidiaries (collectively, "the Group") set out on pages 197 to 252, which comprise the consolidated balance sheet as at December 31, 2025, the consolidated statement of operations, the consolidated statement of comprehensive loss, the consolidated statement of shareholders' equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with U.S. generally accepted accounting principles and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

# INDEPENDENT AUDITOR'S REPORT

## EVALUATION OF ACCRUED PRECLINICAL AND CLINICAL TRIAL EXPENSES

Refer to Note 24 to the consolidated financial statements and the accounting policies in Note 2.

<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Company's research and development expenses include costs associated with payments to contract research organizations ("CROs") and contract manufacturing organizations ("CMOs") for various preclinical and clinical trial activities. Expenses related to preclinical and clinical trial activities are accrued based on the Company's estimates of the actual services performed by the CROs and CMOs. As disclosed in the consolidated financial statements, as of December 31, 2025, the Company recorded \$141.6 million in accounts payable, which included the accrued preclinical and clinical trial expenses.</p> <p>We identified the evaluation of accrued preclinical and clinical trial expenses as a key audit matter. Specifically, evaluating the estimate of services performed for certain research and development activities at year-end required subjective judgment.</p>	<p>Our audit procedures to evaluate the accrued preclinical and clinical trial expenses included the following:</p> <ul style="list-style-type: none"><li>• evaluating the design and testing the operating effectiveness of certain internal controls related to accrued preclinical and clinical trial expenses. This included controls related to the estimation of the services performed by the CROs and CMOs during the period that are included in accounts payable balances at the end of each reporting period;</li><li>• on a sample basis, examining contracts, purchase orders, or invoices and comparing them to the Company's estimation of services performed by the CROs and CMOs;</li><li>• on a sample basis, examining third-party confirmations and comparing them to the Company's estimation of services performed by the CROs and CMOs and, for any unreturned confirmations, performing alternative procedures by comparing details of the balances with relevant underlying documentation; and</li><li>• examining certain invoices received and/or payments made after year-end and evaluating whether they were associated with services received prior to that date and whether they were included in the Company's estimate of costs incurred at year-end.</li></ul>

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with U.S. generally accepted accounting principles and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITOR'S REPORT

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lai, Chi Yin, Frankie (practising certificate number: P05676).

### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
March 27, 2026

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEETS

(in thousands of \$, except for number of shares and per share data)

	Notes	December 31,	
		2025	2024
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	679,573	449,667
Restricted cash, current		100,000	100,000
Short-term investments	4	10,000	330,000
Accounts receivable (net of allowance for credit losses of \$31 and \$25 as of December 31, 2025 and 2024, respectively)	23	106,116	85,178
Notes receivable		12,169	4,233
Inventories, net	5	74,745	39,875
Prepayments and other current assets		36,683	41,527
<b>Total current assets</b>		<b>1,019,286</b>	1,050,480
Restricted cash, non-current		1,116	1,114
Property and equipment, net	6	47,389	47,961
Operating lease right-of-use assets	7	19,152	21,496
Land use rights, net		2,853	2,907
Intangible assets, net	8	76,144	56,027
Deferred tax assets	10	3,390	—
Other non-current assets		3,054	5,768
<b>Total assets</b>		<b>1,172,384</b>	1,185,753
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable	24	141,608	100,906
Current operating lease liabilities	7	6,344	8,048
Short-term debt	11	204,530	131,711
Other current liabilities	12	63,684	58,720
<b>Total current liabilities</b>		<b>416,166</b>	299,385
Deferred income		27,333	31,433
Non-current operating lease liabilities	7	13,385	13,712
Other non-current liabilities		—	325
<b>Total liabilities</b>		<b>456,884</b>	344,855

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands of \$, except for number of shares and per share data) (Continued)

	Notes	December 31,	
		2025	2024
<b>Commitments and contingencies (Note 20)</b>			
<b>Shareholders' equity</b>			
Ordinary shares (par value of \$0.000006 per share; 5,000,000,000 shares authorized; 1,113,822,550 and 1,082,614,740 shares issued as of December 31, 2025 and 2024, respectively; 1,106,389,340 and 1,077,702,540 shares outstanding as of December 31, 2025 and 2024, respectively)	7	7	7
Additional paid-in capital		<b>3,343,469</b>	3,264,295
Accumulated deficit		<b>(2,628,620)</b>	(2,453,083)
Accumulated other comprehensive income		<b>29,697</b>	50,515
Treasury stock (at cost 7,433,210 and 4,912,200 shares as of December 31, 2025 and 2024, respectively)		<b>(29,053)</b>	(20,836)
<b>Total shareholders' equity</b>		<b>715,500</b>	840,898
<b>Total liabilities and shareholders' equity</b>		<b>1,172,384</b>	1,185,753

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of \$, except for number of shares and per share data)

	Notes	Year ended December 31,	
		2025	2024
Revenues			
Product revenue, net	9	<b>457,182</b>	397,614
Collaboration revenue		<b>2,974</b>	1,374
Total revenues		<b>460,156</b>	398,988
Expenses			
Cost of product revenue		<b>(190,520)</b>	(147,118)
Cost of collaboration revenue		<b>(561)</b>	(742)
Research and development		<b>(220,904)</b>	(234,504)
Selling, general, and administrative		<b>(277,605)</b>	(298,741)
Loss from operations		<b>(229,434)</b>	(282,117)
Interest income		<b>33,048</b>	37,105
Interest expenses		<b>(5,209)</b>	(2,254)
Foreign currency gains (losses)		<b>19,591</b>	(15,137)
Other income, net	17	<b>3,540</b>	5,300
Loss before income tax		<b>(178,464)</b>	(257,103)
Income tax benefit	10	<b>2,927</b>	—
Net loss		<b>(175,537)</b>	(257,103)
Loss per share — basic and diluted	13	<b>(0.16)</b>	(0.26)
Weighted-average shares used in calculating net loss per ordinary share — basic and diluted		<b>1,095,311,090</b>	989,477,730

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands of \$)

	Year ended December 31,	
	2025	2024
Net loss	<b>(175,537)</b>	(257,103)
Other comprehensive (loss) income, net of tax of nil:		
Foreign currency translation adjustments	<b>(20,818)</b>	12,889
Comprehensive loss	<b>(196,355)</b>	(244,214)

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands of \$, except for number of shares)

	Ordinary shares		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income	Treasury Stock		Total
	Number of Shares	Amount				Number of Shares	Amount	
	Balance at January 1, 2024	977,151,270	6	2,975,302	(2,195,980)	37,626	(4,912,200)	(20,836)
Issuance of ordinary shares upon								
vesting of restricted shares	10,120,260	0	0	—	—	—	—	—
Exercise of share options	5,147,140	0	3,269	—	—	—	—	3,269
Issuance of ordinary shares upon								
follow-on public offering, net of issuance cost of \$2,277	90,196,070	1	215,073	—	—	—	—	215,074
Share-based compensation	—	—	70,651	—	—	—	—	70,651
Net loss	—	—	—	(257,103)	—	—	—	(257,103)
Foreign currency translation	—	—	—	—	12,889	—	—	12,889
Balance at December 31, 2024	1,082,614,740	7	3,264,295	(2,453,083)	50,515	(4,912,200)	(20,836)	840,898
Issuance of ordinary shares upon								
vesting of restricted shares	10,946,270	0	0	—	—	—	—	—
Exercise of share options	20,261,540	0	13,604	—	—	—	—	13,604
Issuance cost of the follow-on public offering	—	—	(28)	—	—	—	—	(28)
Receipt of shares netted to satisfy tax								
withholding obligations related to share-based compensation	—	—	—	—	—	(2,521,010)	(8,217)	(8,217)
Share-based compensation	—	—	65,598	—	—	—	—	65,598
Net loss	—	—	—	(175,537)	—	—	—	(175,537)
Foreign currency translation	—	—	—	—	(20,818)	—	—	(20,818)
Balance at December 31, 2025	1,113,822,550	7	3,343,469	(2,628,620)	29,697	(7,433,210)	(29,053)	715,500

The accompanying notes are an integral part of these consolidated financial statements. "0" in above table means less than 1,000 dollars.

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of \$)

	Year ended December 31,	
	2025	2024
<b>Cash flows from operating activities</b>		
Net loss	<b>(175,537)</b>	(257,103)
Adjustments to reconcile net loss to net cash used in operating activities:		
Allowance for credit losses	6	8
Inventory write-down	<b>12,288</b>	815
Depreciation and amortization expenses	<b>15,010</b>	11,856
Amortization of deferred income	<b>(5,340)</b>	(3,520)
Share-based compensation	<b>65,598</b>	70,651
Loss from fair value changes of equity investment with readily determinable fair value	<b>1,912</b>	6,105
Losses on disposal of property and equipment	<b>542</b>	453
Noncash lease expenses	<b>8,836</b>	8,419
Foreign currency remeasurement impact	<b>(19,591)</b>	15,137
Amortization of debt issuance cost	<b>194</b>	700
Changes in operating assets and liabilities:		
Accounts receivable	<b>(18,932)</b>	(26,975)
Notes receivable	<b>(7,716)</b>	1,762
Inventories	<b>(47,028)</b>	3,896
Prepayments and other current assets	<b>5,059</b>	(18,729)
Deferred tax assets	<b>(3,336)</b>	—
Other non-current assets	<b>(374)</b>	(1,442)
Accounts payable	<b>19,926</b>	(2,209)
Other current liabilities	<b>4,750</b>	(22,022)
Operating lease liabilities	<b>(7,476)</b>	(9,259)
Deferred income	<b>745</b>	6,588
Other non-current liabilities	<b>(325)</b>	—
<b>Net cash used in operating activities</b>	<b>(150,789)</b>	(214,869)

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(In thousands of \$) (Continued)

	Year ended December 31,	
	2025	2024
<b>Cash flows from investing activities</b>		
Purchases of short-term investments	(10,000)	(330,000)
Proceeds from maturity of short-term investment	330,000	16,300
Proceeds from the sale of equity investment	1,203	—
Purchases of property and equipment	(8,101)	(5,657)
Proceeds from the sale of property and equipment	87	29
Acquisition of intangible assets	(5,323)	(55,865)
Net cash provided by (used in) investing activities	307,866	(375,193)
<b>Cash flows from financing activities</b>		
Proceeds from short-term debt	206,837	131,606
Repayment of short-term bank borrowings	(138,893)	(284)
Payments of debt issuance costs	(194)	(700)
Proceeds from exercises of stock options	13,675	3,200
Proceeds from issuance of ordinary shares upon public offerings	—	217,350
Payments of public offering costs	(854)	(1,283)
Taxes paid related to settlement of equity awards	(8,218)	—
Net cash provided by financing activities	72,353	349,889
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	478	(310)
Net increase (decrease) in cash, cash equivalents and restricted cash	229,908	(240,483)
Cash, cash equivalents and restricted cash — beginning of the year	550,781	791,264
Cash, cash equivalents and restricted cash — end of the year	780,689	550,781
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	4,878	2,021
<b>Supplemental disclosure on non-cash investing and financing activities</b>		
Payables for purchase of property and equipment	486	449
Payables for acquisition of intangible assets	21,948	2,721
Payables for public offering costs	168	994
Right-of-use asset acquired under operating leases	6,050	15,150
Receivables for stock option exercise under equity incentive plans	—	70

The accompanying notes are an integral part of these consolidated financial statements.

# CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Zai Lab Limited was incorporated on March 28, 2013 in the Cayman Islands as an exempted company with limited liability under the Companies Act of the Cayman Islands (as amended). Zai Lab Limited and its subsidiaries are focused on discovering, developing, and commercializing products that address medical conditions with significant unmet needs in the areas of oncology, immunology, neuroscience, and infectious disease.

The Company's principal operations and geographic markets are in Greater China. The Company has a substantial presence in Greater China and the United States.

As of December 31, 2025, Zai Lab Limited had the following 17 subsidiaries:

Name of Company	Place of Incorporation	Particulars of Issued/ Registered Capital	Percentage of Ownership	Principal Activities and Place of Operation
Zai Lab (Hong Kong) Limited	Hong Kong	HK\$1	100%	Operating company for business development and R&D activities and commercialization of innovative medicines and device; Hong Kong
ZLIP Holding Limited	Cayman Islands	\$1	100%	Investment holding
ZL Capital Limited	British Virgin Islands	\$1	100%	Investment holding
ZL China Holding Two Limited	Hong Kong	HK\$1	100%	Investment holding
Zai Anti Infectives Limited	Cayman Islands	\$1	100%	Investment holding
Zai Auto Immune Limited	Cayman Islands	\$1	100%	Investment holding
Zai Lab (Shanghai) Co., Ltd.	Mainland China*	\$466,500,000	100%	Development and commercialization of innovative medicines and devices; mainland China
Zai Lab (AUST) Pty. Ltd.	Australia	A\$100	100%	Clinical trial activities; Australia
Zai Lab (Suzhou) Co., Ltd.	Mainland China*	RMB166,500,000	100%	Development and commercialization of innovative medicines; mainland China

# CONSOLIDATED FINANCIAL STATEMENTS

## 1. ORGANIZATION AND PRINCIPAL ACTIVITIES (CONTINUED)

Name of Company	Place of Incorporation	Particulars of Issued/ Registered Capital	Percentage of Ownership	Principal Activities and Place of Operation
Zai Biopharmaceutical (Suzhou) Co., Ltd.	Mainland China*	\$15,000,000	100%	Development and commercialization of innovative medicines; mainland China
Zai Lab (US) LLC	United States	\$1	100%	Operating company for business development, R&D activities and certain business activities, including legal, compliance and communication functions of the Company; United States
Zai Lab International Trading (Shanghai) Co., Ltd.	Mainland China*	RMB1,000,000	100%	Commercialization of innovative medicines and devices; mainland China
Zai Auto Immune (Hong Kong) Limited	Hong Kong	HK\$100	100%	Operating company for business development and R&D activities; Hong Kong
Zai Anti Infectives (Hong Kong) Limited	Hong Kong	HK\$100	100%	No substantial business activities
Zai Lab (Taiwan) Limited	Taiwan	TWD1,000,000	100%	Commercialization of innovative medicines and devices; Taiwan
Zai Lab Trading (Suzhou) Co., Ltd.	Mainland China*	RMB10,000,000 <sup>#</sup>	100%	Commercialization of innovative medicines; mainland China
Zai Lab (Zhejiang) Co., Ltd.	Mainland China*	\$10,000,000	100%	Development and commercialization of innovative medicines; mainland China

\* Limited liability company established in mainland China.

