

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 19

For the quarterly period ended June 30, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 19

For the transition period from _____ to _____

Commission File Number: 001-38205

zaiLab

ZAI LAB LIMITED

(Exact Name of Registrant as Specified in its Charter)

Cayman Islands
(State or Other Jurisdiction of
Incorporation or Organization)

98-1144595
(I.R.S. Employer
Identification No.)

4560 Jinke Road
Bldg. 1, Fourth Floor, Pudong
Shanghai
China

201210

314 Main Street
4th Floor, Suite 100
Cambridge, MA, USA
(Address of Principal Executive Offices)

02142
(Zip Code)

+86 216163 2588
+1 857 706 2604

(Registrant's Telephone Number, Including Area Code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing 10 Ordinary Shares, par value \$0.000006 per share	ZLAB	The Nasdaq Global Market
Ordinary Shares, par value \$0.000006 per share*	9688	The Stock Exchange of Hong Kong Limited

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

As of July 31, 2024, 996,087,670 ordinary shares of the registrant, par value \$0.000006 per share, were outstanding, of which 762,101,560 ordinary shares were held in the form of American Depositary Shares.

Zai Lab Limited
Quarterly Report on Form 10-Q
For the Second Quarter of 2024

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SPECIAL NOTES REGARDING THE COMPANY

Forward-Looking Statements

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;
 - Changes in U.S. and China trade policies and relations, as well as relations with other countries, and/or changes in 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;
 - Uncertainties in the Chinese legal system, including with respect to the anti-corruption enforcement efforts in China and the Counter-Espionage Law, the Data Security Law, the Cyber Security Law, the Cybersecurity Review Measures, the Personal Information Protection Law, the Regulation on the Administration of Human Genetic Resources, the Biosecurity Law, the Measures on Security Assessment of Cross-Border Data Transfer (the “Security Assessment Measures”), and other future laws and regulations or amendments to such laws and regulations;
 - Approval, filing, or procedural requirements imposed by the China Securities Regulatory Commission or other Chinese regulatory authorities in connection with issuing securities to foreign investors under Chinese law;
 - Any violation or liability under the U.S. Foreign Corrupt Practices Act (“FCPA”) or Chinese anti-corruption laws;
 - 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;
 - Any issues that our Chinese manufacturing facilities may have with operating in conformity with established Good Manufacturing Practices (“GMPs”) and international best practices, and with passing U.S. Food and Drug Administration (“FDA”), China National Medical Products Administration (“NMPA”), and European Medicines Agency (“EMA”) inspections;
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- 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;
- Business disruptions caused by pandemics such as COVID-19, international war or conflict such as the Russia/Ukraine and Israel/Hamas wars, natural disasters, extreme weather events, and other significant disruptions outside of our control;
- Unfavorable tax consequences to us and our non-Chinese shareholders or American Depositary Share (“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;
- Review by the U.S. Committee on Foreign Investment (“CFIUS”) in our investments or other delays or obstacles for closing transactions;
- Any inability to renew our current leases on desirable terms or otherwise locate desirable alternatives for our leased properties;
- Any inability of third parties on whom we rely to conduct our pre-clinical and clinical trials to successfully carry out their contractual duties or meet expected deadlines; and
- Any inability to obtain or maintain sufficient patent protection for our products and product candidates.

These factors should not be construed as exhaustive and should be read with the other cautionary statements and information in our Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”), Quarterly Report on Form 10-Q for the three months ended March 31, 2024, and 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.

Usage of Terms

Unless the context requires otherwise, references in this report to “Greater China” refer to mainland China, Hong Kong Special Administrative Region (“Hong Kong” or “HK”), Macau Special Administrative Region (“Macau”), and Taiwan, collectively; references to “Zai Lab,” the “Company,” “we,” “us,” and “our” refer to Zai Lab Limited, a holding company, and its subsidiaries, on a consolidated basis; and references to “Zai Lab Limited” refer to Zai Lab Limited, a holding company. Zai Lab Limited is the entity in which investors hold their interest.

Our operating subsidiaries consist of Zai Lab (Hong Kong) Limited, domiciled in Hong Kong; Zai Auto Immune (Hong Kong) Limited, domiciled in Hong Kong; Zai Anti Infectives (Hong Kong) Limited, domiciled in Hong Kong; Zai Lab (Shanghai) Co., Ltd., domiciled in mainland China; Zai Lab International Trading (Shanghai) Co., Ltd., domiciled in mainland China; Zai Lab (Suzhou) Co., Ltd., domiciled in mainland China; Zai Biopharmaceutical (Suzhou) Co., Ltd., domiciled in mainland China; Zai Lab Trading (Suzhou) Co., Ltd., domiciled in mainland China; Zai Lab (Taiwan) Limited, domiciled in Taiwan; Zai Lab (AUST) Pty. Ltd., domiciled in Australia; and Zai Lab (US) LLC, domiciled in the United States. As of the date of this report, Zai Anti Infectives (Hong Kong) Limited has non-substantial business operations.

We own various trademarks, including various forms of the Zai Lab brand (in English and Chinese), as well as several domain names that incorporate such trademarks. Trademarks and trade names of other companies appearing in this report are the property of their respective holders. Solely for convenience, some of the trademarks and trade names in this report are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto. We do not intend our use or display of other companies’ trademarks and trade names to imply a relationship with, or endorsement or sponsorship of, any other company.

PART I – FINANCIAL INFORMATION

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and the accompanying notes included in this report and the audited consolidated financial information and the accompanying notes included in our 2023 Annual Report.

Item 1. Financial Statements.

Zai Lab Limited

Unaudited Condensed Consolidated Balance Sheets

(in thousands of U.S. dollars (“\$”), except for number of shares and per share data)

	Notes	June 30, 2024	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents	3	630,048	790,151
Restricted cash, current		100,000	—
Short-term investments		—	16,300
Accounts receivable (net of allowance for credit losses of \$20 and \$17 as of June 30, 2024 and December 31, 2023, respectively)		69,635	59,199
Notes receivable		8,102	6,134
Inventories, net	4	41,846	44,827
Prepayments and other current assets		20,292	22,995
Total current assets		869,923	939,606
Restricted cash, non-current		1,116	1,113
Long term investments		4,073	9,220
Prepayments for equipment		46	111
Property and equipment, net	5	50,613	53,734
Operating lease right-of-use assets		13,102	14,844
Land use rights, net		2,991	3,069
Intangible assets, net		44,063	13,389
Long-term deposits		1,441	1,209
Total assets		987,368	1,036,295
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable		127,344	112,991
Current operating lease liabilities		7,581	7,104
Short-term debt	9	70,298	—
Other current liabilities	10	46,495	82,972
Total current liabilities		251,718	203,067
Deferred income		25,343	28,738
Non-current operating lease liabilities		5,803	8,047
Other non-current liabilities		325	325
Total liabilities		283,189	240,177
Commitments and contingencies (Note 15)			
Shareholders' equity			
Ordinary shares (par value of \$0.000006 per share; 5,000,000,000 shares authorized; 986,310,340 and 977,151,270 shares issued as of June 30, 2024 and December 31, 2023, respectively; 981,398,140 and 972,239,070 shares outstanding as of June 30, 2024 and December 31, 2023, respectively)		6	6
Additional paid-in capital		3,011,964	2,975,302
Accumulated deficit		(2,329,728)	(2,195,980)
Accumulated other comprehensive income		42,773	37,626
Treasury Stock (at cost, 4,912,200 shares as of both June 30, 2024 and December 31, 2023)		(20,836)	(20,836)
Total shareholders' equity		704,179	796,118
Total liabilities and shareholders' equity		987,368	1,036,295

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Zai Lab Limited**Unaudited Condensed Consolidated Statements of Operations****(in thousands of \$, except for number of shares and per share data)**

	Notes	Three Months Ended June 30,		Six Months Ended June 30,	
		2024	2023	2024	2023
Revenues					
Product revenue, net	6	100,106	68,864	187,255	131,661
Collaboration revenue	6	398	—	398	—
Total revenues		100,504	68,864	187,653	131,661
Expenses					
Cost of product revenue		(35,148)	(23,763)	(68,767)	(45,100)
Cost of collaboration revenue		(85)	—	(85)	—
Research and development		(61,625)	(76,682)	(116,270)	(125,153)
Selling, general, and administrative		(79,710)	(67,920)	(148,904)	(130,430)
Gain on sale of intellectual property		—	10,000	—	10,000
Loss from operations		(76,064)	(89,501)	(146,373)	(159,022)
Interest income		9,330	10,090	18,988	20,321
Interest expense		(492)	—	(605)	—
Foreign currency losses		(4,108)	(40,079)	(6,176)	(31,167)
Other (expenses) income, net	13	(8,943)	(1,405)	418	(171)
Loss before income tax		(80,277)	(120,895)	(133,748)	(170,039)
Income tax expense	7	—	—	—	—
Net loss		(80,277)	(120,895)	(133,748)	(170,039)
Loss per share - basic and diluted	8	(0.08)	(0.13)	(0.14)	(0.18)
Weighted-average shares used in calculating net loss per ordinary share - basic and diluted		975,937,790	964,817,310	974,541,780	963,140,360

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Zai Lab Limited**Unaudited Condensed Consolidated Statements of Comprehensive Loss****(in thousands of \$)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net loss	(80,277)	(120,895)	(133,748)	(170,039)
Other comprehensive income, net of tax of nil:				
Foreign currency translation adjustments	3,605	34,908	5,147	26,495
Comprehensive loss	(76,672)	(85,987)	(128,601)	(143,544)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Zai Lab Limited

Unaudited Condensed 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				Shares	Amount	
Balance at December 31, 2023	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	1,046,440	0	0	—	—	—	—	—
Share-based compensation	—	—	17,980	—	—	—	—	17,980
Net loss	—	—	—	(53,471)	—	—	—	(53,471)
Foreign currency translation	—	—	—	—	1,542	—	—	1,542
Balance at March 31, 2024	978,197,710	6	2,993,282	(2,249,451)	39,168	(4,912,200)	(20,836)	762,169
Issuance of ordinary shares upon vesting of restricted shares	8,087,630	0	0	—	—	—	—	—
Exercise of share options	25,000	0	44	—	—	—	—	44
Share-based compensation	—	—	18,638	—	—	—	—	18,638
Net loss	—	—	—	(80,277)	—	—	—	(80,277)
Foreign currency translation	—	—	—	—	3,605	—	—	3,605
Balance at June 30, 2024	986,310,340	6	3,011,964	(2,329,728)	42,773	(4,912,200)	(20,836)	704,179

	Ordinary Shares		Additional paid in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Treasury Stock		Total
	Number of Shares	Amount				Shares	Amount	
Balance at December 31, 2022	962,455,850	6	2,893,120	(1,861,360)	25,685	(2,236,280)	(11,856)	1,045,595
Issuance of ordinary shares upon vesting of restricted shares	732,040	0	0	—	—	—	—	—
Exercise of share options	4,009,460	0	1,673	—	—	—	—	1,673
Receipt of shares netted to satisfy tax withholding obligations related to share-based compensation	—	—	—	—	—	(1,272,330)	(5,130)	(5,130)
Share-based compensation	—	—	16,661	—	—	—	—	16,661
Net loss	—	—	—	(49,144)	—	—	—	(49,144)
Foreign currency translation	—	—	—	—	(8,413)	—	—	(8,413)
Balance at March 31, 2023	967,197,350	6	2,911,454	(1,910,504)	17,272	(3,508,610)	(16,986)	1,001,242
Issuance of ordinary shares upon vesting of restricted shares	6,117,040	0	0	—	—	—	—	—
Exercise of share options	41,000	0	88	—	—	—	—	88
Receipt of shares netted to satisfy tax withholding obligations related to share-based compensation	—	—	—	—	—	(1,280,500)	(3,540)	(3,540)
Share-based compensation	—	—	20,511	—	—	—	—	20,511
Net loss	—	—	—	(120,895)	—	—	—	(120,895)
Foreign currency translation	—	—	—	—	34,908	—	—	34,908
Balance at June 30, 2023	973,355,390	6	2,932,053	(2,031,399)	52,180	(4,789,110)	(20,526)	932,314

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements. "0" in above table means less than 1,000 dollars.