<sup>#</sup> Out of RMB10,000,000 registered capital, RMB1,000,000 is paid up.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Presentation

The consolidated financial statements have been prepared in accordance with U.S. GAAP. Significant accounting policies followed by the Company in the preparation of the accompanying consolidated financial statements are summarized below.

### (b) Principles of Consolidation

The consolidated financial statements include the accounts of Zai Lab Limited and its subsidiaries, which are wholly owned. All intercompany transactions and balances 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, judgments, 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 revenues and expenses during the period. Areas where management uses subjective judgment include, but are not limited to, accrual of rebates, recognition of research and development expenses based on the Company's estimates of the actual services performed by CROs and CMOs, fair value of share-based compensation expenses, recoverability of deferred tax assets, and useful life of intangible assets for commercial products. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. 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 Company's subsidiaries in mainland China determined their functional currency to be RMB. The Company's subsidiary in Australia determined its functional currency to be A\$. The Company's subsidiary in Taiwan determined its functional currency to be TWD. The determination of the respective functional currency is based on the criteria of ASC 830, *Foreign Currency Matters*. The Company uses the U.S. 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. Revenues, expenses, gains, and losses are translated using the average rate for the period presented. The resulted foreign currency translation adjustments are recorded as a component of other comprehensive loss in the consolidated statements of comprehensive loss, and the accumulated foreign currency translation adjustments are recorded as a component of accumulated other comprehensive income in the consolidated statements of shareholders' equity.

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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Foreign Currency Translation (Continued)

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 Company 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, which approximates fair value.

#### Restricted Cash

Restricted cash mainly consists of bank deposits held as collateral for issuances of letters of credit for the Company's loan facility.

### (f) Short-Term Investments

Short-term investments are time deposits with original maturities between three months and one year. Short-term investments are stated at cost, which approximates fair value. Interest earned is included in interest income.

### (g) Accounts Receivable

The Company's accounts receivable arise from product sales and represent amounts due from its customers. From January 1, 2020, the Company adopted the ASU 2016-13, *Credit Losses, Measurement of Credit Losses on Financial Instruments*. Accounts receivable are recorded at the amounts net of allowances for credit losses. The allowance for credit losses reflects the Company's current estimate of credit losses expected to be incurred over the life of the receivables. The Company 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 Company also monitors other risk factors and forward-looking information, such as country-specific risks and economic factors that may affect a debtor's ability to pay in establishing and adjusting its allowance for credit losses. Accounts receivable are written off when deemed uncollectible.

### (h) Notes Receivable

Notes receivable are equal to contractual amounts owed from signed, secured promissory notes issued from customers to the Company. The Company considers the notes receivable to be fully collectible. Accordingly, no allowance for credit loss has been established as of December 31, 2025 and 2024.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Inventories

Inventories are stated at the lower of cost or net realizable value, with cost determined on a weighted average basis. The Company periodically reviews the composition of inventory and shelf life of inventory to identify obsolete, slow-moving, or otherwise non-saleable items. The Company will record a write-down to its net realizable value in cost of product revenue in the period that the decline in value is first identified.

### (j) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. 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
Building	20 years

Construction in progress represents property and equipment under construction and pending installation and is stated at cost less impairment losses, if any.

### (k) Leases

The Company leases facilities for its offices, research and development center, and manufacturing facilities in mainland China, Hong Kong, Taiwan and the United States. On January 1, 2019, the Company adopted ASC 842, using the modified retrospective transition approach by applying the new standard to all leases existing at the date of initial application and not restating historical periods before the adoption date.

The Company assessed whether an arrangement contains a lease at inception. The Company's leases are all classified as operating leases with fixed lease payments, or minimum payments, as contractually stated in the lease agreements. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

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. Operating lease expense is recognized on a straight-line basis over the lease term.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Leases (Continued)

At the commencement date of a lease, the Company recognizes a lease liability for future fixed lease payments and a 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 the Company is reasonably certain that the renewal options will be exercised and the termination options will not be exercised. The Company uses its incremental borrowing rate based on the information available at the commencement date in determining the lease liabilities as the Company's leases generally do not provide an implicit rate. The incremental borrowing rate is reevaluated upon a lease modification. The Company considered information available at the adoption date of ASC 842 to determine the incremental borrowing rate for leases in existence as of this date.

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 Company, and lease incentives. Under ASC 842, land use rights agreements are also considered to be operating lease contracts.

The Company elected to apply each of the practical expedients described in ASC 842 which allow companies (i) not to reassess prior conclusions on whether any expired or existing contracts are or contain a lease, lease classification, and initial direct costs upon adoption of ASC 842, (ii) combine lease and non-lease components for all underlying assets groups, and (iii) not recognize ROU assets or lease liabilities for short term leases. A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise.

### (l) Land Use Rights

All land in mainland China is subject to government or collective ownership. Land use rights can be purchased for a specified period of time. The purchase price of land use rights represents the operating lease prepayments under ASC 842 and is recorded as land use rights on the consolidated balance sheet, which is amortized over the remaining lease term.

The Company acquired land use rights in 2019 for a term of 30 years from the local Bureau of Land and Resources in Suzhou for the purpose of constructing and operating a research center and biologics manufacturing facility in Suzhou. In 2023, the Company returned a portion of the land use rights and received cash in an amount equal to the respective portion of the original acquisition cost.

### (m) Long-Term Deposits

Long-term deposits represent amounts paid in connection with the Company's long-term lease agreements.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Intangible Assets

Intangible assets for commercial products include capitalized post-approval milestone fees and acquired commercial manufacturing know-how and related development costs. The Company is amortizing intangible assets for commercial products as cost of product revenue over the estimated remaining useful life of the related products, which is generally based on expected patent life, the contractual period of the underlying license agreement, and expected commercial benefits of the products. Intangible assets for externally purchased software are amortized over three to five years on a straight-line basis.

### (o) Impairment of Long-Lived Assets

The Company evaluates long-lived assets, which includes intangible assets, tangible assets, and ROU assets for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable. Recoverability of these assets is measured by comparison of the carrying amount of the related asset group to its future undiscounted cash flows. The Company measures the amount of impairment, if any, based on the difference between the carrying value and the estimated fair value of the impaired asset group.

### (p) Fair Value Measurements

The Company applies ASC 820 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (p) Fair Value Measurements (Continued)

Financial instruments of the Company primarily include cash and cash equivalents, current restricted cash, short-term investments, accounts receivable, notes receivable, prepayments and other current assets, non-current restricted cash, accounts payable, short-term debt, and other current liabilities. As of December 31, 2025 and 2024, the carrying values of cash and cash equivalents, current restricted cash, short-term investments, accounts receivable, prepayments and other current assets, accounts payable, short-term debt, and other current liabilities approximated their fair value due to the short-term maturity of these instruments, and the carrying value of notes receivable and non-current restricted cash approximated their fair value based on the assessment of the ability to recover these amounts.

### (q) Revenue Recognition

In 2018, the Company adopted ASC 606. Under ASC 606, the Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration expected to be received in exchange for those goods or services. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company 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 Company satisfies a performance obligation. The Company only applies the five-step model to contracts when it is probable that the Company 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 Company reviews the contract to determine which performance obligations it must deliver and which of these performance obligations are distinct. The Company 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 Company's revenue is mainly from product sales. The Company recognizes revenue from product sales when the Company 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 product revenue mainly consists of the acquisition cost of products, the manufacturing cost of products, royalty fees, and amortization of intangible assets for commercial products.

The Company has applied the practical expedients under ASC 606 with regard to assessment of the 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.

In mainland China, the Company sells these 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 delivery of the products to distributors. Rebates are offered to distributors, consistent with pharmaceutical industry practices. The estimated amount of unpaid or unbilled rebates, if any, are recorded as a reduction of revenue. Estimated rebates are determined based on contracted rates and sales volumes and to a lesser extent, distributor inventories. The Company regularly reviews the information related to these estimates and adjusts the amount accordingly.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Revenue Recognition (Continued)

In Hong Kong, the Company sells the products to customers, which are typically healthcare providers such as oncology centers. The Company utilizes a third party for warehousing services. Based on the nature of the arrangements, the Company has determined that it is a principal in the transaction since the Company 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 is recognized upon delivery to customers at mutually agreed upon prices. Consideration paid to the third party is recognized in operating expenses. With respect to XACDURO, the Company sells the product to Pfizer under a strategic collaboration arrangement, and Pfizer is responsible for sales of XACDURO to distributors in mainland China. Under this arrangement, Pfizer is the Company's customer and revenue is recognized upon delivery of XACDURO to Pfizer at the contractually agreed prices.

The Company did not recognize any contract assets or contract liabilities as of December 31, 2025 and 2024.

### (r) Collaborative Arrangements

The Company analyzes its collaboration arrangements to assess whether such arrangements involve joint operating activities performed by parties that are both active participants in the activities and exposed to significant risks and rewards dependent on the commercial success of such activities and therefore within the scope of ASC 808. This assessment is performed throughout the life of the arrangement based on changes in the responsibilities of all parties in the arrangement.

For collaboration arrangements within the scope of ASC 808 that contain multiple elements, the Company first determines which elements of the collaboration are deemed to be within the scope of ASC 808 and which elements of the collaboration are more reflective of a vendor-customer relationship and therefore within the scope of ASC 606. For elements of collaboration arrangements that are accounted for pursuant to ASC 808, an appropriate recognition method is determined and applied consistently.

### (s) 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 for exclusive development rights for products granted to the Company; (iii) costs related to pre-clinical testing of the Company's technologies under development and clinical trials such as payments to CROs and CMOs, investigators, and clinical trial sites that conduct its 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 they have no alternative future uses. Liabilities related to third-party research and development expenses are primarily included in accounts payable on the consolidated balance sheet.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Research and Development Expenses (Continued)

The Company has acquired rights to develop and commercialize certain 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 does not also include processes or activities that would constitute a “business” as defined under U.S. GAAP. 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, which is generally based on expected patent life, the contractual period of the underlying license agreement, and expected commercial benefits of the products.

### (t) Deferred Income

Deferred income is mainly related to upfront payments received from collaborative partners and government grants.

The Company received certain upfront payments from collaborative partners, which are being amortized over the terms of the contracts. The Company had \$27.3 million and \$30.7 million in deferred income related to the upfront payments as of December 31, 2025 and 2024, respectively.

Government grants consist of cash subsidies received by the Company’s subsidiaries in mainland China from local governments for conducting business in certain local districts. Grant received before the fulfillment of government specified performance obligations is recorded into deferred income. When the performance obligations are satisfied, the Company records the grants into other income, net. The Company had nil and \$0.7 million of deferred income related to government grants as of December 31, 2025 and 2024, respectively.

### (u) Share-Based Compensation

The Company grants share options and non-vested restricted shares to eligible employees, non-employees, and directors and accounts for these share-based awards in accordance with ASC 718.

The Company estimates the fair value of stock options using the Black-Scholes option-pricing model. The grant-date fair value of non-vested restricted shares is the market value of the underlying stock on the award’s grant date.

The Company has elected to use the straight-line method to recognize compensation expenses for share awards with graded vesting based on service conditions, provided that the minimum amount of cumulative compensation expense recognized is not less than the portion of the award vested to date. For share-based awards with service conditions only, the Company recognizes expenses (i) immediately at grant date if no vesting conditions are required; or (ii) using a straight-line method over the requisite service period, which is the vesting period, if vesting conditions are required. For share-based awards containing performance conditions, the Company recognizes expenses based on the estimated number of performance-based awards expected to vest using the graded vesting attribution method. The Company accounts for the effect of forfeitures as they occur.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (v) 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 Company 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 Company evaluates its uncertain tax positions using the provisions of ASC 740, 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 Company's policy to recognize interest and penalties related to unrecognized tax benefits, if any, as a component of income tax expense.

### (w) Loss Per Share

Basic loss per ordinary share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per ordinary share reflects the potential dilution that could occur if securities were exercised or converted into ordinary shares. The Company had stock options and non-vested restricted shares, which could potentially dilute basic loss per share in the future. To calculate the number of shares for diluted 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 loss per share does not assume exercise or conversion of securities that would have an anti-dilutive effect.