Zai Lab Limited
Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands of \$)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities		
Net loss	(133,748)	(170,039)
Adjustments to reconcile net loss to net cash used in operating activities:		
Allowance for credit losses	3	3
Inventory write-down	756	623
Depreciation and amortization expenses	5,953	4,652
Amortization of deferred income	(1,679)	(1,716)
Share-based compensation	36,618	37,172
Loss from fair value changes of equity investment with readily determinable fair value	5,147	1,304
Losses on disposal of property and equipment	450	260
Gain on disposal of land use right	—	(404)
Noncash lease expenses	4,141	4,383
Gain from sale of intellectual property	—	(10,000)
Debt issuance costs	700	—
Foreign currency remeasurement impact	6,176	31,167
Changes in operating assets and liabilities:		
Accounts receivable	(10,842)	(8,863)
Notes receivable	(2,013)	(12,714)
Inventories	2,037	(6,627)
Prepayments and other current assets	2,612	87
Long-term deposits	(232)	(184)
Accounts payable	(6,117)	3,037
Other current liabilities	(35,607)	(6,761)
Operating lease liabilities	(5,086)	(3,596)
Deferred income	(1,548)	9,902
Other non-current liabilities	—	325
Net cash used in operating activities	(132,279)	(127,989)
Cash flows from investing activities		
Purchases of short-term investments	—	(100,000)
Proceeds from maturity of short-term investment	16,300	84,500
Purchases of property and equipment	(1,715)	(5,234)
Proceeds from the sale of property and equipment	29	112
Acquisition of intangible assets	(12,168)	(630)
Proceeds from sale of intellectual property	—	10,000
Net cash provided by (used in) investing activities	2,446	(11,252)
Cash flows from financing activities		
Proceeds from short-term debt	70,526	—
Payments of debt issuance costs	(700)	—
Proceeds from exercises of stock options	44	1,762
Taxes paid related to settlement of equity awards	—	(7,141)
Net cash provided by (used in) financing activities	69,870	(5,379)
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(137)	(3,707)
Net decrease in cash, cash equivalents and restricted cash	(60,100)	(148,327)
Cash, cash equivalents and restricted cash - beginning of period	791,264	1,009,273
Cash, cash equivalents and restricted cash - end of period	731,164	860,946
Supplemental disclosure on non-cash investing and financing activities		
Payables for purchase of property and equipment	2,391	4,344
Payables for acquisition of intangible assets	32,525	96
Payables for treasury stock	—	1,531
Right-of-use asset acquired under operating leases	2,389	3,313
Receivables for disposal of land use right	—	3,867
Supplemental disclosure of cash flow information		
Cash paid for interest	496	—

The accompanying notes are an integral part of these unaudited condensed 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 (collectively referred to as the “Company”) 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.

2. Basis of Presentation and Consolidation and Significant Accounting Policies

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), and applicable rules and regulations of the U.S. Securities and Exchange Commission (the “SEC”), regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. As such, the information included in this report should be read in conjunction with the consolidated financial statements and accompanying notes included in the Annual Report on Form 10-K for the year ended December 31, 2023 (the “2023 Annual Report”). The December 31, 2023 condensed consolidated balance sheet data included in this report were derived from the audited financial statements in the 2023 Annual Report.

The accompanying condensed consolidated financial statements reflect all normal recurring adjustments that are necessary to present fairly the results for the interim periods presented. Interim results are not necessarily indicative of the results for the year ending December 31, 2024.

(b) Principles of Consolidation

The unaudited condensed 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 unaudited condensed 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, fair value of share-based compensation expenses, and recoverability of deferred tax assets. 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) Fair Value Measurements

Equity investments with readily determinable fair value are measured using level 1 inputs and were \$4.1 million and \$9.2 million as of June 30, 2024 and December 31, 2023, respectively. The unrealized losses from fair value changes are recognized in other expenses (income), net in the condensed consolidated statements of operations.

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 June 30, 2024 and December 31, 2023, 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.

(e) Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2023-07, Improvements to Reportable Segment Disclosures (Topic 280). This ASU requires all public entities, including public entities with a single reportable segment, to disclose the title and position of the Chief Operating Decision Maker (“CODM”) and the significant segment expenses and any additional measures of a segment’s profit or loss used by the CODM to allocate resources and assess performance. This ASU is effective on a retrospective basis for fiscal years beginning after December 15, 2023 and for interim periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of this ASU and expects to adopt it for the year ending December 31, 2024.

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. This ASU will result in additional disclosure in the 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, 2025.

The Company did not adopt any new accounting standards in the six months ended June 30, 2024 that had a material impact on the Consolidated Financial Statements. For additional information on the Company’s significant accounting policies, refer to the notes to the consolidated financial statements in the 2023 Annual Report.

3. Cash and Cash Equivalents

The following table presents the Company’s cash and cash equivalents (\$ in thousands):

	June 30, 2024	December 31, 2023
Cash	628,920	789,051
Cash equivalents (i)	1,128	1,100
	<u>630,048</u>	<u>790,151</u>
Denominated in:		
US\$	607,615	762,436
Renminbi (“RMB”) (ii)	21,074	25,093
Hong Kong dollar (“HK\$”)	597	1,974
Australian dollar (“A\$”)	565	587
Taiwan dollar (“TWS”)	197	61
	<u>630,048</u>	<u>790,151</u>

(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. Inventories, Net

The following table presents the Company's inventories, net (\$ in thousands):

	June 30, 2024	December 31, 2023
Finished goods	23,365	22,702
Raw materials	16,107	17,655
Work in progress	2,374	4,470
Inventories, net	<u>41,846</u>	<u>44,827</u>

The Company writes down inventory for any excess or obsolete inventories or when the Company believes that the net realizable value of inventories is less than the carrying value. The Company recorded write-downs in inventory, which were included in cost of product revenue, of \$0.7 million and \$0.8 million in the three and six months ended June 30, 2024, respectively, and \$0.2 million and \$0.6 million in the three and six months ended June 30, 2023, respectively.

5. Property and Equipment, Net

The following table presents the components of the Company's property and equipment, net (\$ in thousands):

	June 30, 2024	December 31, 2023
Office equipment	1,043	1,047
Electronic equipment	9,189	9,161
Vehicle	197	199
Laboratory equipment	20,244	20,140
Manufacturing equipment	17,619	17,680
Leasehold improvements	11,368	11,371
Construction in progress	24,851	24,272
	84,511	83,870
Less: accumulated depreciation	(33,898)	(30,136)
Property and equipment, net	<u>50,613</u>	<u>53,734</u>

Depreciation expense was \$2.2 million and \$4.4 million in the three and six months ended June 30, 2024, respectively, and \$1.8 million and \$4.3 million in the three and six months ended June 30, 2023, respectively.

6. Revenues**Product Revenue, Net**

The Company's product revenue is derived from the sales of its commercial products primarily in mainland China. The table below presents the Company's gross and net product revenue (\$ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Product revenue - gross	106,611	75,010	199,723	146,222
Less: Rebates and sales returns	(6,505)	(6,146)	(12,468)	(14,561)
Product revenue - net	<u>100,106</u>	<u>68,864</u>	<u>187,255</u>	<u>131,661</u>

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.

The following table presents the Company's net revenue by product (\$ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
ZEJULA	44,999	42,957	90,500	85,637
OPTUNE	12,584	13,692	25,064	27,034
QINLOCK	7,038	7,527	13,131	8,833
NUZYRA	12,295	4,636	22,208	10,105
VYVGART	23,190	52	36,352	52
Product revenue - net	100,106	68,864	187,255	131,661

Collaboration Revenue

Collaboration revenue was \$0.4 million in both the three and six months ended June 30, 2024 and related to promotional activities in mainland China. We had no such collaboration revenue in the prior year periods.

7. Income Tax

No provision for income taxes has been required to be accrued because the Company is in a cumulative loss position for the periods presented.

The Company recorded a full valuation allowance against deferred tax assets of all its consolidated entities because all entities were in a cumulative loss position as of June 30, 2024 and December 31, 2023. No unrecognized tax benefits and related interest and penalties were recorded in the periods presented.

8. 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):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Numerator:				
Net loss	(80,277)	(120,895)	(133,748)	(170,039)
Denominator:				
Weighted average number of ordinary shares - basic and diluted	975,937,790	964,817,310	974,541,780	963,140,360
Net loss per share - basic and diluted	(0.08)	(0.13)	(0.14)	(0.18)

As a result of the Company's net loss in the three and six months ended June 30, 2024 and 2023, 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.

	June 30,	
	2024	2023
Share options	121,522,950	108,322,600
Non-vested restricted shares	35,535,640	33,462,670

9. Borrowings

In February 2024, the Company entered into certain debt arrangements with the Bank of China, SPD Bank, and Ningbo Bank to support its working capital needs in mainland China. The following table presents the Company's short-term debt as of June 30, 2024 (\$ in thousands):

	Weighted average interest rate per annum	June 30, 2024
Bank of China Working Capital Loan	2.95 %	56,266
SPD Bank Working Capital Loan	3.45 %	14,032
Total short-term debt	3.05 %	70,298

Bank of China Working Capital Loan Facility

On February 5, 2024, the Company entered into an uncommitted facility letter with the Bank of China (Hong Kong) Limited (the "BOC HK") pursuant to which the BOC HK will provide standby letters of credit for loans of up to \$100.0 million for a term of one year. In connection with this agreement, the Company paid a one-time, non-refundable fee of \$0.7 million in the first quarter of 2024. In accordance with this agreement, the Company also maintained restricted deposits of \$100.0 million, which are presented as restricted cash-current on the condensed consolidated balance sheet, to secure the standby letters of credit. On February 6, 2024 and June 20, 2024, upon the Company's application, the BOC HK provided standby letters of credit in favor of the Bank of China Pudong Development Zone Branch (the "BOC Pudong Branch") for \$50.0 million and \$23.0 million, respectively, which are or may become payable by the Company's wholly-owned subsidiary, Zai Lab (Shanghai) Co., Ltd. ("Zai Lab Shanghai"), and in the first half of 2024, Zai Lab Shanghai entered into working capital loan contracts with the BOC Pudong Branch for an aggregate loan of RMB500.0 million (approximately \$69.8 million), of which an aggregate principal amount of RMB401.0 million (approximately \$56.3 million) was outstanding as of June 30, 2024. Each working capital loan has a one-year term and is subject to a floating interest rate of approximately 2.95% initially, which is subject to adjustment every six months.