### (x) Comprehensive Loss

Comprehensive loss is defined as the changes in equity of the Company during a period from transactions and other events and circumstances excluding transactions resulting from investments by owners and distributions to owners. For each of the periods presented, the Company's comprehensive loss includes net loss and foreign currency translation adjustments, which are presented in the consolidated statements of comprehensive loss.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Concentration of Risks

#### Concentration of Customers

In 2025 and 2024, the Company's five largest customers accounted for approximately \$151.5 million (33.1%) and \$128.7 million (32.4%) of the product revenue, respectively. One customer accounted for approximately \$77.9 million (17.0%) and \$67.3 million (16.9%) of the product revenue, respectively for the same periods.

#### Concentration of Suppliers

In 2025, one supplier accounted for approximately \$48.8 million (10.5%) of the total purchases. The Company had no such supplier that accounted for more than 10% of the total purchases in 2024.

#### Concentration of Credit Risk

Financial instruments that are potentially subject to significant concentration of credit risk consist of cash and cash equivalents, restricted cash, short-term investments, accounts receivable, and notes receivable.

As of December 31, 2025 and 2024, all of the Company's cash and cash equivalents and short-term investments were held by major financial institutions located in mainland China and international financial institutions outside of mainland China which management believes are of high credit quality and continually monitors the credit worthiness of these financial institutions.

Accounts receivable are typically unsecured and are derived from product sales. The Company manages credit risk of accounts receivable through ongoing monitoring of outstanding balances and limits the amount of credit extended based upon payment history and credit worthiness. Historically, the Company has collected receivables from customers within the credit terms with no significant credit losses incurred. One customer accounted for 10% or more of accounts receivable, with \$15.5 million and \$16.7 million as of December 31, 2025 and 2024, respectively.

Certain accounts receivable balances may be settled in the form of notes receivable. As of December 31, 2025, notes receivable represented bank acceptance promissory notes that are non-interest bearing and due within six months. Notes receivable were used to collect the receivables based on an administrative convenience, given these notes are readily convertible to be known amounts of cash. In accordance with the sales agreements, whether to use cash or bank acceptance promissory notes to settle the receivables is at the Company's discretion, and this selection does not impact the agreed contractual purchase prices.

The Company's other receivables were primarily due from its partners, which have good credit ratings. The credit risk for other receivables was generally very low.

# CONSOLIDATED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (y) Concentration of Risks (Continued)

#### 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 Company included aggregated amounts denominated in RMB of \$25.4 million and \$19.0 million, as of December 31, 2025 and 2024, respectively, representing 4% and 4% of the cash and cash equivalents as of December 31, 2025 and 2024, respectively.

### (z) Recent Accounting Pronouncements

#### Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires disclosure, in the notes to the financial statements, of specified information about certain costs and expenses. This ASU will be effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. This ASU will result in the required additional disclosures being included in the notes to consolidated financial statements, once adopted. The Company is currently evaluating the impact of this ASU and expects to adopt it for the year ending December 31, 2027.

#### Recently Adopted Accounting Standards

In December 2023, the FASB issued ASU No. 2023-09, *Improvements to Income Tax Disclosures* (Topic 740). This ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. This ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company adopted this ASU for the year ended December 31, 2025 prospectively, and disclosed additional descriptive information as required under ASC 740 (see *Note 10*).

# CONSOLIDATED FINANCIAL STATEMENTS

## 3. CASH AND CASH EQUIVALENTS

The following table presents the Company's cash and cash equivalents (\$ in thousands):

	December 31,	
	2025	2024
Cash	678,358	448,508
Cash equivalents (i)	1,215	1,159
	<b>679,573</b>	449,667
Denominated in:		
US\$	651,196	429,887
RMB (ii)	25,358	18,979
HK\$	2,020	114
A\$	538	522
TWD	461	165
	<b>679,573</b>	449,667

(i) Cash equivalents represent short-term and highly liquid investments in a money market fund.

(ii) Certain cash and bank balances denominated in RMB were deposited with banks in mainland China. The conversion of these RMB-denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the Chinese government.

## 4. SHORT-TERM INVESTMENTS

Short-term investments are primarily comprised of time deposits with original maturities between three months and one year. The short-term investments balance was \$10.0 million and \$330.0 million as of December 31, 2025 and 2024, respectively. No allowance for credit loss was recorded as of December 31, 2025 and 2024.

## 5. INVENTORIES, NET

The following table presents the Company's inventories, net (\$ in thousands):

	December 31,	
	2025	2024
Finished goods	45,848	24,063
Raw materials	23,106	13,268
Work in progress	5,791	2,544
Inventories, net	<b>74,745</b>	39,875

The Company writes down inventory for any excess or obsolete inventory or when the Company believes that the net realizable value of inventory is less than the carrying value. The Company recorded write-downs in inventory, which were included in cost of product revenue, of \$12.3 million and \$0.8 million in 2025 and 2024, respectively. The inventory write-down in 2025 was mainly related to VYVGART Hytrulo in the fourth quarter.

# CONSOLIDATED FINANCIAL STATEMENTS

## 6. PROPERTY AND EQUIPMENT, NET

The following table presents the components of the Company's property and equipment, net (\$ in thousands):

	December 31,	
	2025	2024
Office equipment	1,201	1,230
Electronic equipment	10,964	9,211
Vehicle	200	196
Laboratory equipment	20,040	20,516
Manufacturing equipment	17,948	17,493
Leasehold improvements	14,049	11,306
Building	24,596	—
Construction in progress	554	25,129
	<b>89,552</b>	85,081
Less: accumulated depreciation	<b>(42,163)</b>	(37,120)
Property and equipment, net	<b>47,389</b>	47,961

Depreciation expense was \$9.1 million and \$8.6 million for 2025 and 2024, respectively.

## 7. LEASES

The Company leases facilities for its offices, research and development center, and manufacturing facilities in mainland China, Hong Kong, Taiwan, and the United States. Lease terms vary based on the nature of operations and market dynamics; however, all leased facilities are classified as operating leases with remaining lease terms between one and seven years.

The following table presents operating lease costs (\$ in thousands). Total lease expense related to short-term leases was insignificant for those periods presented.

	Year Ended December 31,	
	2025	2024
Operating fixed lease cost	9,339	8,751

The following table presents operating cash flows related to leases (\$ in thousands):

	Year Ended December 31,	
	2025	2024
Cash paid for amounts included in measurement of lease liabilities	8,692	8,831
Non-cash operating lease liabilities arising from obtaining operating right-of-use assets	6,050	15,150

# CONSOLIDATED FINANCIAL STATEMENTS

## 7. LEASES (CONTINUED)

The maturities of lease liabilities in accordance with ASC 842 in each of the next five years and thereafter were as follows (\$ in thousands):

	Year Ended December 31, 2025
2026	6,598
2027	5,655
2028	4,477
2029	2,875
2030	512
Thereafter	322
Total lease payments	20,439
Less: imputed interest	(710)
Present value of minimum operating lease payments	19,729

Weighted-average remaining lease terms and discount rates were as follows:

	December 31,	
	2025	2024
Weighted-average remaining lease term	3.5 years	3.7 years
Weighted-average discount rate	3.2%	3.4%

## 8. INTANGIBLE ASSETS, NET

The following table presents the components of the Company's intangible assets, net (\$ in thousands):

	As of December 31,					
	2025			2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Finite-lived intangible assets						
Commercial products (i)	83,203	(8,056)	75,147	57,104	(2,637)	54,467
Software	4,461	(3,464)	997	4,360	(2,800)	1,560
Total	87,664	(11,520)	76,144	61,464	(5,437)	56,027

(i) The increase in the net carrying value is primarily driven by regulatory milestone fees for repotrectinib and KarXT (see Note 16).

# CONSOLIDATED FINANCIAL STATEMENTS

## 8. INTANGIBLE ASSETS, NET (CONTINUED)

Amortization expense was \$5.9 million and \$3.2 million in 2025 and 2024, respectively. The weighted-average remaining amortization period for intangible assets for commercial products and software was 8.7 years and 2.3 years, respectively.

Expected future amortization expense for the five succeeding years and thereafter is as follows (\$ in thousands):

	Year Ended December 31
2026	7,295
2027	8,580
2028	9,877
2029	7,475
2030	7,465
Thereafter	35,452
	<b>76,144</b>

## 9. REVENUES

### Product Revenue, Net

The Company's product revenue is derived from the sales of its commercial products in Greater China. The table below presents the Company's gross and net product revenue (\$ in thousands):

	Year Ended December 31,	
	2025	2024
Product revenue — gross	496,232	423,855
Less: Rebates and sales returns	(39,050)	(26,241)
Product revenue — net	457,182	397,614

Sales rebates are offered to distributors in mainland China, and the amounts are recorded as a reduction of product revenue. Estimated rebates are determined based on contracted rates, sales volumes, and level of distributor inventories.

# CONSOLIDATED FINANCIAL STATEMENTS

## 9. REVENUES (CONTINUED)

### Product Revenue, Net (Continued)

The following table presents the Company's net revenue by commercial program (\$ in thousands):

	Year Ended December 31,	
	2025	2024
ZEJULA	189,042	187,082
VYVGART/VYVGART Hytrulo	94,198	93,639
NUZYRA	60,836	43,199
OPTUNE	48,325	40,475
QINLOCK	35,614	28,826
XACDURO	22,912	3,305
AUGTYRO	5,538	1,088
Other (i)	717	—
Product revenue — net	457,182	397,614

(i) Other includes product candidates sold in patient programs prior to commercialization.

### Collaboration Revenue

Collaboration revenue was \$3.0 million and \$1.4 million in 2025 and 2024, respectively, and related to promotional activities in mainland China.

## 10. INCOME TAX

### Cayman Islands

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

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.

# CONSOLIDATED FINANCIAL STATEMENTS

## 10. INCOME TAX (CONTINUED)

### Australia

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. had no taxable income for the periods presented; therefore, no provision for income taxes is required.

### United States

Zai Lab (US) LLC is incorporated in the United States 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 had no taxable income for the periods presented; therefore, no provision for income taxes is required.

### Taiwan

Zai Lab (Taiwan) Limited is incorporated in Taiwan and is subject to corporate income tax at a rate of 20%. Zai Lab (Taiwan) Limited had no taxable income for the periods presented; therefore, no provision for income taxes is required.

### Hong Kong

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 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\$2.0 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2.0 million will be taxed at 16.5%. In 2025 and 2024, 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.

### People's Republic of China

Under EIT Law, the statutory income tax rate is 25%, and the EIT rate will be reduced to 15% for state-encouraged HNTes. Zai Lab (Shanghai) Co., Ltd., first obtained an HNTe certificate in 2018 and began to enjoy the preferential tax rate of 15% from 2018 to 2020 and further extended the certificate effective for 2021 to 2026. Zai Lab International Trading (Shanghai) Co., Ltd., Zai Lab (Suzhou) Co., Ltd., Zai Biopharmaceutical (Suzhou) Co., Ltd., Zai Lab Trading (Suzhou) Co., Ltd., and Zai Lab (Zhejiang) Co., Ltd. are subject to the statutory rate of 25%.

## CONSOLIDATED FINANCIAL STATEMENTS

### 10. INCOME TAX (CONTINUED)

The following table presents loss (income) before income taxes (\$ in thousands):

	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Cayman Islands	<b>(6,840)</b>	(2,453)
British Virgin Islands	—	—
Mainland China	<b>80,192</b>	146,725
Hong Kong	<b>(16,211)</b>	1,808
United States	<b>120,859</b>	110,422
Australia	<b>15</b>	19
Taiwan	<b>449</b>	582
	<b>178,464</b>	257,103

The current and deferred components of the income tax benefit are as follows (\$ in thousands):

	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Current tax expense (benefit)		
Mainland China	<b>451</b>	—
Deferred tax expense (benefit)		
Mainland China	<b>(3,378)</b>	—
Tax expense (benefit)	<b>(2,927)</b>	—

The Company's cash paid net of refunds received for income taxes in China are nil for both 2025 and 2024.

The Company's statutory rate reconciliation is based on the PRC statutory income tax rate because the Cayman Islands does not impose corporate income tax and the PRC is the jurisdiction that primarily drives the Company's income tax benefit.

# CONSOLIDATED FINANCIAL STATEMENTS

## 10. INCOME TAX (CONTINUED)

The following table presents the reconciliation of the differences between the PRC statutory income tax, and the Company's effective income tax for 2025, following the prospective adoption of ASU No. 2023-09, *Improvements to Income Tax Disclosures*:

	Year Ended December 31,	
	2025	
	\$	%
PRC Statutory income tax benefit	(44,615)	25.00%
<b>Mainland China tax effects</b>		
Nontaxable or nondeductible items		
Share-based compensation	5,049	(2.83)%
Expiration of deductible qualified donation	8,447	(4.73)%
Others	1,220	(0.68)%
Other adjustments		
Research and development super deduction (i)	(12,498)	7.00%
Preferential tax rate (ii)	6,022	(3.37)%
Intercompany inventory profit deferral (iii)	3,205	(1.80)%
Others	1,672	(0.94)%
Changes in valuation allowance	3,953	(2.21)%
<b>United States tax effects</b>		
Nontaxable or nondeductible items		
Share-based compensation tax effect	(5,153)	2.89%
Non-deductible compensation	2,543	(1.43)%
Other adjustments		
Effect of different tax rate of subsidiary operation	4,834	(2.71)%
Others	10	(0.01)%
Changes in valuation allowance	27,980	(15.68)%
<b>Hong Kong tax effects</b>		
Nontaxable or nondeductible items		
Offshore income (iv)	(6,649)	3.73%
Others	2,982	(1.67)%
Others adjustments	(241)	0.13%
<b>Cayman tax effects</b>	(1,688)	0.95%
Effective income tax benefit	(2,927)	1.64%

(i) In accordance with the EIT law, certain PRC entities engaged in manufacturing and whose principal operating revenue exceeded 50% of total revenue were entitled to claim an additional tax deduction of 100% of the qualified R&D expenses.