SPD Bank Working Capital Loan Facility

On February 6, 2024, the Company entered into a maximum-amount guarantee contract with the Shanghai Pudong Development Bank Co., Ltd. Zhangjiang Hi-Tech Park Sub-branch (the "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. Zai Lab Shanghai entered into working capital loan contracts with SPD Bank under this debt facility in the first quarter of 2024, and the aggregate principal balance was RMB100.0 million (approximately \$14.0 million) as of June 30, 2024. These working capital loans have a term of one year and are subject to a fixed interest rate of 3.45%.

Ningbo Bank Working Capital Loan Facility

On February 6, 2024, the Company's wholly-owned subsidiary, Zai Lab (Suzhou) Co., Ltd. ("Zai Lab Suzhou"), entered into a maximum credit contract with Bank of Ningbo Co., Ltd. Suzhou Sub-branch ("Ningbo Bank") as well as an Electronic Commercial Draft Discounting Master Agreement and Online Working Capital Loan Master Agreement (collectively, the "Ningbo Bank Agreements"). 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 the Company is authorized to utilize up to RMB160.0 million (approximately \$22.5 million). In connection with the arrangements described in the Ningbo Bank Agreements, Zai Lab Suzhou agreed to pledge interests in certain real property it owns in Suzhou. As of June 30, 2024, Zai Lab Suzhou has not entered into any discounting arrangements or working capital loans under this Ningbo Bank working capital loan facility.

10. Other Current Liabilities

The following table presents the Company's other current liabilities (\$ in thousands):

	June 30, 2024	December 31, 2023
Accrued payroll	22,432	33,711
Accrued professional service fee	3,514	7,520
Payables for purchase of property and equipment	2,391	2,474
Accrued rebate to distributors	10,037	16,926
Tax payables	4,625	16,988
Other (i)	3,496	5,353
Total	46,495	82,972

(i) Other primarily includes accrued travel and business-related expenses.

11. Share-Based Compensation

During the six months ended June 30, 2024, the Company granted share options to purchase up to 20,739,400 ordinary shares and restricted shares representing 16,398,190 ordinary shares under its equity incentive plans. The share options granted 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. For a description of the Company's equity incentive plans and more details on the terms of the share-based awards, see *Note 15* of the 2023 Annual Report.

The following table presents the share-based compensation expense that has been reported in the Company's condensed consolidated statements of operations and comprehensive loss as follows (\$ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Selling, general and administrative	10,421	11,776	21,456	21,839
Research and development	8,217	8,735	15,162	15,333
Total	18,638	20,511	36,618	37,172

As of June 30, 2024, there was unrecognized share-based compensation expense related to unvested share options and unvested restricted shares of \$98.1 million and \$100.9 million, respectively, which the Company expects to recognize over a weighted-average period of 3.07 years and 2.90 years, respectively.

12. License and Collaboration Agreements

The Company has entered into various license and collaboration agreements with third parties to develop and commercialize product candidates. For a description of the material terms of the Company's significant license and collaboration agreements, see *Note 16* of the 2023 Annual Report. The following includes a description of milestone fees incurred in the six months ended June 30, 2024 under our significant license and collaboration agreements.

Zai Lab Limited

Notes to the unaudited condensed consolidated financial statements

License and Collaboration Agreement with Innoviva (SUL-DUR)

Under the terms of our license and collaboration agreement with Entasis Therapeutics Holdings Inc., a wholly owned subsidiary of Innoviva, Inc. (“Innoviva”), the Company recorded an \$8.0 million regulatory milestone in the second quarter of 2024, which was capitalized as an intangible asset. As of June 30, 2024, the Company may be required to pay an additional aggregate amount of up to \$80.6 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.

License Agreement with BMS (Repotrectinib)

Under the terms of our license agreement with Turning Point Therapeutics, Inc., a company later acquired by Bristol Myers Squibb (“BMS”), the Company recorded a \$25.0 million regulatory milestone in the second quarter of 2024, which was capitalized as an intangible asset. As of June 30, 2024, the Company may be required to pay an additional aggregate amount of up to \$116.0 million in development, regulatory, and 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 product in the licensed territory.

13. Other Expenses (Income), Net

The following table presents the Company’s other expenses (income), net (\$ in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Government grants	534	83	3,325	83
Loss on equity investments with readily determinable fair value	(10,035)	(1,744)	(5,147)	(1,304)
Others miscellaneous gain	558	256	2,240	1,050
Total	<u>(8,943)</u>	<u>(1,405)</u>	<u>418</u>	<u>(171)</u>

14. Restricted Net Assets

The Company’s ability to pay dividends may depend on the Company receiving distributions of funds from its Chinese subsidiaries. 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. The results of operations reflected in the unaudited condensed consolidated financial statements prepared in accordance with U.S. GAAP differ from those reflected in the statutory financial statements of the Company’s Chinese subsidiaries.

In accordance with the Company Law of the People’s Republic of China, a domestic enterprise is required to provide statutory reserves of at least 10% of its annual after-tax profit until such reserve has reached 50% of its respective registered capital based on the enterprise’s Chinese statutory accounts. A domestic enterprise may provide discretionary surplus reserve, at the discretion of the Board of Directors, from the profits determined in accordance with the enterprise’s Chinese statutory accounts. The aforementioned reserves can only be used for specific purposes and are not distributable as cash dividends. The Company’s Chinese subsidiaries were established as domestic enterprises and therefore are subject to the above-mentioned restrictions on distributable profits.

No appropriation to statutory reserves was made in the three and six months ended June 30, 2024 and 2023 because the Chinese subsidiaries had substantial losses during such periods.

As a result of these Chinese laws and regulations, subject to the limits discussed above that require annual appropriations of 10% of after-tax profit to be set aside, prior to payment of dividends, as a general reserve fund, the Company’s Chinese subsidiaries are restricted in their ability to transfer out a portion of their net assets.

Foreign exchange and other regulation in mainland China may further restrict the Company’s subsidiaries in mainland China from transferring out funds in the form of dividends, loans, and advances. As of June 30, 2024 and December 31, 2023, amounts restricted included the paid-in capital of the Company’s subsidiaries in mainland China and were \$506.0 million.

15. Commitments and Contingencies

(a) Purchase Commitments

The Company’s commitments related to purchase of property and equipment contracted but not yet reflected in the unaudited condensed consolidated financial statements were \$1.0 million as of June 30, 2024 and were expected to be incurred within one year.

(b) Legal Proceedings

The Company is not currently a party to any material legal proceedings.

(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. To date, the Company has not paid any claims or been required to defend any action related to its indemnification

obligations.

16. Subsequent Events

The Company identified an additional opportunity to access capital denominated in RMB through a debt facility with China Merchants Bank to support our working capital needs in mainland China. As a result, on July 5, 2024, the Company issued a maximum-amount irrevocable letter of guarantee to China Merchants Bank Co., Ltd., Shanghai Branch (“CMB”) pursuant to which the Company will guarantee working capital loans of up to RMB250.0 million (approximately \$34.4 million) from CMB to our wholly-owned subsidiary, Zai Lab Shanghai, and Zai Lab Shanghai entered into a Credit Agreement with CMB with respect to the RMB250.0 million facility. The credit facility will be available for one year, and key terms of the specific working capital loans, including the amount, term, and interest rate, will be included in the specific transaction documents. To date, Zai Lab Shanghai has not entered into working capital loans under this facility.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our 2023 Annual Report and our unaudited condensed consolidated financial statements and the accompanying notes for the three and six months ended June 30, 2024 included in *Item 1. Financial Statements*.

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 in Greater China and worldwide. We currently have five commercial products – ZEJULA[®], OPTUNE, QINLOCK[®], NUZYRA[®], and VYVGART[®] – that have received marketing approval and that we have commercially launched in one or more territories in Greater China. OPTUNE refers to Tumor Treating Fields devices marketed under various brand names, including OPTUNE GIO[®] for glioblastoma multiforme (“GBM”). We also have multiple programs in late-stage product development and a number of ongoing pivotal trials across our portfolio.

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 over the next several years 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.

Recent Developments

Commercial Products

Net product revenue was \$100.1 million for the second quarter of 2024, an increase of 45% compared to the prior year period, primarily driven by increased sales for VYVGART since its launch in September 2023 and NRDL listing in January 2024 and increased sales for ZEJULA and NUZYRA. The NRDL listing for ZEJULA as a maintenance treatment was renewed in the first quarter of 2024, and ZEJULA continues to be the leading PARP inhibitor in hospital sales for ovarian cancer in mainland China. Increased sales for NUZYRA were supported by the inclusion in the NRDL for its IV formulation in the first quarter of 2023 and for its oral formulation in the first quarter of 2024.

Product Candidates

We continued to advance our product candidates through our research and development activities, including the following developments with respect to our clinical trials and regulatory approvals:

Oncology

- **Repotrectinib:** In May 2024, the NMPA approved the New Drug Application (“NDA”) for repotrectinib for the treatment of adult patients with locally advanced or metastatic *ROS1*-positive non-small cell lung cancer (“NSCLC”). The approval was based on the global Phase I/II TRIDENT-1 study that evaluated repotrectinib in TKI naïve and TKI-pretreated patients with *ROS1*-positive NSCLC. We participated in the Greater China

portion of this study. In June 2024, our partner Bristol Myers Squibb (“BMS”) announced that the U.S. Food and Drug Administration (“FDA”) had granted accelerated approval of repotrectinib for the treatment of patients with *NTRK*-positive locally advanced or metastatic solid tumors.

- **Niraparib (PARP):** In July 2024, data from a Zai-supported study was published in *Cell* that provides new insights with potential to improve treatment of HRD-positive ovarian cancers, including through neoadjuvant monotherapy with niraparib and a combination of niraparib and ZL-1218, our investigational CCR8 antibody.
- **Tisotumab Vedotin:** In April 2024, our partner Pfizer Inc. and Genmab A/S announced that the FDA approved the supplemental Biologics License Application granting full approval for tisotumab vedotin (or TIVDAK[®]) for the treatment of patients with recurrent or metastatic cervical cancer with disease progression on or after chemotherapy. We are participating in the global Phase III innovaTV 301 trial and extension study in Greater China.

Immunology, Neuroscience, and Infectious Disease

- **Efgartigimod:** In May 2024, the NMPA accepted for priority review a supplemental Biologics License Application for efgartigimod alfa injection (subcutaneous injection) (“efgartigimod SC”) for the treatment of patients with chronic inflammatory demyelinating polyneuropathy (“CIDP”). In June 2024, our partner argenx announced that the FDA approved efgartigimod SC, under the brand name VYVGART[®] Hytrulo, for this indication.

In July 2024, the NMPA approved a Biologics License Application for efgartigimod SC as an add on to standard therapy for the treatment of adult patients with gMG who are anti-acetylcholine receptor (AChR) antibody positive.

- **Sulbactam-Durlobactam (SUL-DUR):** In May 2024, the NMPA approved the NDA for SUL-DUR for the treatment of adult patients with hospital-acquired bacterial pneumonia and ventilator-associated bacterial pneumonia caused by susceptible isolates of *Acinetobacter baumannii-calcoaceticus* complex.
- **Xanomeline-Trospium (KarXT):** In April 2024, our partner BMS presented new interim long-term data from the Phase III EMERGENT program for the treatment of schizophrenia. In the new interim analysis of long-term efficacy data from the Phase 3 EMERGENT-4 open-label extension trial, KarXT was associated with significant improvement in symptoms of schizophrenia across all efficacy measures at 52 weeks, and in the new pooled interim long-term safety and metabolic outcomes from the Phase III EMERGENT-4 and EMERGENT-5 trials, KarXT demonstrated a favorable long-term metabolic profile where most patients experienced stability or improvements on metabolic parameters over 52 weeks of treatment. We are conducting a registrational bridging study in mainland China.

In July 2024, Zai Lab joined the global Phase III ADEPT-2 study evaluating the safety and efficacy of KarXT for the treatment of Alzheimer’s disease with psychosis in Greater China.

- **Early-Stage Global Pipeline:** In May 2024, we initiated a global Phase II clinical trial evaluating the safety and efficacy of ZL-1102, an anti-IL-17 investigational therapy that we are internally developing, for the treatment of chronic plaque psoriasis.

Corporate Updates

We continue to enhance our portfolio through strategic partnerships and to strengthen our organizational structure to support the evolving needs of our business:

- **Business Development:** In July 2024, we entered into a strategic partnership and global license agreement with MabCare Therapeutics Co., Ltd. Through this collaboration, we expanded our global oncology pipeline with a next generation antibody-drug conjugate targeting ROR1, ZL-6301. ZL-6301 has the potential to be used in the treatment of solid tumors where ROR1 is commonly expressed and in hematological malignancies

where ROR1 is a validated target. ZL-6301 has demonstrated an encouraging pre-clinical profile, and it is currently in the IND-enabling stage. We plan to focus on advancing its global development.

- **Organizational Updates:** In April 2024, Andrew Zhu joined Zai Lab as our Chief Commercial Officer in Greater China. Mr. Zhu's rich experience in building innovative business models and resource integration will help us further enhance our commercial operations and drive sales and profit growth across Greater China. He joins us from Simcere Zaiming, where he most recently served as Chief Operating Officer responsible for the commercial and pharmaceutical business. He previously served in various operational, sales, and marketing leadership roles at leading global biopharmaceutical companies, including AstraZeneca, Roche, Sanofi, and BMS. In addition, Dr. Rafael Amado was appointed President, Head of Global Research and Development, expanding his role to encompass R&D efforts all of our therapeutic areas upon Dr. Harald Reinhart's retirement on June 30, 2024.

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 OPTUNE, QINLOCK, and VYVGART 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 any sales-based 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.

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 contract research organizations ("CROs") and contract manufacturing organizations ("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, consulting, auditing, and tax services as well as other direct and allocated expenses for rent and maintenance of facilities, insurance, and other supplies used in selling, general, and administrative activities. We 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 the United States. 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.

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 June 30, 2024, we may be required to pay development and regulatory milestone payments of up to an additional aggregate amount of \$294.5 million for our current clinical programs and \$561.2 million for other programs, and such payments are contingent on the progress of our product candidates prior to commercialization. As of June 30, 2024, we also may be required to pay sales-based milestone payments of up to an additional aggregate amount of \$1,980.0 million as well as certain royalties at tiered percentage rates on annual net sales that are contingent on product performance. If these milestones or royalties do occur, we view related payments as favorable because such payments signify that the product or product candidate is achieving higher sales levels or advancing toward potential commercial launch.

Results of Operations

In this section, we discuss our results of operations for the three and six months ended June 30, 2024 compared to the same periods in 2023.

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

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
Revenues								
Product revenue, net	100,106	68,864	31,242	45 %	187,255	131,661	55,594	42 %
Collaboration revenue	398	—	398	NM	398	—	398	NM
Total revenues	100,504	68,864	31,640	46 %	187,653	131,661	55,992	43 %
Expenses								
Cost of product revenue	(35,148)	(23,763)	(11,385)	48 %	(68,767)	(45,100)	(23,667)	52 %
Cost of collaboration revenue	(85)	—	(85)	NM	(85)	—	(85)	NM
Research and development	(61,625)	(76,682)	15,057	(20)%	(116,270)	(125,153)	8,883	(7)%
Selling, general, and administrative	(79,710)	(67,920)	(11,790)	17 %	(148,904)	(130,430)	(18,474)	14 %
Gain on sale of intellectual property	—	10,000	(10,000)	(100)%	—	10,000	(10,000)	(100)%
Loss from operations	(76,064)	(89,501)	13,437	(15)%	(146,373)	(159,022)	12,649	(8)%
Interest income	9,330	10,090	(760)	(8)%	18,988	20,321	(1,333)	(7)%
Interest expense	(492)	—	(492)	NM	(605)	—	(605)	NM
Foreign currency losses	(4,108)	(40,079)	35,971	(90)%	(6,176)	(31,167)	24,991	(80)%
Other (expenses) income, net	(8,943)	(1,405)	(7,538)	537 %	418	(171)	589	(344)%
Loss before income tax	(80,277)	(120,895)	40,618	(34)%	(133,748)	(170,039)	36,291	(21)%
Income tax expense	—	—	—	— %	—	—	—	— %
Net loss	(80,277)	(120,895)	40,618	(34)%	(133,748)	(170,039)	36,291	(21)%

NM - Not Meaningful

Revenues

Product Revenue, Net

The following table presents the components of the Company's product revenue (\$ in thousands):

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
Product revenue - gross	106,611	75,010	31,601	42 %	199,723	146,222	53,501	37 %
Less: Rebates and sales returns	(6,505)	(6,146)	(359)	6 %	(12,468)	(14,561)	2,093	(14)%
Product revenue - net	100,106	68,864	31,242	45 %	187,255	131,661	55,594	42 %

Our product revenue is 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 \$31.2 million and \$55.6 million in the three and six months ended June 30, 2024, respectively, primarily driven by increased sales for VYVGART since its launch in September 2023 and NRDL listing in January 2024. Net product revenue growth was also supported by increased sales volumes for ZEJULA and NUZYRA in the three and six months ended June 30, 2024 and for QINLOCK in the six months ended June 30, 2024. ZEJULA sales remained strong as it continued to be the leading PARP inhibitor in hospital sales for ovarian cancer in mainland China following the renewal of its NRDL listing as a maintenance treatment in the first quarter of 2024. The growth in NUZYRA sales was supported by the inclusion in the NRDL for its IV formulation in the first quarter of 2023

and for its oral formulation in the first quarter of 2024. Similarly, QINLOCK sales were supported by its inclusion in the NRDL in the first quarter of 2023.

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

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	ZEJULA	44,999	42,957	2,042	5 %	90,500	85,637	4,863
OPTUNE	12,584	13,692	(1,108)	(8) %	25,064	27,034	(1,970)	(7) %
QINLOCK	7,038	7,527	(489)	(6) %	13,131	8,833	4,298	49 %
NUZYRA	12,295	4,636	7,659	165 %	22,208	10,105	12,103	120 %
VYVGART	23,190	52	23,138	44496 %	36,352	52	36,300	69808 %
Total product revenue, net	100,106	68,864	31,242	45 %	187,255	131,661	55,594	42 %

Cost of Product Revenue

Cost of product revenue increased by \$11.4 million and \$23.7 million in the three and six months ended June 30, 2024, respectively, primarily due to increasing sales volumes and shifts in product sales mix.

Collaboration Revenue and Cost of Collaboration Revenue

Collaboration revenue was \$0.4 million and cost of collaboration revenue was \$0.1 million in both the three and six months ended June 30, 2024, and related to promotional activities in mainland China. We had no such collaboration revenue in the prior year periods.

Research and Development Expenses

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

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
	Personnel compensation and related costs	31,209	29,378	1,831	6 %	59,217	58,034	1,183
Licensing fees	—	18,282	(18,282)	(100) %	—	19,282	(19,282)	(100) %
CROs/CMOs/Investigators expenses	24,305	23,626	679	3 %	44,209	36,065	8,144	23 %
Other costs	6,111	5,396	715	13 %	12,844	11,772	1,072	9 %
Total	61,625	76,682	(15,057)	(20) %	116,270	125,153	(8,883)	(7) %

Research and development expenses decreased by \$15.1 million and \$8.9 million in the three and six months ended June 30, 2024, respectively, primarily due to:

- a decrease of \$18.3 million and \$19.3 million, respectively, in licensing fees as a result of decreased upfront and milestone payments for our license and collaboration agreements; partially offset by
- an increase of \$1.4 million and \$9.2 million, respectively, in CROs/CMOs/Investigators expenses and other costs related to ongoing and newly initiated clinical trials.

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

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
Clinical programs	21,348	32,462	(11,114)	(34)%	40,136	44,989	(4,853)	(11)%
Pre-clinical programs	3,139	10,758	(7,619)	(71)%	5,188	13,239	(8,051)	(61)%
Unallocated research and development expenses	37,138	33,462	3,676	11 %	70,946	66,925	4,021	6 %
Total	61,625	76,682	(15,057)	(20)%	116,270	125,153	(8,883)	(7)%

Research and development expenses attributable to clinical programs decreased by \$11.1 million in the three months ended June 30, 2024 primarily driven by a decrease of \$8.3 million in licensing fees and \$2.8 million in CROs/CMOs/Investigators expenses. Research and development expenses attributable to pre-clinical programs decreased by \$7.6 million in the three months ended June 30, 2024 primarily due to a decrease of \$10.0 million in licensing fees, offset by an increase of \$2.4 million in CROs/CMOs/Investigators expenses related to newly initiated studies and progress of existing studies.

Research and development expenses attributable to clinical programs decreased by \$4.9 million in the six months ended June 30, 2024 primarily driven by a decrease of \$8.3 million in licensing fees, offset by an increase of \$3.4 million in CROs/CMOs/Investigators expenses due to newly initiated studies and progress of existing studies. Research and development expenses attributable to pre-clinical programs decreased by \$8.1 million in the six months ended June 30, 2024 primarily due to a decrease of \$11.0 million in licensing fees, offset by an increase of \$2.9 million in CROs/CMOs/Investigators expenses related to newly initiated studies and progress of existing 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.