# CONSOLIDATED FINANCIAL STATEMENTS

## 10. INCOME TAX (CONTINUED)

- (ii) Preferential tax rate reflects the reduced 15% PRC EIT rate applicable to qualified HNTes, compared to the 25% PRC statutory income tax rate.
- (iii) Intercompany inventory profit deferral is related to the tax effect of unrealized intercompany profit on inventory that is eliminated in consolidation and allocated based on the underlying economic activity.
- (iv) A certain Hong Kong entity generated income treated as offshore-sourced under Hong Kong's territorial tax system. Accordingly, the related income is not taxable in Hong Kong.

The following table presents the reconciliation of the differences between the PRC statutory income tax rate and the Company's effective income tax rate for 2024:

	Year Ended December 31, 2024 %
PRC statutory income tax rate	25%
Tax-exempted income	0.42%
Share-based compensation	(3.52%)
Research and development super deduction	5.28%
Non-deductible expenses	(0.77%)
Prior year tax filing adjustment	(3.05%)
Effect of different tax rate of subsidiary operation in other jurisdictions	(0.73%)
Preferential tax rate	(5.05%)
Expiration of tax loss	(2.72%)
Expiration of deductible qualified donation	(0.78%)
Changes in valuation allowance	(14.08%)
Effective income tax rate	—%

# CONSOLIDATED FINANCIAL STATEMENTS

## 10. INCOME TAX (CONTINUED)

The following table presents the principal components of deferred tax assets and liabilities (\$ in thousands):

	<b>Year Ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Deferred tax assets:		
Depreciation of property and equipment	<b>193</b>	171
Research and experimental capitalization	<b>49,331</b>	38,215
Share-based compensation	<b>3,886</b>	3,797
Accrued expenses	<b>500</b>	1,038
Government grants	<b>—</b>	98
Deferred revenue	<b>3,225</b>	3,442
Qualified donation	<b>23,224</b>	26,832
Lease liability	<b>3,662</b>	3,885
Inventory write-down	<b>2,953</b>	—
Net operating loss carry forwards	<b>349,118</b>	321,068
Less: valuation allowance	<b>(429,181)</b>	(394,778)
Total Deferred tax assets	<b>6,911</b>	3,768
Deferred tax liabilities:		
Right-of-use assets	<b>(3,521)</b>	(3,768)
Deferred tax assets, net	<b>3,390</b>	—

ASC 740 provides for the recognition of deferred tax assets if realization of such assets is more likely than not. The Company'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 assessing the need for any valuation allowance, the Company considered all available evidence both positive and negative, including potential for prudent and feasible tax planning strategies, recent losses, and forecasts of future profitability. The Company's deferred tax assets, net were \$3.4 million as of December 31, 2025, which was primarily related to its inventory write-down (*see Note 5*). The Company expects it is more likely than not to generate sufficient taxable income in the jurisdictions in which the inventory write-down occurred in the future to realize the tax benefit.

## CONSOLIDATED FINANCIAL STATEMENTS

### 10. INCOME TAX (CONTINUED)

The following table presents that movement of the valuation allowance on deferred tax assets (\$ in thousands):

	2025	2024
Balance as of January 1,	<b>(394,778)</b>	(357,956)
Additions	<b>(38,406)</b>	(36,822)
Reductions	<b>4,003</b>	—
Balance as of December 31,	<b>(429,181)</b>	(394,778)

As of December 31, 2025 and 2024, the Company had net operating loss carry forwards of \$2,121.7 million and \$1,951.5 million, respectively. The following table presents the components of the Company's net operating losses, net as of December 31, 2025 (\$ in thousands):

	December 31, 2025	Expiration Date
Mainland China	<b>66,299</b>	2026 through 2030
Mainland China (High-Tech) (i)	<b>1,611,373</b>	2026 through 2035
Hong Kong	<b>60,420</b>	No expiration date
Taiwan	<b>2,812</b>	2026 through 2035
United States	<b>376,963</b>	No expiration date
Australia	<b>3,811</b>	No expiration date
<b>Total</b>	<b>2,121,678</b>	

(i) The EIT rate for certain entity in mainland China is reduced to 15% for state-encouraged HNTES.

Uncertainties exist with respect to how the current income tax law in mainland China applies to the Company'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 mainland China will be considered residents for Chinese income tax purposes if the place of effective management or control is within mainland China. The implementation rules to the EIT Law provide that non-resident legal entities will be considered Chinese residents if substantial and overall management and control over the manufacturing and business operations, personnel, accounting, and properties occurs within mainland China. Despite the present uncertainties resulting from the limited Chinese tax guidance on the issue, the Company does not believe that the legal entities organized outside of mainland China within the Company should be treated as residents for EIT Law purposes. If the Chinese tax authorities subsequently determine that the Company and its subsidiaries registered outside of mainland China should be deemed resident enterprises, the Company and its subsidiaries registered outside of mainland China will be subject to Chinese income taxes, at a rate of 25%. The Company is not subject to any other uncertain tax position.

# CONSOLIDATED FINANCIAL STATEMENTS

## 10. INCOME TAX (CONTINUED)

According to the PRC Tax Administration and Collection Law, the statute of limitation is three years if the underpayment of taxes is due to computational errors made by the taxpayer or the withholding agent. The statute of limitation is extended to five years under special circumstances where the underpayment of taxes is more than RMB0.1 million. In the case of transfer pricing issues, the statute of limitation is 10 years. There is no statute of limitation in the case of tax evasion. The income tax returns of the Company's PRC subsidiary for the years from 2016 to 2025 are open to examination by the PRC tax authorities.

For Hong Kong income tax purposes, the statute of limitations is six years after the relevant year of assessment. This can be extended to 10 years in the case of fraud or willful evasion of taxes. There are no provisions that govern the time limit for tax collection.

For U.S. federal income tax purposes, the statute of limitations is generally 3 years after the due date of the return, or 3 years after the date the return was actually filed, whichever is later. The statute of limitations does not apply to fraud or tax evasion. Also, the statute of limitations is indefinite if no tax return is filed. For state income tax purposes, the statute of limitations is generally 4 years from the return filing date or due date in states including California, Kentucky, and New Jersey, subject to certain exceptions (e.g., fraud, failure to file).

## 11. BORROWINGS

The Company has debt arrangements with the Bank of China, SPD Bank, CMB, BOCOM, Ningbo Bank, and CIB to support its working capital needs in mainland China. The following table presents the Company's short-term debt and weighted-average interest rate per annum (\$ in thousands):

	<b>December 31, 2025</b>		December 31, 2024	
Bank of China Working Capital Loans	<b>2.36%</b>	<b>69,427</b>	2.77%	69,138
SPD Bank Working Capital Loans	<b>2.80%</b>	<b>28,454</b>	3.13%	27,823
China Merchants Bank Working Capital Loans	<b>2.65%</b>	<b>42,683</b>	2.91%	34,750
Bank of Communications Working Capital Loans	<b>2.75%</b>	<b>42,682</b>	N/A	—
Ningbo Bank Discounted Bills	<b>1.60%</b>	<b>7,057</b>	N/A	—
Industrial Bank Working Capital Loans	<b>2.60%</b>	<b>14,227</b>	N/A	—
Total short-term debt	<b>2.55%</b>	<b>204,530</b>	2.88%	131,711

## 11. BORROWINGS (CONTINUED)

### Bank of China Working Capital Loan Facility

The Company has an uncommitted facility letter with BOC HK pursuant to which BOC HK will provide standby letters of credit in favor of BOC Pudong Branch for loans of up to \$100.0 million, which are or may become payable by Zai Lab Shanghai. BOC HK and BOC Pudong Branch are collectively referred to as Bank of China. In accordance with this agreement, the Company also maintained restricted deposits of \$100.0 million, which are presented as restricted cash-current on the consolidated balance sheet, to secure the standby letters of credit. Each working capital loan has a one-year term and is subject to a floating interest rate, which is subject to adjustment every six months.

### SPD Bank Working Capital Loan Facility

In February 2024, the Company entered into a maximum-amount guarantee contract with SPD Bank, pursuant to which the Company will guarantee working capital loans of up to RMB300.0 million (approximately \$42.0 million) from SPD Bank to Zai Lab Shanghai over a three-year period. Each working capital loan has a one-year term and is subject to a fixed interest rate.

### China Merchants Bank Working Capital Loan Facility

In July 2024, the Company issued a maximum-amount irrevocable letter of guarantee to CMB pursuant to which the Company will guarantee working capital loans of up to RMB500.0 million (approximately \$69.6 million) from CMB to Zai Lab Shanghai, and Zai Lab Shanghai entered into a Credit Agreement with CMB with respect to the RMB250.0 million (approximately \$34.4 million) facility. The credit facility was available for one year and expired in July 2025. In August 2025, the Company entered into a new revolving credit facility with CMB, which replaced its previous RMB250.0 million (approximately \$34.4 million) credit facility that expired in July. The Company issued a new maximum-amount irrevocable letter of guarantee to CMB pursuant to which the Company will guarantee working capital loans of up to RMB500.0 million (approximately \$69.6 million) from CMB to Zai Lab Shanghai, and Zai Lab Shanghai entered into a Credit Agreement with CMB with respect to the RMB500.0 million facility. The new guarantee and credit facility include the outstanding working capital loans with CMB. The credit facility will be available for two years. Each working capital loan has a one-year term and is subject to a floating interest rate, which is subject to adjustment every three months.

### Bank of Communications Working Capital Loan Facility

In January 2025, the Company entered into a guarantee contract with BOCOM pursuant to which the Company will guarantee working capital loans from BOCOM to Zai Lab Shanghai, and Zai Lab Shanghai entered into a working capital loan contract with BOCOM with respect to a revolving credit facility of up to RMB300.0 million (approximately \$41.1 million). The credit facility expired in September 2025. Each working capital loan has a one-year term and is subject to a floating interest rate, which is subject to adjustment every three months.

# CONSOLIDATED FINANCIAL STATEMENTS

## 11. BORROWINGS (CONTINUED)

### Ningbo Bank Working Capital Loan Facility

In February 2024, Zai Lab Suzhou entered into a maximum credit contract as well as an Electronic Commercial Draft Discounting Master Agreement and Online Working Capital Loan Master Agreement with Ningbo Bank. The Ningbo Bank Agreements permit Zai Lab Suzhou to utilize, including through discounting or working capital loan agreements and subject to the terms and conditions in related master agreements, up to RMB230.3 million (approximately \$32.4 million), of which Zai Lab Suzhou is authorized to utilize up to RMB160.0 million (approximately \$22.5 million). The cash proceeds from the discounting arrangement were classified as short-term debt. Each discounted bill has a 6-month term.

### Industrial Bank Working Capital Loans

On October 13, 2025, the Company entered into a maximum amount guarantee contract with CIB pursuant to which the Company will guarantee working capital loans of up to RMB300.0 million (approximately \$42.1 million) from CIB to its wholly-owned subsidiary, Zai Lab Shanghai, and Zai Lab Shanghai entered into a credit line contract with CIB with respect to the RMB300.0 million revolving credit facility. The credit facility will be available until May 5, 2026. Each working capital loan has a one-year term and is subject to a fixed interest rate.

## 12. OTHER CURRENT LIABILITIES

The following table presents the Company's other current liabilities (\$ in thousands):

	<b>December 31,</b>	
	<b>2025</b>	<b>2024</b>
Accrued payroll	<b>28,485</b>	30,198
Accrued professional service fees	<b>2,948</b>	5,728
Payables for purchase of property and equipment	<b>486</b>	449
Accrued rebate to distributors	<b>19,388</b>	10,839
Tax payables	<b>5,303</b>	5,154
Other (i)	<b>7,074</b>	6,352
Total	<b>63,684</b>	58,720

(i) Other primarily includes accrued travel, business-related expenses, and advance payments from partners.

# CONSOLIDATED FINANCIAL STATEMENTS

## 13. LOSS PER SHARE

The following table presents the computation of the basic and diluted net loss per share (\$ in thousands, except share and per share data):

	Year Ended December 31,	
	2025	2024
Numerator:		
Net loss attributable to ordinary shareholders	(175,537)	(257,103)
Denominator:		
Weighted average number of ordinary shares — basic and diluted	1,095,311,090	989,477,730
Net loss per share-basic and diluted	(0.16)	(0.26)

As a result of the Company's net loss for 2025 and 2024, 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.