Selling, General, and Administrative Expenses

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

	Three Months Ended June 30,		Change		Six Months Ended June 30,		Change	
	2024	2023	\$	%	2024	2023	\$	%
Personnel compensation and related costs	48,279	42,874	5,405	13 %	94,173	83,788	10,385	12 %
Professional service fees	4,951	5,793	(842)	(15)%	9,054	14,348	(5,294)	(37)%
Other costs	26,480	19,253	7,227	38 %	45,677	32,294	13,383	41 %
Total	79,710	67,920	11,790	17 %	148,904	130,430	18,474	14 %

Selling, general, and administrative expenses increased by \$11.8 million and \$18.5 million in the three and six months ended June 30, 2024, respectively, primarily due to:

- an increase of \$7.2 million and \$13.4 million in other costs, respectively, primarily related to higher general selling expenses for VYVGART which was launched in September 2023.
- an increase of \$5.4 million and \$10.4 million in personnel compensation and related costs, respectively, primarily driven by headcount growth mainly to support VYVGART; partially offset by
- a decrease of \$0.8 million and \$5.3 million in professional service fees, respectively, primarily related to decreased legal, finance, and human resources administrative expenses.

Gain on Sale of Intellectual Property

We had a gain on sale of intellectual property of \$10.0 million in the second quarter of 2023 in connection with our sale of certain patent rights and related know-how to a third party. We had no such gain or loss in the current year periods.

Interest Income

Interest income decreased by \$0.8 million and \$1.3 million in the three and six months ended June 30, 2024, respectively, primarily due to decreased cash and cash equivalents.

Interest Expense

Interest expense increased by \$0.5 million and \$0.6 million in the three and six months ended June 30, 2024, respectively, primarily due to interest expense on short-term debt we entered into in the first half year of 2024. We had no such interest expense in the prior year periods.

Foreign Currency Losses

Foreign currency losses decreased by \$36.0 million and \$25.0 million in the three and six months ended June 30, 2024, respectively, due to the decreased level of depreciation of the RMB against the U.S. dollar.

Other (Expenses) Income, Net

Other expenses, net increased by \$7.5 million in the three months ended June 30, 2024, primarily due to an increase of \$8.3 million in loss of our equity investment in MacroGenics, Inc as a result of changes in its stock price.

Other income, net was \$0.4 million in the six months ended June 30, 2024, compared to other expenses, net of \$0.2 million in the six months ended June 30, 2023, primarily due to an increase of \$3.2 million in government grants, an increase of \$1.2 million in other miscellaneous gain primarily driven by an increase in sublease rental income, offset by an increase of \$3.8 million in loss of our equity investment in MacroGenics, Inc as a result of changes in its stock price.

Income Tax Expense

Income tax expense was nil in both the three and six months ended June 30, 2024 and 2023.

Net Loss

Net loss was \$80.3 million in the three months ended June 30, 2024, or a loss per ordinary share attributable to common stockholders of \$0.08 (or loss per ADS of \$0.82), compared to a net loss of \$120.9 million in the three months ended June 30, 2023, or a loss per ordinary share of \$0.13 (or loss per ADS of \$1.25).

Net loss was \$133.7 million in the six months ended June 30, 2024, or a loss per ordinary share attributable to common stockholders of \$0.14 (or loss per ADS of \$1.37), compared to a net loss of \$170.0 million in the six months ended June 30, 2023, or a loss per ordinary share of \$0.18 (or loss per ADS of \$1.77).

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.

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 expected 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 trading history since our September 2017 initial public offering on Nasdaq to cover the expected term of our share options, we estimate expected volatility based on movements in the share price of certain companies we consider comparable over the most recent equivalent historical period. 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 judgements are required when evaluating tax positions in accordance with ASC 740, *Income Taxes*.

We recognize in our financial statements the benefit of a tax position if the tax position is “more likely than not” to prevail based on the facts and technical merits of the position. Tax positions that meet the “more likely than not” recognition threshold are measured at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. We estimate our liability for unrecognized tax benefits which are periodically assessed and may be affected by changing interpretations of laws, rulings by tax authorities, changes and/or developments with respect to tax audits, and 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.

Liquidity and Capital Resources

To date, we have financed our activities primarily through private placements, 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. In addition, we have raised approximately \$164.6 million in private equity financing and approximately \$2,462.7 million in net proceeds after deducting underwriting commissions and the offering expenses payable by us in our initial public offering and subsequent follow-on offerings on Nasdaq and our initial public offering on the Hong Kong Stock Exchange. Our operations have consumed substantial amounts of cash since inception. The net cash used in our operating activities was \$132.3 million and \$128.0 million in the six months ended 2024 and 2023, 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 in above. In addition, as of June 30, 2024, we had commitments for capital expenditures of \$1.0 million, mainly for the purpose of plant construction and installation.

As of June 30, 2024, we had cash and cash equivalents, current restricted cash, and short-term investments of \$730.0 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, identify opportunities to access capital through debt arrangements on favorable commercial terms. In February 2024, we entered into three such debt arrangements with Chinese financial institutions that allow certain of our subsidiaries to borrow up to approximately \$164.5 million (or RMB1,171.7 million) to support our working capital needs in mainland China. As of June 30, 2024, we had short-term debt of approximately \$70.3 million (or RMB501.0 million) pursuant to these debt arrangements. In addition, in July 2024, we entered into an additional such debt arrangement with a Chinese financial institution that would allow Zai Lab Shanghai to borrow up to RMB250.0 million (approximately \$34.4 million) to support our working capital needs in mainland China. These debt arrangements will provide us with additional capital capacity that gives us enhanced flexibility to execute on our corporate strategic goals. For more information, see *Note 9* and *Note 16*.

We may consider, or we may ultimately need, additional funding sources to bring to fruition our strategic objectives, and there can be no assurances that such funding will be made available to us on acceptable terms or at all.

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

	Six Months Ended June 30,		Change
	2024	2023	\$
Net cash used in operating activities	(132,279)	(127,989)	(4,290)
Net cash provided by (used in) investing activities	2,446	(11,252)	13,698
Net cash provided by (used in) financing activities	69,870	(5,379)	75,249
Effect of foreign exchange rate changes on cash, cash equivalents and restricted cash	(137)	(3,707)	3,570
Net decrease in cash, cash equivalents and restricted cash	<u>(60,100)</u>	<u>(148,327)</u>	<u>88,227</u>

Net Cash Used in Operating Activities

Net cash used in operating activities increased by \$4.3 million in the six months ended June 30, 2024, primarily due to a decrease of \$31.4 million in net changes in operating assets and liabilities, a decrease of \$9.2 million in adjustments to reconcile net loss to net cash used in operating activities, partially offset by a decrease of \$36.3 million in net loss.

Net Cash Provided by (Used in) Investing Activities

Net cash provided by investing activities was \$2.4 million in the six months ended June 30, 2024, compared to net cash used in investing activities of \$11.3 million in the six months ended June 30, 2023. This shift was primarily due to a decrease of \$100.0 million in purchases of short-term investments, and a decrease of \$3.5 million in purchases of property and equipment, partially offset by a decrease of \$68.2 million in proceeds from the maturity of short-term investments, an increase of \$11.5 million from acquisition of intangible assets as we made a sales-based milestone payment which was capitalized as intangible assets in the fourth quarter of 2023, and a decrease of \$10.0 million in proceeds from sale of intellectual property.

Net Cash Provided by (Used in) Financing Activities

Net cash provided by financing activities was \$69.9 million in the six months ended June 30, 2024, compared to net cash used in financing activities of \$5.4 million in the six months ended June 30, 2023. This shift was primarily due to \$69.8 million in short-term debt proceeds net of related issuance costs as we entered into certain debt arrangements in the first half of 2024, partially offset by decreases of \$7.1 million in taxes paid related to settlement of equity awards and \$1.7 million in proceeds from exercises of stock options.

Recently Issued Accounting Standards

For more information regarding recently issued accounting standards, see *Part II – Item 8. Financial Statements and Supplementary Data – Recent Accounting Pronouncements* in our 2023 Annual Report. The Company has not adopted any new accounting standards in the six months ended June 30, 2024.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Foreign Exchange Risk

Renminbi, or RMB, is not a freely convertible currency. The State Administration of Foreign Exchange, under the authority of the People's Bank of China ("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 \$21.1 million and \$25.1 million, which were denominated in RMB, representing 3% of the cash and cash equivalents as of both June 30, 2024 and December 31, 2023, 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 risks 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 Hong Kong Monetary Authority ("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.

Credit Risk

Financial instruments that are potentially subject to significant concentration of credit risk consist of cash and cash equivalents, 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 June 30, 2024 and December 31, 2023, we had cash and cash equivalents of \$630.0 million and \$790.2 million, and short-term investments of nil and \$16.3 million, respectively. As of June 30, 2024 and December 31, 2023, all of our 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 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 and collaborative arrangements. 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 June 30, 2024, our two largest customers accounted for approximately 23% of our total accounts receivable collectively.

Certain accounts receivable balances are settled in the form of notes receivable. As of June 30, 2024, 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.

Item 4. Controls and Procedures

Management's Evaluation of Our Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Our disclosure controls and procedures are designed to ensure that the information required to be disclosed in the reports that we file or furnish under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objective. Based upon that evaluation, our management has concluded that, as of June 30, 2024, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such item is defined in Rules 13a-15(f)) during the fiscal quarter ended June 30, 2024 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We may be, from time to time, subject to claims and suits arising in the ordinary course of business. We are not currently a party to any material legal or administrative proceedings.

Item 1A. Risk Factors.

We are subject to risks and uncertainties that could, directly or indirectly, adversely affect our business, results of operations, financial condition, liquidity, cash flows, strategies, and/or prospects. There have been no material changes in our risk factors from those disclosed in the “Risk Factors” section of our 2023 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

None.

Item 5. Other Information.

Other than as described below, during the period covered by this report, none of the Company’s directors or executive officers has adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (each as defined in Item 408 of Regulation S-K).

On June 6, 2024, Richard Gaynor, one of the Company’s directors, adopted a new written Rule 10b5-1 trading arrangement for the disposition of up to 5,000 of the Company’s ADSs, each representing ten of the Company’s ordinary shares, to cover tax obligations in connection with the vesting of a previously granted restricted stock award. This Rule 10b5-1 trading arrangement is scheduled to terminate no later than July 7, 2025.