	December 31,	
	2025	2024
Share options	80,967,820	101,015,470
Non-vested restricted shares	26,127,190	31,951,710

## 14. RELATED PARTY TRANSACTIONS

In January 2025, the Company entered into a license agreement with Zenas, pursuant to which the Company obtained a license under certain patents and know-how of Zenas to develop and commercialize products containing a differentiated humanized monoclonal antibody targeting IGF-1R as an active ingredient in Greater China. One of the members of the Company's Board of Directors, Mr. Moulder, is also the Chairman of the Board of Directors and Chief Executive Officer of Zenas BioPharma, Inc. The Company recorded a \$10.0 million upfront fee into research and development expenses in 2025. As of December 31, 2025, the Company may be required to pay an additional aggregate amount of up to \$117.0 million in development and sales-based milestones as well as certain royalties at tiered percentage rates ranging from high-single digits to mid-teens on annual net sales of the licensed products in the licensed territories.

# CONSOLIDATED FINANCIAL STATEMENTS

## 15. SHARE-BASED COMPENSATION

The Company has adopted equity incentive plans, pursuant to which the Company grants share options, SARs, restricted and unrestricted shares, and share units, performance awards, and other awards that are convertible into or otherwise based on ordinary shares to employees and directors of the Company as well as to certain advisors and service providers. In March 2015, the Board of Directors of the Company approved the 2015 Plan. In August 2017, in connection with the completion of the Company's IPO on Nasdaq, the Board of Directors approved the 2017 Plan. No new equity-based awards would be granted under the 2015 Plan subsequent to the IPO; new equity-based awards would be granted under the 2017 Plan.

The Company adopted the 2022 Plan, which became effective in June 2022 following required approvals from the Company's shareholders and Board of Directors. No new equity-based awards will be made under the 2017 Plan as of the effective date of the 2022 Plan. The initial aggregate number of shares available for issuance under the 2022 Plan was 97,908,743 ordinary shares.

The Company adopted the 2024 Plan, which became effective in June 2024 following required approvals from the Company's shareholders and Board of Directors. No new equity-based awards will be made under the 2022 Plan as of the effective date of the 2024 Plan. The initial aggregate number of shares available for issuance under the 2024 Plan was 99,208,743 ordinary shares.

The share options granted under the equity incentive plans described above have a contractual term of ten years. Share options granted since April 2023 generally vest ratably over a four-year period, and share options granted prior to April 2023 generally vest ratably over a five-year period, with 25% or 20% of the awards vesting on each anniversary of the grant date, respectively, subject to continued employment/service with the Company on the vesting date. The restricted shares granted generally vest ratably over a specified period on the anniversary of the grant date, subject to continued employment/service with the Company on the vesting date. The shares underlying restricted share grants represent shares not yet vested until they have met related consideration or vesting requirements, which are generally continued employment/service to the Company or satisfaction of specified performance conditions. The restricted shares will be released from the restrictions once they vest. Upon termination of the award holders' service with the Company for any reason, any shares that are outstanding and not yet vested will be immediately forfeited unless otherwise determined by the administrator or set forth in an agreement between the Company and the award holder.

Before November 2023, upon each settlement date of the share awards, shares were generally withheld to cover the required withholding tax, which was based on the value of a share on the settlement date as determined by the closing price of the ADSs on the trading day of the applicable settlement date. The remaining shares after the withholding were delivered to the recipient. The amount remitted to the tax authorities for employee tax obligations was reflected as a financing activity on the consolidated statements of cash flows. These shares withheld by the Company as a result of the net settlement were accounted for as treasury stock and considered issued but not outstanding.

# CONSOLIDATED FINANCIAL STATEMENTS

## 15. SHARE-BASED COMPENSATION (CONTINUED)

### Stock Option Activity

The following table presents a summary of option activity and related information in 2025:

	Number of options	Weighted average exercise price (\$)	Weighted average remaining contractual term (years)	Aggregate intrinsic value (\$ in thousands)
Outstanding at December 31, 2024	101,015,470	2.82	5.81	83,381
Granted	7,716,210	3.54		
Exercised	(20,261,540)	0.67		
Forfeited	(7,502,320)	3.90		
Outstanding at December 31, 2025	<b>80,967,820</b>	<b>3.32</b>	<b>5.90</b>	<b>17,029</b>
Vested and exercisable as of December 31, 2025	<b>47,469,840</b>	<b>3.47</b>	<b>4.49</b>	<b>15,750</b>

The aggregate intrinsic value of stock options exercised during 2025 and 2024 was \$52.5 million and \$9.4 million, respectively.

### Stock Option Valuation Assumptions

The following table presents the assumptions used to estimate the fair values of the share options granted:

	2025	2024
Risk-free rate of return	3.7%–4.1%	3.5%–4.5%
Expected term (in years)	6.25	6.25
Estimated volatility rate	70%–71%	70%
Expected dividend rate	0%	0%

Options granted are measured based on grant-date fair value using the Black-Scholes option pricing model. The weighted-average grant-date fair value per share for options granted during 2025 and 2024 were \$2.35 and \$1.12 per share, respectively.

# CONSOLIDATED FINANCIAL STATEMENTS

## 15. SHARE-BASED COMPENSATION (CONTINUED)

### Non-Vested Restricted Shares Activity

The following table summarized the Company's non-vested restricted share activity in 2025:

	Numbers of non-vested restricted shares	Aggregate intrinsic value (\$ in thousands)
Non-vested as of December 31, 2024	31,951,710	83,682
Granted	9,715,750	
Vested	(10,946,270)	
Forfeited	(4,594,000)	
Non-vested as of December 31, 2025	<b>26,127,190</b>	<b>46,088</b>

The grant-date fair value of restricted shares is the fair value of the underlying stock on the award's grant date. The weighted-average grant-date fair value per share for restricted shares granted in 2025 and 2024 were \$3.49 and \$1.73 per share, respectively.

### Stock-Based Compensation Expenses

The following table presents the share-based compensation expense which has been reported in the Company's consolidated statements of operations (\$ in thousands):

	Year Ended December 31,	
	2025	2024
Selling, general and administrative	<b>42,725</b>	42,532
Research and development	<b>22,873</b>	28,119
Total	<b>65,598</b>	70,651

As of December 31, 2025, there was unrecognized share-based compensation expense related to unvested share options and unvested restricted shares of \$47.0 million and \$51.7 million, respectively, which the Company expects to recognize over a weighted-average period of 2.08 years and 2.10 years, respectively.

## 16. LICENSE AND COLLABORATION AGREEMENTS

The Company may enter into collaboration agreements with third parties to license intellectual property. These agreements may require the Company to make upfront payments and payments related to certain future development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates on annual sales of the licensed products in the licensed territory. These agreements generally remain in effect, unless earlier terminated, until the expiration of the last-to-expire royalty term for the last licensed product. The royalty terms generally continue until the latest of: (i) the expiration of the last-to-expire valid claim with respect to licensed patent rights; (ii) the expiration of market or regulatory exclusivity; or (iii) a specified period of time, generally around ten years, after the date of the first commercial sale of the licensed product. These agreements also contain customary provisions for termination by either party, including in the event of a material breach by the other party that remains uncured; by the Company for convenience upon a specified notice period; for certain bankruptcy, insolvency, or other similar events; and by its partners upon challenge of their licensed patent rights.

Payments under these agreements generally become due and payable upon the achievement of such milestones or sales. These commitments are not recorded as liabilities on the consolidated balance sheet because the achievement and timing of these milestones are not fixed and determinable. The following is a description of the Company's significant license and collaboration agreements as of December 31, 2025, including milestone fees incurred in 2025 and 2024.

### Significant License and Collaboration Arrangements

#### License and Collaboration Agreement with GSK (Niraparib)

In September 2016, the Company entered into a collaboration, development, and license agreement with Tesaro, a company later acquired by GSK, pursuant to which the Company obtained an exclusive sublicense under certain patents and know-how of GSK to develop, manufacture, and commercialize GSK's proprietary PARP inhibitor, niraparib, for the diagnosis and prevention of any human diseases or conditions (other than prostate cancer) in mainland China, Hong Kong, and Macau. The Company will purchase ZEJULA from GSK for commercial use in Hong Kong. The Company is not otherwise obligated to purchase ZEJULA or other licensed products from GSK.

The Company may be required to pay an additional aggregate amount of up to \$16.0 million in sales-based milestones as well as certain royalties at tiered percentage rates ranging from mid- to high-teens on annual net sales of the licensed products in the licensed territories.

#### Collaboration and License Agreement with argenx (Efgartigimod)

In January 2021, the Company entered into a collaboration and license agreement with argenx, pursuant to which the Company 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. The Company will purchase the licensed products exclusively from argenx.

# CONSOLIDATED FINANCIAL STATEMENTS

## 16. LICENSE AND COLLABORATION AGREEMENTS (CONTINUED)

### Significant License and Collaboration Arrangements (Continued)

#### Collaboration and License Agreement with argenx (Efgartigimod) (Continued)

Pursuant to the collaboration and license agreement, the Company and argenx entered into a share issuance agreement. The Company issued as an upfront payment to argenx of 5,681,820 ordinary shares of the Company. In determining the fair value of the ordinary shares at closing, the Company considered the closing price of the ordinary shares on the closing date and included a lack of marketability discount because the shares were subject to certain restrictions. The fair value of the shares on the closing date was determined to be \$62.3 million in the aggregate.

The Company may be required to pay an additional aggregate amount of up to \$42.5 million in sales-based milestones as well as certain royalties at tiered percentage rates ranging from mid-teens to low-twenties on annual net sales of licensed products in the licensed territory.

#### License and Collaboration Agreement with Novo Holdings (Omadacycline)

In April 2017, the Company entered into a license and collaboration agreement with Paratek, a subsidiary of Paratek Pharmaceuticals, Inc. (which was subsequently acquired by Gurnet Point Capital and Novo Holdings A/S), pursuant to which the Company 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 as an active ingredient in the field of all human therapeutic and preventative uses other than biodefense in Greater China.

The Company may be required to pay an additional aggregate amount of up to \$40.5 million in sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to mid-teens on annual net sales of licensed products in the licensed territory.

#### License and Collaboration Agreement with NovoCure (Tumor Treating Fields)

In September 2018, the Company 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 any Tumor Treating Fields treatment or delivery system, including the device branded as OPTUNE, in all human therapeutic and preventative uses in the field of oncology in Greater China. The Company will purchase the licensed products exclusively from NovoCure.

The Company may be required to pay an additional aggregate amount of up to \$68.0 million in regulatory and sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to mid-teens on annual net sales of the licensed products in the licensed territory.

## 16. LICENSE AND COLLABORATION AGREEMENTS (CONTINUED)

### Significant License and Collaboration Arrangements (Continued)

#### License and Collaboration Agreement with Deciphera (Ripretinib)

In June 2019, the Company 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. The Company will purchase the licensed products exclusively from Deciphera.

The Company may be required to pay an additional aggregate amount of up to \$160.0 million in development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to high-teens on annual net sales of the licensed products in the licensed territory.

#### License and Collaboration Agreement with Innoviva (SUL-DUR)

In April 2018, the Company entered into a license and collaboration agreement with Entasis (now a wholly owned subsidiary of Innoviva), pursuant to which it obtained an exclusive license under certain patents and know-how of Entasis to develop and commercialize products containing Entasis's proprietary compounds known as 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. The Company will purchase the licensed products exclusively from Innoviva.

The Company recorded a regulatory milestone fee of \$8.0 million as an intangible asset in 2024. The Company may be required to pay an additional aggregate amount of up to \$78.0 million in development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates ranging from high single digits to low-teens on annual net sales of the licensed products in the licensed territory. The Company is also responsible for a portion of the costs of the global pivotal Phase 3 ATTACK clinical trial of SUL-DUR outside of the licensed territory.

#### License Agreement with BMS (Reprotrectinib)

In July 2020, the Company entered into an exclusive license agreement with Turning Point (now a wholly-owned subsidiary of BMS), pursuant to which the Company received an exclusive license to develop and commercialize products containing reprotrectinib as an active ingredient in all human therapeutic indications in Greater China. The Company will purchase the licensed products exclusively from BMS.

The Company recorded regulatory milestone fees of \$5.0 million and \$25.0 million into intangible assets in 2025 and 2024, respectively. The Company may be required to pay an additional aggregate amount of up to \$111.0 million in development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to high-teens on annual net sales of the licensed products in the licensed territory.

# CONSOLIDATED FINANCIAL STATEMENTS

## 16. LICENSE AND COLLABORATION AGREEMENTS (CONTINUED)

### Significant License and Collaboration Arrangements (Continued)

#### Collaboration and License Agreement with Pfizer (Tisotumab Vedotin)

In September 2022, the Company entered into a collaboration and license agreement with Seagen (a company later acquired by Pfizer), pursuant to which the Company and Seagen agreed to collaboratively develop and commercialize tisotumab vedotin (TIVDAK). Under the agreement, the Company obtained an exclusive license to develop and commercialize TIVDAK in Greater China. The Company will purchase the licensed products exclusively from Pfizer.

The Company may be required to pay an additional aggregate amount of up to \$258.0 million in development, regulatory, and sales-based milestone payments as well as certain royalties at tiered percentage rates ranging from mid-teens to low-twenties on annual net sales of the licensed products in Greater China.

#### License Agreement with BMS (Xanomeline and Trospium Chloride)

In November 2021, the Company entered into a license agreement with Karuna (a company later acquired by BMS), pursuant to which the Company obtained an exclusive license to develop, manufacture, and commercialize xanomeline-trospium (KarXT) in Greater China.

The Company recorded regulatory milestone fees of \$15.0 million as an intangible asset in 2025. The Company recorded development milestone fees into research and development expenses of \$10.0 million in 2024. The Company may be required to pay an additional aggregate amount of up to \$117.0 million in regulatory and sales-based milestones as well as certain royalties at tiered percentage rates ranging from low- to high-teens on annual net sales of the licensed products in Greater China.

#### Collaboration and License Agreement with MediLink (DLL3 ADC)

In April 2023, the Company entered into a collaboration and license agreement with MediLink, pursuant to which the Company obtained an exclusive global license to research, develop, manufacture, and commercialize MediLink's proprietary ADC compound targeting DLL3.

The Company may be required to pay an additional aggregate amount of up to \$592.0 million in development, regulatory, and sales-based milestone payments as well as certain royalties at tiered percentage rates ranging from high single digits to low double digits on annual net sales of the licensed products.

### Other License and Collaboration Arrangements That Are Not Individually Significant

The Company may be required to pay an additional aggregate amount of up to \$1,522.0 million in development, regulatory, and sales-based milestones as well as certain royalties at tiered percentage rates on annual net sales under such agreements.

# CONSOLIDATED FINANCIAL STATEMENTS

## 17. OTHER INCOME, NET

The following table presents the Company's other income, net (\$ in thousands):

	Year ended December 31,	
	2025	2024
Government grants	5,862	8,170
Loss on equity investments with readily determinable fair value	(1,912)	(6,105)
Other miscellaneous (losses) gains	(410)	3,235
Total	3,540	5,300

## 18. RESTRICTED NET ASSETS

Chinese laws and regulations restrict the Company's ability to receive distributions of funds from its Chinese subsidiaries. For example, relevant Chinese laws and regulations permit payments of dividends by the Company's Chinese subsidiaries only out of its retained earnings, if any, as determined in accordance with Chinese accounting standards and regulations.

In accordance with the Company Law of the People's Republic of China, each Chinese subsidiary of the Company 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 Chinese statutory accounts. The reserves can only be used for specific purposes and are not distributable as cash dividends. Foreign exchange and other regulations in mainland China may further restrict the Company's Chinese subsidiaries from transferring out funds in the form of dividends, loans, and advances.

No appropriation to statutory reserves was made in 2025 and 2024 because the Chinese subsidiaries had substantial losses during such periods.

The Company did not receive any distributions from its Chinese subsidiaries; such distributions were not permitted under Chinese laws and regulations due to the reserve requirements discussed above. As of December 31, 2025 and 2024, amounts restricted included the paid-in capital of the Company's subsidiaries in mainland China, and were \$516.0 million and \$506.0 million, respectively.

# CONSOLIDATED FINANCIAL STATEMENTS

## 19. EMPLOYEE DEFINED CONTRIBUTION PLANS

Full-time employees of the Company in mainland China 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 Company's subsidiaries in mainland China make contributions to the government for these benefits primarily based on certain percentages of the employees' salaries subject to certain caps and other government requirements. The total amounts for such employee benefits, which were expensed as incurred, were \$24.9 million and \$26.0 million for 2025 and 2024, respectively.

The Company's employees who are U.S. taxpayers and who meet certain age and service requirements are eligible to participate in a broad-based, defined contribution retirement plan which is qualified under Section 401 of the Internal Revenue Code. The Company makes a matching contribution equal to 100% in 2025 and 2024 of the first 5.0% of the employee's elective contributions under the plan, up to 5.0% of an employee's eligible compensation. Contributions made by the Company vest 100% upon contribution. The total amounts for such employee benefits, which were expensed as incurred, were \$0.9 million and \$1.1 million in 2025 and 2024, respectively.

The Company also provides required Mandatory Provident Fund contribution for its full-time employees located in Hong Kong and provides social benefits contribution for its full-time employees located in Taiwan. The total amounts for these contributions, which were expensed as incurred, was \$0.1 million and \$0.2 million in each of 2025 and 2024.

There is no forfeiture of contribution related to any of the Company's employee defined contribution plans as described above.

## 20. COMMITMENTS AND CONTINGENCIES

### (a) Purchase Commitments

As of December 31, 2025, the Company's commitments were \$1.7 million and related to commercial manufacturing development activities and capital expenditures that are contracted but not yet reflected in the consolidated financial statements. Of this amount, \$1.5 million and \$0.2 million were expected to be incurred within one year and from one to two years from December 31, 2025, respectively.

### (b) Legal Proceedings

The Company is not currently a party to any material legal proceedings. Each quarter, the Company evaluates whether there have been any developments in legal proceedings that would require an accrual. In accordance with the accounting guidance for contingencies, the Company will accrue for losses that are both probable and reasonably estimable. The Company will record any legal and other third-party costs related to its legal contingencies as incurred.

# CONSOLIDATED FINANCIAL STATEMENTS

## 20. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### (c) Indemnifications

In the normal course of business, the Company enters into agreements that indemnify others for certain liabilities that may arise in connection with a transaction or certain events and activities. If the indemnified party were to make a successful claim pursuant to the terms of the indemnification, the Company may be required to reimburse the loss. These indemnifications are generally subject to various restrictions and limitations. The Company's exposure under these agreements is unknown because it involves claims that may be made against the Company in the future but have not yet been made. To date, the Company has not paid any claims or been required to defend any action related to its indemnification obligations.

## 21. SEGMENT INFORMATION

The Company operates as a single operating segment that is engaged in discovering, developing, and commercializing products that address medical conditions with significant unmet needs in the areas of oncology, immunology, neuroscience, and infectious disease. A global research and development organization and a supply chain organization discover, develop, manufacture, and supply our products. A global commercial organization markets, distributes, and sells the products. The business is also supported by global corporate staff functions. The Company's CODM is the Chief Executive Officer, who assesses performance and allocates resources based on significant expenses and net income on a consolidated basis. The significant expenses that are regularly provided to the CODM include those amounts that are also reported on the consolidated statement of operations as well as below additional disaggregated measures. The CODM also reviews cash position (which are cash and cash equivalents, current restricted cash, and short-term investments) that are also reported on the consolidated balance sheets when making operating decisions. In accordance with ASC 280, the Company has only one reportable segment.

The following tables present disaggregated expenses that are regularly provided to the CODM:

	Year ended December 31,	
	2025	2024
Personnel compensation and related costs	<b>87,894</b>	106,154
Licensing fees	<b>30,597</b>	30,997
CROs/CMOs/Investigators expenses	<b>73,763</b>	69,870
Other costs	<b>28,650</b>	27,483
Total research and development expenses	<b>220,904</b>	234,504

# CONSOLIDATED FINANCIAL STATEMENTS

## 21. SEGMENT INFORMATION (CONTINUED)

	Year ended December 31,	
	2025	2024
Clinical programs	<b>86,934</b>	86,126
Pre-Clinical programs	<b>24,293</b>	31,913
Unallocated research and development expenses	<b>109,677</b>	116,465
Total research and development expenses	<b>220,904</b>	234,504

	Year ended December 31,	
	2025	2024
Personnel compensation and related costs	<b>165,005</b>	174,958
Other costs	<b>112,600</b>	123,783
Total selling, general, and administrative expenses	<b>277,605</b>	298,741

	Year ended December 31,	
	2025	2024
Selling and marketing expenses	<b>187,562</b>	190,367
General and administrative expenses	<b>90,043</b>	108,374
Total selling, general, and administrative expenses	<b>277,605</b>	298,741

## 22. SUBSEQUENT EVENTS

On February 25, 2026, the Company entered into a new revolving credit facility with BOCOM, which replaced its previous RMB300.0 million (approximately \$41.1 million) credit facility that expired in September 2025. The Company entered into a new guarantee contract with BOCOM pursuant to which the Company will provide a maximum-amount guarantee of RMB330.0 million (approximately \$47.9 million) for working capital loans of up to RMB300.0 million (approximately \$43.6 million) from BOCOM to Zai Lab Shanghai, and Zai Lab Shanghai entered into a working capital loan contract with BOCOM with respect to the RMB300.0 million facility. The new credit facility will be available until February 2, 2029. Each loan term will be up to 12 months, with a maturity date no later than August 2, 2029, and is subject to a floating interest rate, which is subject to adjustment every three months.

# CONSOLIDATED FINANCIAL STATEMENTS

## 23. ACCOUNTS RECEIVABLE

The following table presents the Company's accounts receivable (\$ in thousands):

	December 31,	
	2025	2024
Accounts receivable, gross	106,147	85,203
Allowance for credit loss	(31)	(25)
Accounts receivable, net	106,116	85,178

The Company's trading terms with its customers are mainly on credit, and the credit period generally ranges from 40 to 90 days. The Company seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed. The Company does not hold any collateral or other credit enhancements over its accounts receivable balances. Accounts receivable are non-interest-bearing.

The following table presents an aging analysis of the accounts receivable, based on the invoice date (\$ in thousands):

	December 31,	
	2025	2024
Within 3 months	106,116	85,167
3 months to 6 months	—	11
Total	106,116	85,178

## 24. ACCOUNTS PAYABLE

The following table presents an aging analysis of the accounts payable, based on the invoice date (\$ in thousands):

	December 31,	
	2025	2024
Within 3 months	141,096	100,456
3 months to 6 months	54	145
6 months to 1 year	136	23
Over 1 year	322	282
Total	141,608	100,906

The accounts payable are non-interest-bearing and repayable within the normal operating cycle.

# CONSOLIDATED FINANCIAL STATEMENTS

## 25. DIRECTOR AND CHIEF EXECUTIVE REMUNERATION

Director and chief executive remuneration in 2025 and 2024 are disclosed pursuant to the HK Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance, and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation and were as follows (\$ in thousands):

	Year ended December 31,	
	2025	2024
Fees	596	604
Other emoluments:		
Salaries, allowances and benefits in kind	938	926
Performance related and discretionary bonuses	671	851
Share-based compensation expense*	15,426	15,675
Pension scheme contributions	19	12
Total other emoluments	17,054	17,464
Total fees and other emoluments	17,650	18,068

\* The fair value of share-based compensation, which has been recognized in the consolidated statements of operations over the vesting period, was determined on the date of grant in accordance with ASC 718. Refer to Note 15 for additional information.

None of the Company's directors waived any emoluments in 2025 and 2024.

In 2025 and 2024, no emoluments were paid or payable by the Company to any of the Company's directors as an inducement to join or upon joining the Company or as compensation for loss of office.

# CONSOLIDATED FINANCIAL STATEMENTS

## 25. DIRECTOR AND CHIEF EXECUTIVE REMUNERATION (CONTINUED)

The remuneration of each director in 2025 and 2024 were as follows (\$ in thousands):

Year Ended December 31, 2025	Fees	Salaries, allowances and benefits in kind	Performance related and discretionary bonuses	Share-based compensation expense	Pension scheme contributions	Total remuneration
<b>Executive director and chief executive</b>						
Dr. Samantha Du <sup>Note (i)</sup>	—	938	671	12,161	19	13,789
<b>Independent non-executive directors</b>						
Dr. John Diekman	114	—	—	400	—	514
Dr. Richard Gaynor	66	—	—	400	—	466
Ms. Nisa Leung	49	—	—	215	—	264
Mr. William Lis	56	—	—	400	—	456
Mr. Scott W. Morrison	75	—	—	400	—	475
Mr. Leon O. Moulder, Jr.	80	—	—	400	—	480
Mr. Michel Vounatsos <sup>Note (ii)</sup>	73	—	—	650	—	723
Mr. Peter Wirth	83	—	—	400	—	483

Year Ended December 31, 2024	Fees	Salaries, allowances and benefits in kind	Performance related and discretionary bonuses	Share-based compensation expense	Pension scheme contributions	Total remuneration
<b>Executive director and chief executive</b>						
Dr. Samantha Du <sup>Note (i)</sup>	—	926	851	11,558	12	13,347
<b>Independent non-executive directors</b>						
Dr. John Diekman	114	—	—	462	—	576
Dr. Kai-Xian Chen <sup>Note (iii)</sup>	58	—	—	462	—	520
Dr. Richard Gaynor	65	—	—	684	—	749
Ms. Nisa Leung	—	—	—	—	—	—
Mr. William Lis	56	—	—	462	—	518
Mr. Scott W. Morrison	75	—	—	658	—	733
Mr. Leon O. Moulder, Jr.	80	—	—	462	—	542
Mr. Michel Vounatsos <sup>Note (ii)</sup>	73	—	—	465	—	538
Mr. Peter Wirth	83	—	—	462	—	545

Notes:

- (i) The Company compensates its independent non-executive directors pursuant to its non-employee director compensation policy. Dr. Samantha Du, as the Chief Executive Officer of the Company, is not compensated separately for her service to the Company as executive director.
- (ii) Effective on January 7, 2023, the Board appointed Mr. Michel Vounatsos as an independent director of the Company.
- (iii) Dr. Chen ceased to be an independent director of the Company with effect from December 31, 2024.