Item 6. Exhibits.**Exhibit Index**

Exhibit Number	Exhibit Title
10.1#	Zai Lab Limited 2024 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K (File No. 001-38205) filed on June 18, 2024)
10.2#	Form Restricted Share Unit Award Agreement
10.3#	Form Restricted Stock Award Agreement
10.4#	Form Non-Statutory Stock Option Award Agreement
10.5+	Addendum to Collaboration and License Agreement between argenx BV and Zai Auto Immune (Hong Kong) Limited dated June 30, 2024
10.6+	Unofficial English Translation of Maximum-Amount Irrevocable Letter of Guarantee, dated as of July 5, 2024, issued by Zai Lab Limited to China Merchants Bank Co., Ltd., Shanghai Branch (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K (File No. 001-38205) filed on July 9, 2024)
10.7+	Unofficial English Translation of Credit Agreement, dated as of July 5, 2024, by and between Zai Lab (Shanghai) Co., Ltd. and China Merchants Bank Co., Ltd., Shanghai Branch (incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K (File No. 001-38205) filed on July 9, 2024)
31.1	Certification of Chief Executive Officer Required by Exchange Act Rule 13a-14(a)
31.2	Certification of Chief Financial Officer Required by Exchange Act Rule 13a-14(a)
32.1	Certification of Chief Executive Officer Required by 18 U.S.C. Section 1350
32.2	Certification of Chief Financial Officer Required by 18 U.S.C. Section 1350
101.INS*	Inline XBRL Instance Document-the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definitions Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Management contract or compensatory plan, contract, or arrangement

+ Portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: August 6, 2024

ZAI LAB LIMITED

By: /s/ Yajing Chen
Name: Yajing Chen
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)

Name:	[]
Number of Restricted Share Units subject to Award:	[]
Date of Grant:	[]

ZAI LAB LIMITED

2024 EQUITY INCENTIVE PLAN

RESTRICTED SHARE UNIT AWARD AGREEMENT

This agreement (this “Agreement”) evidences an award (the “Award”) of Restricted Share Units granted by Zai Lab Limited (the “Company”) to the individual named above (the “Grantee”), pursuant to and subject to the terms of the Zai Lab Limited 2024 Equity Incentive Plan (as amended from time to time, the “Plan”).

1. Grant of Restricted Share Unit Award. The Company grants to the Grantee on the date set forth above (the “Date of Grant”) the number of Restricted Share Units (the “Restricted Share Units”) set forth above giving the Grantee the conditional right to receive, pursuant to and subject to the terms set forth in this Agreement and in the Plan, one ADS (each, a “Share”) with respect to each Restricted Share Unit forming part of the Award, subject to adjustment pursuant to Section 7 of the Plan in respect of transactions occurring after the Date of Grant. Each ADS represents the right to receive [] ([]) Ordinary Shares (subject to any Share dividend, Share split or combination of Shares (including a reverse Share split)).

2. Meaning of Certain Terms. Except as otherwise defined herein, all capitalized terms have the same meaning as in the Plan. In addition, the following term has the following meaning:

“Beneficiary”: In the event of the Grantee’s death, the beneficiary named in the written designation (in a form acceptable to the Administrator) most recently filed with the Administrator by the Grantee prior to the Grantee’s death and not subsequently revoked, or, if there is no such designated beneficiary, the executor or administrator of the Grantee’s estate. An effective beneficiary designation shall be treated as having been revoked only upon receipt by the Administrator, prior to the Grantee’s death, of an instrument of revocation in a form acceptable to the Administrator.

3. Vesting; Cessation of Employment.

(a) Vesting. Unless earlier terminated, forfeited, relinquished, lapsed or expired, the Restricted Share Units shall vest as follows, subject to the Grantee remaining in continuous Employment from the Date of Grant through each such vesting date:

(i) [Specific vesting terms to be specified in each grant.]

- (b) Cessation of Employment. If the Grantee's Employment ceases, except as expressly provided for in an employment agreement or other individual agreement between the Company or any of its Subsidiaries which is in effect as of the Date of Grant, the unvested portion of the Award shall be immediately forfeited. Any portion of the Award which is vested prior to the date on which the Grantee's Employment ceases shall be settled in accordance with Section 4 below; provided, however, that in the event of the Grantee's termination of Employment for Cause, if any of the Restricted Share Units subject to this Award have vested, but not yet been settled in exchange for Shares in accordance with Section 4 below, then such vested Restricted Share Units shall immediately be forfeited and cancelled for no consideration effective as of such termination of Employment.

4. Delivery of Shares. Subject to Section 5 below, the Company shall, as soon as practicable upon the vesting of any portion of the Award (but in no event later than 30 days following the date on which such Restricted Share Units vest), effect delivery of the Shares with respect to such vested Restricted Share Units to the Grantee (or, in the event of the Grantee's death following the vesting of such portion of the Award, to the Grantee's Beneficiary). No Shares will be issued pursuant to the Award unless and until all legal requirements applicable to the issuance or transfer of such Shares have been complied with to the satisfaction of the Administrator.

5. Forfeiture; Recovery of Compensation.

- (a) The Administrator may cancel, rescind, withhold or otherwise limit or restrict the Award at any time if the Grantee is not in compliance with all applicable provisions of this Agreement and the Plan. By accepting, or being deemed to have accepted, the Award, the Grantee expressly acknowledges and agrees that his or her rights, and those of any Beneficiary or permitted transferee of the Award, under the Award, including the right to any Shares acquired under the Award or proceeds from the disposition thereof, are subject to Section 6(a)(v) of the Plan (including any successor provision), and specifically acknowledges and agrees that the Grantee is subject to any clawback policy of the Company in effect as of the Date of Grant, including the Company's Dodd-Frank Policy on Recoupment of Incentive Compensation, or that is adopted after the Date of Grant in order to comply with applicable law. Nothing in the preceding sentence may be construed as limiting the general application of Section 8 of this Agreement.
- (b) The Grantee hereby (i) appoints the Company as the attorney-in-fact of the undersigned to take such actions as may be necessary or appropriate to effectuate a transfer of the record ownership of any Shares that are forfeited hereunder, (ii) agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to Shares hereunder, one or more stock powers, endorsed in blank, with respect to such Shares, and (iii) agrees to sign such other powers and take such other actions as the Company may reasonably

request to accomplish the transfer or forfeiture of any Shares that are forfeited hereunder.

6. Dividends; Other Rights. The Award may not be interpreted to bestow upon the Grantee any equity interest or ownership in the Company or any Subsidiary prior to the date on which the Company delivers Shares to the Grantee. The Grantee is not entitled to vote any Shares by reason of the granting of the Award or to receive or be credited with any dividends declared and payable on any Share prior to the date on which any such Share is delivered to the Grantee hereunder. The Grantee will have the rights of a shareholder only as to those Shares, if any, that are actually delivered under the Award.

7. Nontransferability and Investment Representation.

- (a) The Award may not be transferred except as expressly permitted under Section 6(a)(iii) of the Plan.
- (b) The Grantee hereby covenants that (i) any sale of any Share acquired upon the vesting of the Restricted Share Units shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any other applicable foreign or state securities laws, or pursuant to an exemption from registration under the Securities Act and such foreign or state securities laws and (b) the Grantee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the Shares and, in connection therewith, shall execute any documents which the Company shall in its sole discretion deem necessary or advisable.

8. Withholding. [The Grantee expressly acknowledges that the vesting or settlement of the Restricted Share Units acquired hereunder may give rise to "wages" subject to withholding. The Grantee expressly acknowledges and agrees that the Grantee's rights hereunder, including the right to receive Shares following the vesting of any portion of the Award, are subject to the Grantee promptly paying to the Company in cash or by check (or by such other means as may be acceptable to the Administrator in its discretion and permissible under applicable law) all taxes required to be withheld. No Shares will be delivered pursuant to the Award unless and until the Grantee (or the Grantee's Beneficiary or permitted transferee of the Award) has remitted to the Company an amount in cash or by check sufficient to satisfy any federal, state, or local withholding tax requirements, or has made other arrangements satisfactory to the Company with respect to such taxes. The Grantee authorizes the Company and its Subsidiaries to take the following actions with respect to withholding tax requirements: (i) withhold such amount from any amounts otherwise owed to the Grantee; (ii) cause the Grantee to tender a cash payment; (iii) permit or require the Grantee to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "FINRA Dealer") whereby the Grantee irrevocably elects to sell a portion of the Shares to be delivered in connection with the vesting of the Restricted Share Units to satisfy the withholding taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the withholding taxes directly to the Company and/or its

affiliates; or (iv) withhold Shares from the Shares issued or otherwise issuable to the Grantee in connection with the Award with a fair market value (measured as of the date Shares are issued pursuant to Section 4) equal to the amount of such withholding taxes; provided, however, that the number of such Shares so withheld shall be at least the minimum amount necessary to satisfy the Company's required tax withholding but in no event more than the maximum permitted withholding under applicable law; provided, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Securities Exchange Act of 1934, if applicable, such Share withholding procedure will be subject to the express prior approval of the Compensation Committee. Notwithstanding the foregoing, nothing in the preceding sentence may be construed as relieving the Grantee of any liability for satisfying his or her obligation under the preceding provisions of this Section.]¹ [The Grantee expressly acknowledges and agrees that he or she shall be responsible for satisfying and paying all taxes arising from or due in connection with the grant or vesting of the Restricted Share Units and/or the delivery of any Shares hereunder. The Company shall have no liability or obligation relating to the foregoing.]²

9. Effect on Employment. Neither the grant of the Award, nor the issuance of Shares upon vesting of the Award, shall give the Grantee any right to be retained in the employ or service of the Company or any of its Subsidiaries, affect the right of the Company or any of its Subsidiaries to terminate the Grantee's Employment at any time, subject to the terms and conditions of an effective employment or other individual agreement, if any, between the Grantee and the Company or any of its Subsidiaries, or affect any right of the Grantee to terminate his or her Employment at any time, subject to the terms and conditions of an effective employment or other individual agreement, if any, between the Grantee and the Company or any of its Subsidiaries.

10. Provisions of the Plan. This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Date of Grant has been furnished or made available to the Grantee. By accepting, or being deemed to have accepted, all or any portion of the Award, the Grantee agrees to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan will control.

11. Amendment and Waiver. The Company may amend the provisions of this Agreement at any time; provided that an amendment that would adversely affect the Grantee's rights under this Agreement shall be subject to the written consent of the Grantee. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

12. Compliance With Section 409A of the Code. The Restricted Stock Units are intended to be exempt from or comply with Section 409A of the Code, and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment. To the extent this Agreement or any other agreement provides for the Award to become vested and be settled upon the Grantee's termination of Employment, the applicable Shares shall be

¹ To be used if the Grantee is an employee.

² To be used if the Grantee is a non-employee director.

transferred to the Grantee or his or her Beneficiary upon the Grantee's "separation from service," within the meaning of Section 409A of the Code; provided that if the Grantee is a "specified employee," within the meaning of Section 409A of the Code, then to the extent the Restricted Stock Units constitutes nonqualified deferred compensation, within the meaning of Section 409A of the Code, and the Grantee is subject to Section 409A of the Code, such Shares shall be transferred to the Grantee or his or her Beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Grantee's death.

13. Acknowledgements. The Grantee acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which will be an original and all of which together will constitute one and the same instrument, (ii) this Agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, will constitute an original signature for all purposes hereunder, and (iii) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Grantee.

[Signature page follows.]

The Company, by its duly authorized officer, and the Grantee have executed this Agreement as of the date first set forth above.