# CONSOLIDATED FINANCIAL STATEMENTS

## 26. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals in 2025 and 2024 included the following number of directors and chief executive (headcount):

	Year ended December 31,	
	2025	2024
Director and chief executive <sup>#</sup>	1	1
Neither director nor chief executive	4	4
	<b>5</b>	<b>5</b>

# Details of the remuneration of the Director and chief executive are set out in Note 25 above.

The aggregate of the emoluments in respect of the remaining individuals who are neither a director nor chief executive of the Company were as follows (\$ in thousands):

	Year ended December 31,	
	2025	2024
Salaries, allowances and benefits in kind	2,510	2,482
Performance related and discretionary bonuses	1,018	1,319
Share-based compensation expense*	13,811	11,645
Pension scheme contributions	51	45
	<b>17,390</b>	<b>15,491</b>

\* The fair value of share-based compensation, which has been recognized in the consolidated statements of operations over the vesting period, was determined on the date of grant in accordance with ASC 718. Refer to Note 15 for additional information.

# CONSOLIDATED FINANCIAL STATEMENTS

## 26. FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

The number of non-director and non-chief executive highest paid individuals whose remuneration fell within the following bands is as follows (headcount):

	2025	2024
HK\$21,500,001 to HK\$22,000,000	—	1
HK\$24,000,001 to HK\$24,500,000	1	—
HK\$29,000,001 to HK\$29,500,000	—	1
HK\$33,500,001 to HK\$34,000,000	1	1
HK\$35,000,001 to HK\$35,500,000	1	—
HK\$35,500,001 to HK\$36,000,000	—	1
HK\$42,000,001 to HK\$42,500,000	1	—
	<b>4</b>	<b>4</b>

Share-based compensation amount is included in the above disclosures. The fair value of share-based compensation, which has been recognized in the consolidated statements of operations over the vesting period, was determined on the date of grant in accordance with ASC 718. Refer to *Note 15* for additional information.

In 2025 and 2024, no emoluments were paid or payable by the Company to any of the five highest paid individuals of the Company as compensation for loss of office.

## 27. AUDITORS' REMUNERATION

The fees paid or payable by the Company in relation to audit services in 2025 and 2024 were \$3.3 million and \$3.6 million, respectively. The auditor's remuneration paid or payable by the Company in relation to non-audit services in 2025 and 2024 were \$0.1 million and nil, respectively.

## 28. DIVIDENDS

The Board did not recommend any final dividend in 2025 and 2024.

# CONSOLIDATED FINANCIAL STATEMENTS

## 29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated financial statements of the Company are prepared in accordance with U.S. GAAP, which differ in certain respects from IFRS. The following tables present the effect of material differences on the financial information of the Company prepared under U.S. GAAP and IFRS.

### Reconciliation of consolidated statements of operations (\$ in thousands)

Consolidated statements of operations	Year ended December 31, 2025		
	IFRS adjustments		
	Amounts as reported under U.S. GAAP	Share-based compensation (note (i))	Amounts as reported under IFRS
Expenses			
Research and development	(220,904)	9,144	(211,760)
Selling, general and administrative	(277,605)	8,302	(269,303)
Net loss	(175,537)	17,446	(158,091)

Consolidated statements of operations	Year ended December 31, 2024		
	IFRS adjustments		
	Amounts as reported under U.S. GAAP	Share-based compensation (note (i))	Amounts as reported under IFRS
Expenses			
Research and development	(234,504)	5,367	(229,137)
Selling, general and administrative	(298,741)	7,159	(291,582)
Net loss	(257,103)	12,526	(244,577)

# CONSOLIDATED FINANCIAL STATEMENTS

## 29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

### Reconciliation of consolidated balance sheets (\$ in thousands)

Consolidated balance sheets	As of December 31, 2025		
	IFRS adjustments		
	Amounts as reported under U.S. GAAP	Share-based compensation (note (i))	Amounts as reported under IFRS
Additional paid-in capital	3,343,469	31,593	3,375,062
Accumulated deficit	(2,628,620)	(31,593)	(2,660,213)
Total shareholders' equity	715,500	—	715,500

Consolidated balance sheets	As of December 31, 2024		
	IFRS adjustments		
	Amounts as reported under U.S. GAAP	Share-based compensation (note (i))	Amounts as reported under IFRS
Additional paid-in capital	3,264,295	49,039	3,313,334
Accumulated deficit	(2,453,083)	(49,039)	(2,502,122)
Total shareholders' equity	840,898	—	840,898

Notes:

(i) Share-Based Compensation

Under U.S. GAAP, the Company has elected to use the straight-line method to recognize compensation expense for instruments granted to employees with graded vesting based on service conditions, subject to the minimum amount of cumulative compensation expense recognized being no less than the portion of the award vested to date.

Under IFRS, the graded vesting method must be applied to recognize compensation expense.

In addition, under U.S. GAAP, the Company has elected to recognize the effect of award forfeitures as they occur, and previously recognized compensation cost is reversed in the period that the award is forfeited.

Under IFRS, the number of instruments that are expected to vest is estimated by the Company initially at the time of grant. Subsequently, these estimates are adjusted for differences between the number of instruments expected to vest and the actual number of instruments vested.

# CONSOLIDATED FINANCIAL STATEMENTS

## 29. RECONCILIATION BETWEEN U.S. GAAP AND INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Notes: (CONTINUED)

(i) Share-Based Compensation (Continued)

A difference of \$17.4 million and \$12.5 million arose between the amount of share-based compensation (included in research and development expenses, and selling, general and administrative expenses) recognized under U.S. GAAP and IFRS in 2025 and 2024, respectively.

The accumulated differences on share-based compensation recognized in accumulated deficit and additional paid in capital under U.S. GAAP and IFRS were \$31.6 million and \$49.0 million as of December 31, 2025 and 2024, respectively.

(ii) Leases

Under U.S. GAAP, as a lessee, the Company recognized a lease liability based on the present value of the total remaining lease payments, and a corresponding right of use asset. The amortization of the right-of-use assets and the interest expenses related to the lease liabilities are recorded together as a single total lease expense on a straight-line basis on the consolidated statements of operations.

Under IFRS, the amortization of the right-of-use assets is recognized on a straight-line basis while the interest expense related to the lease liabilities is recognized on the basis that the lease liabilities are measured at amortized cost. Compared to U.S. GAAP, this changes the allocation and the total amount of expenses recognized for each period of the lease terms, and results in a higher total charge to profit or loss in the early years and a decreasing expense during the latter years of the lease terms. The amortization on the right-of-use assets and the interest expense on the lease liabilities are separately recorded on the consolidated statements of operations.

Based on the Company's assessment, the differences in leases recognized on the consolidated financial statements as of December 31, 2025 and 2024, and for the years ended December 31, 2025 and 2024 under U.S. GAAP and IFRS were not material.

# CONSOLIDATED FINANCIAL STATEMENTS

## 30. FINANCIAL INFORMATION OF PARENT COMPANY

### Parent Company Balance Sheets

(in thousands of \$, except for number of shares and per share data)

	December 31,	
	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	413,355	98,755
Restricted cash, current	100,000	100,000
Short-term investments	—	330,000
Prepayments and other current assets	3,904	5,227
Total current assets	517,259	533,982
Investment in subsidiaries	199,798	309,901
<b>Total assets</b>	<b>717,057</b>	<b>843,883</b>
<b>Liabilities and shareholders' equity</b>		
<b>Liabilities</b>		
Current liabilities:		
Other current liabilities	1,557	2,985
Total current liabilities	1,557	2,985
<b>Total liabilities</b>	<b>1,557</b>	<b>2,985</b>
<b>Shareholders' equity</b>		
Ordinary shares (par value of \$0.000006 per share; 5,000,000,000 shares authorized, 1,113,822,550 and 1,082,614,740 shares issued as of December 31, 2025 and 2024, respectively; 1,106,389,340 and 1,077,702,540 shares outstanding as of December 31, 2025 and 2024, respectively)	7	7
Additional paid-in capital	3,343,469	3,264,295
Accumulated deficit	(2,628,620)	(2,453,083)
Accumulated other comprehensive income	29,697	50,515
Treasury stock	(29,053)	(20,836)
<b>Total shareholders' equity</b>	<b>715,500</b>	<b>840,898</b>
<b>Total liabilities and shareholders' equity</b>	<b>717,057</b>	<b>843,883</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## 30. FINANCIAL INFORMATION OF PARENT COMPANY (CONTINUED)

### Parent Company Statements of Shareholders' Equity

(in thousands of \$, except for number of shares)

	Ordinary shares		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income	Treasury Stock		Total
	Number of Shares	Amount				Number of Shares	Amount	
Balance at January 1, 2024	977,151,270	6	2,975,302	(2,195,980)	37,626	(4,912,200)	(20,836)	796,118
Issuance of ordinary shares upon vesting of restricted shares	10,120,260	0	0	—	—	—	—	—
Exercise of share options	5,147,140	0	3,269	—	—	—	—	3,269
Issuance of ordinary shares upon follow-on public offering, net of issuance cost of \$2,277	90,196,070	1	215,073	—	—	—	—	215,074
Share-based compensation	—	—	70,651	—	—	—	—	70,651
Net loss	—	—	—	(257,103)	—	—	—	(257,103)
Foreign currency translation	—	—	—	—	12,889	—	—	12,889
Balance at December 31, 2024	1,082,614,740	7	3,264,295	(2,453,083)	50,515	(4,912,200)	(20,836)	840,898
Issuance of ordinary shares upon vesting of restricted shares	<b>10,946,270</b>	<b>0</b>	<b>0</b>	—	—	—	—	—
Exercise of share options	<b>20,261,540</b>	<b>0</b>	<b>13,604</b>	—	—	—	—	<b>13,604</b>
Issuance cost of the follow-on public offering	—	—	(28)	—	—	—	—	(28)
Receipt of shares netted to satisfy tax withholding obligations related to share-based compensation	—	—	—	—	—	(2,521,010)	(8,217)	(8,217)
Share-based compensation	—	—	65,598	—	—	—	—	65,598
Net loss	—	—	—	(175,537)	—	—	—	(175,537)
Foreign currency translation	—	—	—	—	(20,818)	—	—	(20,818)
Balance at December 31, 2025	<b>1,113,822,550</b>	<b>7</b>	<b>3,343,469</b>	<b>(2,628,620)</b>	<b>29,697</b>	<b>(7,433,210)</b>	<b>(29,053)</b>	<b>715,500</b>

"0" in above table means less than 1,000 dollar.

The above statement of financial position of the Company has been prepared in accordance with U.S. GAAP, and in conformity with the disclosure requirements of the HK Listing Rules and the Hong Kong Companies Ordinance.

# GLOSSARY

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This Glossary includes acronyms and defined terms that are used throughout this report.

ABC:	<i>Acinetobacter baumannii-calcoaceticus</i> complex
ABSSSI:	Acute bacterial skin and skin structure infections
AChR:	Anti-acetylcholine receptor
ADC:	Antibody-drug conjugate
ADP:	Psychosis associated with Alzheimer's Disease
ADS:	American Depositary Share, each representing ten of the Company's ordinary shares
Amgen:	Amgen Inc.
Archives Rules:	Provisions on Strengthening Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies
argenx:	argenx BV
ASC:	Accounting Standard Codification
ASC 606:	ASC Topic 606, <i>Revenue from Contracts with Customers</i>
ASC 718:	ASC 718, <i>Compensation-Stock Compensation</i>
ASC 740:	ASC 740, <i>Income Taxes</i>
ASC 808:	ASC Topic 808, <i>Collaborative Arrangements</i>
ASC 820:	ASC Topic 820, <i>Fair Value Measurements and Disclosures</i>
ASC 842:	ASC 842, <i>Leases</i>

# GLOSSARY

Audit Committee:	The Audit Committee of the Board of Directors
AUGTYRO (Repotrectinib):	A next-generation TKI of ROS proto-oncogene 1 (ROS1) tyrosine-protein kinase and of the tropomyosin receptor tyrosine kinases (TRKs) TRKA, TRKB, and TRKC
BLA:	Biologics License Application
BMS:	Bristol-Myers Squibb Company
Board of Directors (or Board):	The Board of Directors of Zai Lab Limited
BOC HK:	Bank of China (Hong Kong) Limited
BOCOM:	Bank of Communications Co., Ltd. Shanghai Zhangjiang Sub-Branch
BOC Pudong Branch:	Bank of China Pudong Development Zone Sub-Branch
CABP:	Community-acquired bacterial pneumonia
CFIUS:	U.S. Committee on Foreign Investment
CG Code:	The Corporate Governance Code as set forth in Appendix C1 to the HK Listing Rules
cGMPs:	Current Good Manufacturing Practices
Chief Executive:	Has the meaning ascribed to it in the HK Listing Rules
CIDP:	Chronic inflammatory demyelinating polyneuropathy
Closing Announcement:	The voluntary announcement of Zai Lab Limited dated November 22, 2024 with respect to the closing of the November 2024 Offering
CMB:	China Merchants Bank Co., Ltd. Shanghai Branch
CMO:	Contract Manufacturing Organization

## GLOSSARY

CODM:	Chief Operating Decision Maker
Commercial Committee:	The Commercial Committee of the Board of Directors
Company:	Zai Lab Limited and its subsidiaries, collectively
Compensation Committee:	The Compensation Committee of the Board of Directors
CRO:	Contract Research Organization
CSRC:	China Securities Regulatory Commission
CTA:	Clinical trial application
Current Articles:	The Sixth Amended and Restated Memorandum and Articles of Association of Zai Lab Limited
D&O:	Director and officer
Deciphera:	Deciphera Pharmaceuticals, LLC, a subsidiary of Deciphera Pharmaceuticals, Inc.
Director(s):	Member(s) of the Board of Directors
DLL3:	An inhibitor of the Notch ligand that is overexpressed in SCLC and other neuroendocrine neoplasmas
Efgartigimod (efgartigimod alfa fcab or efgartigimod alfa injection):	A human IgG1 antibody fragment that binds to FcRn
Efgartigimod SC:	The subcutaneous formulation of efgartigimod
EIT:	Enterprise income tax
EIT Law:	The Enterprise Income Tax Law of the People's Republic of China
EMA:	European Medicines Agency

# GLOSSARY

Entasis:	Entasis Therapeutics Holdings Inc.
ESG:	Environmental, social, and governance
EU:	European Union
Exchange Act:	U.S. Securities Exchange Act of 1934, as amended
FASB:	Financial Accounting Standards Board
FCPA:	U.S. Foreign Corrupt Practices Act, as amended
FcRn:	The neonatal fragment crystallizable receptor
FDA:	U.S. Food and Drug Administration
Final Prospectus Supplement:	The Final Prospectus Supplement of the Company dated November 15, 2024
GBM:	Glioblastoma multiforme, an aggressive form of brain tumor
GCPs:	Good Clinical Practices
GIST:	Gastrointestinal stromal tumors
Global Offering:	The global offering of the Company as described in the Prospectus
gMG:	Generalized myasthenia gravis
GMPs:	Good Manufacturing Practices
Greater China:	Mainland China, Hong Kong, Macau, and Taiwan, collectively
GSK:	GlaxoSmithKline plc
HABP:	Hospital-acquired bacterial pneumonia
Hanhui:	Hanhui Pharmaceutical Co., Ltd.

## GLOSSARY

HFCAA:	U.S. Holding Foreign Companies Accountable Act, as amended
HK Listing Rules:	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended
HKMA:	Hong Kong Monetary Authority
HNTE:	High and new technology enterprise
Hong Kong (or HK):	Hong Kong Special Administrative Region of the People's Republic of China
Hong Kong share register:	A branch register of members in Hong Kong
Hong Kong Stock Exchange (or HKEx):	The Stock Exchange of Hong Kong Limited
Huizheng:	Huizheng (Shanghai) Pharmaceutical Technology Co., Ltd.
IFRS:	International Financial Reporting Standards
IL:	Interleukin
IMCCTs:	International multi-center clinical trials
IND:	Investigational New Drug
Innoviva:	Innoviva, Inc.
IPO:	Initial public offering
IV:	Intravenous
Karuna:	Karuna Therapeutics, Inc.
KarXT:	Xanomeline and trospium chloride, a combination of an oral M1/M4-preferring muscarinic acetylcholine receptor agonist and an antimuscarinic agent

## GLOSSARY

KPMG:	KPMG, a public interest entity auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
KPMG LLP:	KPMG LLP, an auditor located in the United States that is inspected by the PCAOB
LRRC15:	Leucine-rich repeat-containing protein 15, a type 1 transmembrane protein involved in cell-cell and cell-extracellular matrix interactions that is overexpressed in various mesenchymal tumors where it promotes tumor metastases
Macau:	Macau Special Administrative Region of the People's Republic of China
MediLink:	MediLink Therapeutics (Suzhou) Co., Ltd.
MG:	Myasthenia gravis
MMAE:	Microtubule-disrupting agent monomethyl auristatin E
Model Code:	The Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix C3 to the HK Listing Rules
MOFCOM:	China's Ministry of Commerce
Nasdaq:	Nasdaq Global Market
NDA:	New Drug Application
NEC:	Neuroendocrine carcinoma
NHSA:	China's National Healthcare Security Administration
Ningbo Bank:	Bank of Ningbo Co., Ltd. Suzhou Sub-Branch
Ningbo Bank Agreements:	Maximum Credit Contract, Electronic Commercial Draft Discounting Master Agreement and Online Working Capital Loan Master Agreement between Zai Lab Suzhou and Ningbo Bank, collectively
NMPA:	China's National Medical Products Administration

## GLOSSARY

Nominating and Corporate Governance Committee:	The Nominating and Corporate Governance Committee of the Board of Directors
November 2024 Offering:	The underwritten public offering of 7,843,137 ADSs (representing 78,431,370 underlying ordinary shares) at the Offer Price and the full exercise of the Option by the Underwriters
NovoCure:	NovoCure Ltd.
Novo Holdings:	Novo Holdings A/S
NRDL:	China's National Reimbursement Drug List
NSCLC:	Non-small cell lung cancer
NTRK:	Neurotrophic tropomyosin-receptor kinase
NUZYRA (Omadacycline):	A novel tetracycline-class antibacterial with both oral and IV formulations that is a broad-spectrum antibiotic
Offer Price:	The offer price of the November 2024 Offering at US\$25.50 per ADS (equivalent to approximately HK\$19.84 per ordinary share calculated based on the ten-to-one share-to-ADS ratio)
Option:	With respect to the November 2024 Offering, a 30-day option to purchase up to an additional 1,176,470 ADSs (representing 11,764,700 underlying ordinary shares with the aggregate nominal value of \$70.59) at the Offer Price
OPTUNE:	Tumor Treating Fields (or TTFields) devices marketed under various brand names, including OPTUNE GIO® for GBM
Ordinary Share(s):	Ordinary share(s) in the authorized share capital of the Company with a par value of \$0.000006 per share after the Share Subdivision (or \$0.00006 per share before the Share Subdivision)
Our commercial products/programs:	ZEJULA, VYVGART/VYVGART Hytrulo, NUZYRA, OPTUNE, QINLOCK, XACDURO, and AUGTYRO, collectively

## GLOSSARY

Our securities:	Our ADSs and/or ordinary shares, individually or collectively
Ovarian cancer:	Epithelial ovarian, fallopian tube, and primary peritoneal cancer, collectively
Paratek:	Paratek Bermuda Ltd., a subsidiary of Paratek Pharmaceuticals, Inc.
PARP/PARPi/PARP Inhibitor:	PARP (poly (ADP-ribose) polymerase) is a protein that helps repair DNA damage in cells; PARP inhibitors block PARP from repairing DNA damage, such as may be caused by radiation and/or certain chemotherapies, which may lead to cancer cell death and slow the return or progression of cancer
PBOC:	People's Bank of China
PCAOB:	U.S. Public Company Accounting Oversight Board
PDGFR $\alpha$ :	Platelet-derived growth factor receptor alpha
PDUFA:	U.S. Prescription Drug User Fee Act
PFIC:	Passive foreign investment company
Pfizer:	Pfizer Inc.
PFS:	Pre-filled syringe
PMA:	Premarket Approval
Prospectus:	The prospectus of the Company dated September 17, 2020
PSU:	Performance-based restricted share unit
QINLOCK (Ripretinib):	An orally administered switch-control TKI that broadly inhibits KIT and PDGFR $\alpha$ tyrosine kinases, including wild-type and forms with multiple primary mutations or secondary mutations
R&D Committee:	The Research and Development Committee of the Board of Directors

## GLOSSARY

Reporting Period:	the year ended December 31, 2025
r/m:	Recurrent or metastatic
RMB:	Chinese Renminbi
ROU:	Right-of-use
RSA:	Restricted share award
RSU:	Restricted share unit
SAB:	Scientific Advisory Board
SAFE:	State Administration of Foreign Exchange of China
SAMR:	China's State Administration for Market Regulation
SAR:	Share appreciation right
sBLA:	Supplemental Biologics License Application
SC:	Subcutaneous
SCLC:	Small cell lung cancer
Seagen:	Seagen Inc.
SEC:	U.S. Securities and Exchange Commission
Securities Act:	U.S. Securities Act of 1933, as amended
Security Assessment Measures:	The Measures on Security Assessment of Cross-Border Data Transfer
Share(s):	ordinary share(s), or ADS(s) represented by such number of ordinary shares

## GLOSSARY

Share Subdivision:	The subdivision of each of the issued and unissued ordinary shares of Zai Lab Limited into ten ordinary shares effective as of March 30, 2022
sNDA:	Supplemental new drug application
sn-gMG:	Seronegative gMG
SPD Bank:	Shanghai Pudong Development Bank Co., Ltd. Zhangjiang Hi-Tech Park Sub-Branch
TED:	Thyroid eye disease
Tesaro:	Tesaro, Inc.
TIVDAK (Tisotumab Vedotin):	An ADC composed of Genmab’s human monoclonal antibody directed against cell surface tissue factor and Seagen’s ADC technology that utilizes a protease-cleavable linker that covalently attaches MMAE to the antibody
TKI:	Tyrosine kinase inhibitor
TMZ:	Temozolomide, a chemotherapy drug
Treasury Shares:	Has the same meaning ascribed to it under the HK Listing Rules
Trust for Life:	Our sustainability strategy, which includes three pillars: improve human health, create better outcomes, and act right now with ethical business practices and strong governance
Turning Point:	Turning Point Therapeutics, Inc.
TWD:	New Taiwan Dollar
Underwriters:	Goldman Sachs (Asia) L.L.C., Jefferies LLC and Leerink Partners LLC, collectively
U.S.:	United States
U.S. GAAP:	Generally Accepted Accounting Principles in the United States
VABP:	Ventilator-associated bacterial pneumonia

## GLOSSARY

Vertex:	Vertex Pharmaceuticals Inc.
VIEs:	Variable interest entities
VYVGART:	The brand name for the IV formulation of efgartigimod
VYVGART Hytrulo:	The brand name for the SC formulation of efgartigimod
XACDURO (SUL-DUR):	A combination of a beta-lactam antibiotic (sulbactam) and beta-lactamase inhibitor (durlobactam)
Zai Lab:	Zai Lab Limited, holding company, and its subsidiaries on a consolidated basis
Zai Lab Limited:	Zai Lab Limited, a holding company
Zai Lab Shanghai:	Zai Lab (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company
Zai Lab Suzhou:	Zai Lab (Suzhou) Co., Ltd., a wholly-owned subsidiary of the Company
ZEJULA (Niraparib):	An orally administered PARP 1/2 inhibitor
ZL-1310:	An early-stage next generation DLL3 ADC
ZL-1503:	A pre-clinical IL-13/IL-31 bi-specific antibody
1L:	First line
2L:	Second line
4L:	Fourth Line
2015 Plan:	Zai Lab Limited 2015 Omnibus Equity Incentive Plan, as amended
2017 Plan:	Zai Lab Limited 2017 Equity Incentive Plan
2022 Plan:	Zai Lab Limited 2022 Equity Incentive Plan

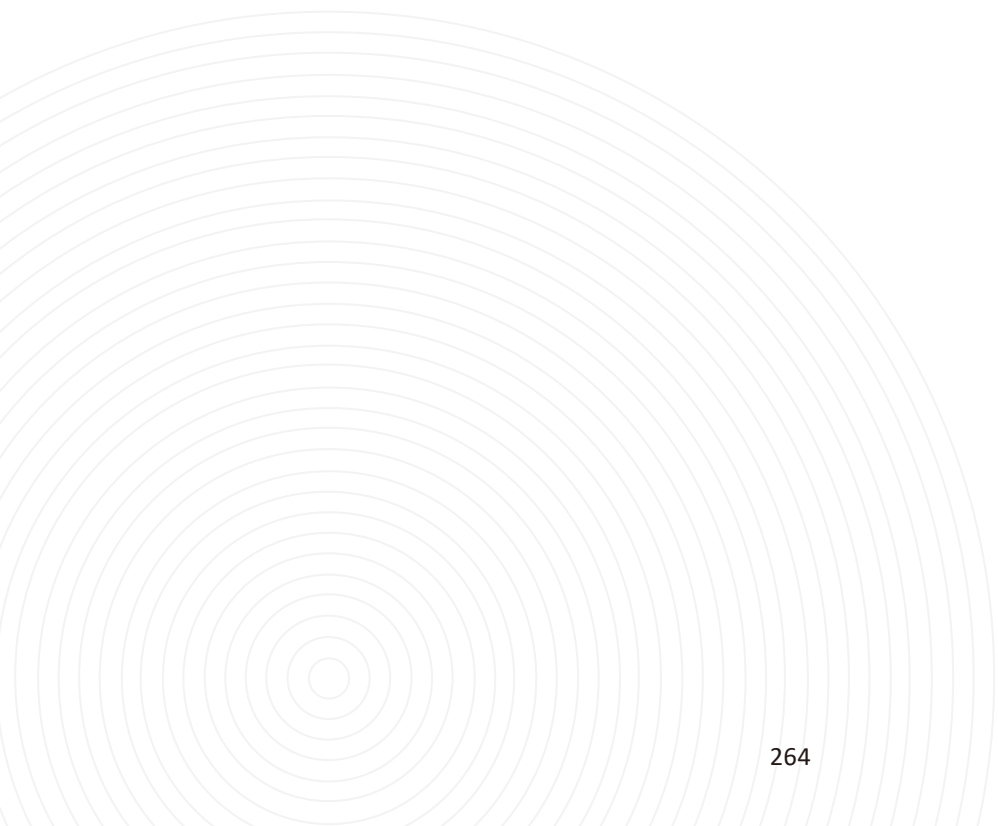
# GLOSSARY

2024 Plan: Zai Lab Limited 2024 Equity Incentive Plan

\$: U.S. Dollar

A\$: Australian Dollar

HK\$: Hong Kong Dollar



**zai**Lab

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