ZAI LAB LIMITED

By: _____
Name: _____
Title: _____

Agreed and Accepted:

By: _____
[Name of Grantee]

Dated: _____

ZAI LAB LIMITED

2024 EQUITY INCENTIVE PLAN

RESTRICTED SHARE AWARD AGREEMENT

This award evidences the grant of Restricted Shares represented by [ADSs / Ordinary Shares] (the “Award”) by Zai Lab Limited (the “Company”), on [] to [] (the “Grantee”) pursuant to and subject to the terms of the Zai Lab Limited 2024 Equity Incentive Plan (as amended from time to time, the “Plan”).

1. Grant of Restricted Shares. The Company grants to the Grantee on the date set forth above (the “Date of Grant”) [] Restricted Shares represented by [] ADSs (the “Shares”). Each ADS represents the right to receive [] ([]) Ordinary Shares (subject to any Share dividend, Share split or combination of Shares (including a reverse Share split)). No Shares can be acquired by the Grantee pursuant to this Award unless, within ninety (90) days of the Date of Grant, the Grantee has acknowledged and accepted the Award and thereby agreed to its terms by signing a copy of this instrument in the space indicated below.

2. Meaning of Certain Terms. Except as otherwise defined herein, all capitalized terms used herein have the same meaning as in the Plan. In addition, the following term has the following meaning:

“Beneficiary”: In the event of the Grantee’s death, the beneficiary named in the written designation (in a form acceptable to the Administrator) most recently filed with the Administrator by the Grantee prior to the Grantee’s death and not subsequently revoked, or, if there is no such designated beneficiary, the executor or administrator of the Grantee’s estate. An effective beneficiary designation shall be treated as having been revoked only upon receipt by the Administrator, prior to the Grantee’s death, of an instrument of revocation in a form acceptable to the Administrator.

3. Nontransferability of Shares and Investment Representations.

(a) The Shares acquired by the Grantee pursuant to this Award may not be sold, transferred, pledged, assigned or otherwise encumbered or disposed of except as provided below and in the Plan.

(b) The Grantee hereby covenants that (i) any sale of any Share acquired pursuant to this Award shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”), and any other applicable foreign or state securities laws, or pursuant to an exemption from registration under the Securities Act and such foreign or state securities laws and (b) the Grantee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the Shares and, in connection therewith, shall execute any documents which the Company shall in its sole discretion deem necessary or advisable.

4. Vesting; Forfeiture. The vesting and forfeiture provisions applicable to the Award are set forth in Exhibit A hereto.

5. Compliance with Plan Restrictions; Recovery of Compensation.

(a) By accepting the Award, the Grantee expressly acknowledges and agrees that in addition to the vesting and forfeiture provisions set forth in Exhibit A hereto, the Award (whether or not vested) is subject to forfeiture, and the Grantee and any permitted transferee shall be obligated to return to the Company the value received with respect to the Award (including any gain realized on a subsequent sale or disposition of Shares) in accordance with Section 6(a)(v) of the Plan (including any successor provision), and specifically acknowledges and agrees that the Grantee is subject to any clawback policy of the Company in effect as of the Date of Grant, including the Company's Dodd-Frank Policy on Recoupment of Incentive Compensation, or that is adopted after the Date of Grant in order to comply with applicable law.

(b) The Grantee hereby (i) appoints the Company as the attorney-in-fact of the undersigned to take such actions as may be necessary or appropriate to effectuate a transfer of the record ownership of any Shares that are unvested and/or forfeited hereunder, (ii) agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to Shares hereunder, one or more stock powers, endorsed in blank, with respect to such Shares, and (iii) agrees to sign such other powers and take such other actions as the Company may reasonably request to accomplish the transfer or forfeiture of any Shares that are forfeited hereunder.

6. Dividends. The Grantee shall be entitled to receive any and all dividends or other distributions paid with respect to those Shares of which the Grantee is the record owner on the record date for such dividend or other distribution; provided, however, that any property or cash (including, without limitation, any regular cash dividends) distributed with respect to a Share (the "associated share") acquired hereunder, including without limitation a distribution of Shares by reason of a Share dividend, Share split or otherwise, or a distribution of other securities with respect to an associated share, shall be subject to the restrictions of this Award in the same manner and for so long as the associated share remains subject to such restrictions, and shall be promptly forfeited if and when the associated share is so forfeited; provided, further, that the Administrator may require that any cash distribution with respect to the Shares be placed in escrow. Any cash amounts that would otherwise have been paid with respect to an associated share shall be accumulated and paid to the Grantee, without interest, only upon, or within thirty (30) days following, the date on which such associated share vests hereunder (the "Vesting Date") and any other property distributable with respect to such associated share shall also vest on the Vesting Date.

7. Retention of Certificates. Any certificates representing unvested Shares shall be held by the Company. If unvested Shares are held in book entry form, the undersigned agrees that the Company may give stop transfer instructions to the depository to ensure compliance with the provisions hereof.

8. Legends. Any certificates representing unvested Shares will bear such legends as determined by the Company that discloses the restrictions on transferability imposed on such Shares as a result of this Award and the Plan. As soon as practicable following the vesting of any such Shares, the Company shall cause a certificate or certificates covering such Shares, without the aforesaid legend, to be issued and delivered to the undersigned. If any Shares are

held in book-entry form, the Company may take such steps as it deems necessary or appropriate to record and manifest the restrictions applicable to such Shares.

9. Certain Tax Matters.

(a) The Grantee has been advised to confer promptly with a professional tax advisor to consider whether the Grantee should make an “83(b) election” with respect to the Shares. Any such election, to be effective, must be made in accordance with applicable regulations and within thirty (30) days following the Date of Grant, and the Grantee must provide the Company with a copy of the 83(b) election prior to filing. The Company has made no recommendation to the Grantee with respect to the advisability of making such an election.

(b) The Grantee expressly acknowledges and agrees that he or she shall be responsible for satisfying and paying all taxes arising from or due in connection with the grant or vesting of the Award. The Company shall have no liability or obligation relating to the foregoing.

10. Effect on Service. The grant of the Shares shall not give the Grantee any right to be retained in the service of the Company or any of its Subsidiaries, affect the right of the Company or any of its Subsidiaries to discharge or discipline such Grantee at any time, or affect any right of such Grantee to terminate his or her service at any time.

11. Provisions of the Plan. This Award is subject to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Date of Grant of this Award has been furnished or made available to the Grantee. By accepting this Award, the Grantee agrees to be bound by the terms of the Plan and this Award. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan will control.

12. Amendment and Waiver. The Company may amend the provisions of this Agreement at any time; provided that an amendment that would adversely affect the Grantee’s rights under this Agreement shall be subject to the written consent of the Grantee. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

13. Acknowledgements. The Grantee acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which will be an original and all of which together will constitute one and the same instrument, (ii) this Agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, will constitute an original signature for all purposes hereunder, and (iii) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Grantee.

[Signature page follows.]

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer.

ZAI LAB LIMITED

By: _____

Dated: [] _____

The undersigned hereby acknowledges the terms set forth above and in Exhibit A, and in the Plan, and agrees to be bound thereby:

[Name of Grantee]

Dated: [] _____

Signature Page to Restricted Share Award Agreement

Exhibit A

[Specific vesting and forfeiture terms to be specified in each grant.]

Name:	[_____]
Number of [ADSs/Ordinary Shares] subject to the Stock Option:	[_____]
Exercise Price Per [ADS/Ordinary Share]:	[_____]
Date of Grant:	[_____]
Vesting Commencement Date	[_____]

ZAI LAB LIMITED

2024 EQUITY INCENTIVE PLAN

NON-STATUTORY SHARE OPTION AWARD AGREEMENT

This agreement (this “Agreement”) evidences a Share Option granted by Zai Lab Limited (the “Company”) to the individual named above (the “Optionee”), pursuant to and subject to the terms of the Zai Lab Limited 2024 Equity Incentive Plan (as amended from time to time, the “Plan”).

1. Grant of Share Option. The Company grants to the Optionee on the date set forth above (the “Date of Grant”) a Share Option to purchase, pursuant to and subject to the terms set forth in this Agreement and in the Plan, up to the number of ADSs (the “Shares”) with an exercise price per Share as set forth above, in each case, subject to adjustment pursuant to Section 7 of the Plan in respect of transactions occurring after the Date of Grant. Each ADS represents the right to receive [____] ([____]) Ordinary Shares (subject to any Share dividend, Share split or combination of Shares (including a reverse Share split)).

The Share Option evidenced by this Agreement is a non-statutory option (that is, an option that does not qualify as an incentive stock option under Section 422 of the Code) and is granted to the Optionee in connection with the Optionee’s Employment.

2. Meaning of Certain Terms. Except as otherwise defined herein, all capitalized terms have the same meaning as in the Plan. The following terms have the following meanings:

- (a) “Beneficiary”: In the event of the Optionee’s death, the beneficiary named in the written designation (in a form acceptable to the Administrator) most recently filed with the Administrator by the Optionee prior to the Optionee’s death and not subsequently revoked, or, if there is no such designated beneficiary, the executor or administrator of the Optionee’s estate. An effective beneficiary designation shall be treated as having been revoked only upon receipt by the Administrator, prior to the Optionee’s death, of an instrument of revocation in a form acceptable to the Administrator.
- (b) “Option Holder”: The Optionee or, if at the relevant time the Share Option has passed to a Beneficiary, the Beneficiary.

3. Vesting; Method of Exercise; Cessation of Employment.

- (a) Vesting. The term “vest” as used herein with respect to the Share Option or any portion thereof means to become exercisable, and the term “vested” as applied to any outstanding Share Option means that the Share Option is then exercisable, subject, in each case, to the terms of the Plan and this Agreement. [Specific vesting terms to be specified in each grant.]
- (b) Exercise of the Share Option. No portion of the Share Option may be exercised until such portion vests. Each election to exercise any vested portion of the Share Option shall be subject to the terms and conditions of the Plan and this Agreement and must be in written or electronic form acceptable to the Administrator, signed (including by electronic signature) by the Optionee (or in such other form as is acceptable to the Administrator). Each such written or electronic exercise election must be received by the Company at its principal office or by such other party as the Administrator may prescribe and be accompanied by payment in full of the exercise price and related taxes as provided in the Plan. The latest date on which the Share Option or any portion thereof may be exercised is the 10th anniversary of the Date of Grant (the “Final Exercise Date”) and, if not exercised by such date, the Share Option or any remaining portion thereof shall thereupon immediately terminate for no consideration.
- (c) Cessation of Employment. If the Optionee’s Employment ceases, except as expressly provided for in an employment or other individual agreement between the Optionee and the Company or any of its Subsidiaries as in effect as of the Date of Grant, the unvested portion of the Award shall be immediately forfeited, and any vested portion of the Award that is then outstanding shall be treated as provided in the Plan.

4. Forfeiture; Recovery of Compensation.

- (a) By accepting, or being deemed to have accepted, the Share Option, the Optionee expressly acknowledges and agrees that his or her rights, and those of any permitted transferee of the Share Option, under the Share Option, including the right to any Share acquired under the Share Option or proceeds from the disposition thereof, are subject to Section 6(a) (v) of the Plan (including any successor provision), and specifically acknowledges and agrees that the Optionee is subject to any clawback policy of the Company in effect as of the Date of Grant, including the Company’s Dodd-Frank Policy on Recoupment of Incentive Compensation, or that is adopted after the Date of Grant in order to comply with applicable law. Nothing in the preceding sentence may be construed as limiting the general application of Section 8 of this Agreement.
- (b) The Optionee hereby (i) appoints the Company as the attorney-in-fact of the undersigned to take such actions as may be necessary or appropriate to effectuate a transfer of the record ownership of any Shares that are forfeited hereunder, (ii)

agrees to deliver to the Company, as a precondition to the issuance of any certificate or certificates with respect to Shares hereunder, one or more stock powers, endorsed in blank, with respect to such Shares, and (iii) agrees to sign such other powers and take such other actions as the Company may reasonably request to accomplish the transfer or forfeiture of any Shares that are forfeited hereunder.

5. Nontransferability and Investment Representations.

- (a) The Share Option may not be transferred except as expressly permitted under Section 6(a)(iii) of the Plan.
- (b) The Optionee hereby covenants that (i) any sale of any Share acquired upon the exercise of the Option shall be made either pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), and any other applicable foreign or state securities laws, or pursuant to an exemption from registration under the Securities Act and such foreign or state securities laws and (b) the Optionee shall comply with all regulations and requirements of any regulatory authority having control of or supervision over the issuance of the Shares and, in connection therewith, shall execute any documents which the Company shall in its sole discretion deem necessary or advisable.

6. Withholding. [The exercise of the Share Option may give rise to "wages" subject to withholding. The Optionee expressly acknowledges and agrees that the Optionee's rights hereunder, including the right to be issued Shares upon exercise, are subject to the Optionee promptly paying to the Company in cash or by check (or by such other means as may be acceptable to the Administrator in its discretion and permissible under applicable law) all taxes required to be withheld. No Shares shall be issued pursuant to the exercise of the Share Option unless and until the person exercising the Share Option has remitted to the Company an amount in cash or by check sufficient to satisfy any federal, state, or local withholding tax requirements, or has made other arrangements satisfactory to the Company with respect to such taxes. The Optionee authorizes the Company and its Subsidiaries to take the following actions with respect to withholding tax requirements: (i) withhold such amount from any amounts otherwise owed to the Optionee; (ii) cause the Optionee to tender a cash payment; (iii) permit or require the Optionee to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "FINRA Dealer") whereby the Optionee irrevocably elects to sell a portion of the Shares to be delivered in connection with the exercise of the Share Option to satisfy the withholding taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the withholding taxes directly to the Company and/or its affiliates; or (iv) withhold Shares from the Shares issued or otherwise issuable to the Optionee in connection with the exercise of the Share Option with a fair market value (measured as of the date Shares are issued pursuant to Section 3) equal to the amount of such withholding taxes; provided, however, that the number of such Shares so withheld shall be at least the minimum amount necessary to satisfy the Company's required tax withholding but in no event more than the maximum permitted withholding under applicable law; provided, further,

that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Securities Exchange Act of 1934, if applicable, such Share withholding procedure will be subject to the express prior approval of the Compensation Committee. Notwithstanding the foregoing, nothing in the preceding sentence may be construed as relieving the Optionee of any liability for satisfying his or her obligation under the preceding provisions of this Section.]¹ [The Optionee expressly acknowledges that he or she is responsible for satisfying and paying all taxes arising from, or due in connection with, the Share Option, its exercise or a disposition of Shares acquired upon exercise of the Share Option. The Company shall have no liability or obligation related to the foregoing.]²

7. Effect on Employment. Neither the grant of the Share Option, nor the issuance of Shares upon exercise of the Share Option, shall give the Optionee any right to be retained in the employ or service of the Company or any of its Subsidiaries, affect the right of the Company or any of its Subsidiaries to terminate the Optionee's Employment at any time, subject to the terms and conditions of an effective employment or other individual agreement, if any, between the Optionee and the Company or any of its Subsidiaries, or affect any right of the Optionee to terminate his or her Employment at any time, subject to the terms and conditions of an effective employment or other individual agreement, if any, between the Optionee and the Company or any of its Subsidiaries.

8. Provisions of the Plan. This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Date of Grant has been furnished or made available to the Optionee. By accepting, or being deemed to have accepted, all or any part of the Stock Option, the Optionee agrees to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan will control.

9. Amendment and Waiver. The Company may amend the provisions of this Agreement at any time; provided that an amendment that would adversely affect the Optionee's rights under this Agreement shall be subject to the written consent of the Optionee. No course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

10. Acknowledgements. The Optionee acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which will be an original and all of which together will constitute one and the same instrument, (ii) this Agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, will constitute an original signature for all purposes hereunder, and (iii) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Optionee.

[Signature page follows.]

¹ To be used if the Optionee is an employee.

² To be used if the Optionee is a non-employee director.

The Company, by its duly authorized officer, and the Optionee have executed this Agreement as of the Date of Grant.

ZAI LAB LIMITED

By: _____
Name: _____
Title: _____

Agreed and Accepted:

By: _____
[Name of Grantee]
Dated: _____

Signature Page to Non-Statutory Stock Option Award Agreement

PURSUANT TO ITEM 601(B)(10)(IV) OF REGULATION S-K, THIS EXHIBIT OMITTS CERTAIN INFORMATION, IDENTIFIED BY [***], THAT IS NOT MATERIAL AND THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL.

ADDENDUM TO COLLABORATION AND LICENSE AGREEMENT

This Addendum to Collaboration and License Agreement (this “**Addendum**”) is entered into as of April 1, 2024 (the “**Addendum Effective Date**”) by and between argenx BV, a private limited company organized under the laws of Belgium with its principal place of business at Industriepark Zwijnaarde 7, 9052 Zwijnaarde (Ghent), Belgium (“**Licensor**”), Zai Auto Immune (Hong Kong) Limited, a Hong Kong company, with an address at Room 2301, 23F, Island Place Tower, 510 King’s Road, North Point, Hong Kong (“**Licensee**”) and, solely with respect to Section 15.16 (*Parent Guarantee*) of the License Agreement, Zai Lab Limited, a China company, with an address at 4F, Bldg 1, Jinchuang Plaza 4560 Jinke Rd, Shanghai, China, 201210 (“**Parent**”). Licensor and Licensee are sometimes referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

RECITALS

WHEREAS, reference is made to that certain Collaboration and License Agreement entered into among Licensor, Licensee and Parent on 6 January 2021 (the “**License Agreement**”). Capitalized terms used but not defined herein shall have the respective meanings given to such terms in the License Agreement.

WHEREAS, the Parties desire to amend the royalty and milestone payment obligations under the License Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises and conditions hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, do hereby agree as follows:

1. **Restated Royalty Rates.** Section 8.4.1 (*Royalty Rates*) of the License Agreement is hereby amended and restated in its entirety as follows:

“**Royalty Rates.** As further consideration for the rights granted by Licensor to Licensee on the Licensed Technology in accordance with Section 7.1 hereunder, during the applicable Royalty Term, Licensee shall pay to Licensor royalties on Net Sales of all Licensed Products in the Territory, calculated as follows:

Net Sales of all Licensed Products in a Calendar Year	Royalty Rate*
For that portion of aggregate Net Sales of all Licensed Products in the Territory during a Calendar Year less than [***]	[***]%
For that portion of aggregate Net Sales of all Licensed Products in the Territory during a Calendar Year equal to or greater than [***] but less than [***]	[***]%
For that portion of aggregate Net Sales of all Licensed Products in the Territory during a Calendar Year equal to or greater than [***] but less than [***]	[***]%

For that portion of aggregate Net Sales of all Licensed Products in the Territory during a Calendar Year equal to or greater than [***] but less than [***] [***]%
For that portion of aggregate Net Sales of all Licensed Products in the Territory during a Calendar Year equal to or greater than [***]” [***]%

*Subject to Section 2 (Royalty Roll-Up) of the Addendum

2. **Royalty Roll-Up.** Notwithstanding any provision to the contrary set forth in the License Agreement or this Addendum, if, and for so long as, during the Term, from the Addendum Effective Date onward, Licensee, its Affiliates, and sublicensees have not achieved [***] in cumulative Net Sales for the Licensed Products in the Territory (such achievement of Net Sales, the “**Roll-Up Threshold**”), the royalty rates set forth in Section 8.4.1 (Royalty Rates) of the License Agreement shall be reduced by [***] percent ([***]%). For clarity, in no event shall the royalty reductions set forth in this Section 2 (Royalty Roll-Up) of this Addendum modify (a) the beginning or expiration of the Royalty Term for any Licensed Product in any jurisdiction, (b) the calculation of aggregate Net Sales of Licensed Products in the Territory in a given Calendar Year for purposes of determining the applicable royalty rate tier under Section 8.4.1 (Royalty Rates) of the License Agreement (which, for the avoidance of doubt, shall include all cumulative Net Sales for the Licensed Products in the Territory prior to and upon the achievement of the Roll-Up Threshold), (c) Licensee’s obligation to reimburse Licensor for payments owed under the [***] Agreement pursuant to Section 8.4.4(a) (Existing Licensor Agreements) of the License Agreement, or (d) Licensee’s obligation to provide royalty reports pursuant to Section 8.4.8 (Royalty Payments and Reports) of the License Agreement.
3. **Sales Milestone Payment.** In partial consideration of the rights granted by Licensor to Licensee hereunder on the Licensed Technology as set out in Section 7.1 (Grants to Licensee) of the License Agreement, and without limiting the payments owed by Licensee to Licensor under Sections 8.2 (Development Cost-Sharing Payment), 8.3 (Development Milestone Payment), and 8.4 (Royalties) of the License Agreement, Licensee shall make to Licensor a one-time milestone payment of [***] in cash upon achieving the Roll-Up Threshold (such payment, the “**Sales Milestone Payment**”). Licensee will notify Licensor in writing upon the achievement of the Roll-Up Threshold concurrently with its quarterly royalty reports under Section 8.4.8 (Royalty Payments and Reports) due within [***] Business Days after the end of every Calendar Quarter. Licensee shall pay to Licensor such milestone payment within [***] days upon receipt of an invoice from Licensor. For clarity, Sections 8.5 (Mode of Payment; Offsets), 8.7 (Taxes), and 8.8 (Interest on Late Payments) of the License Agreement shall apply *mutatis mutandis* to Licensee’s payment of the Sales Milestone Payment to Licensor.
4. **Failure to Pay Sales Milestone Payment.** Notwithstanding anything to the contrary set forth in the License Agreement, the Parties acknowledge and agree that (a) any failure by Licensee to timely pay the Sales Milestone Payment in accordance with Section 3 (Sales Milestone Payment) of this Addendum will be deemed a material breach of the License Agreement by Licensee under Section 13.2.1 (Material Breach) of the License Agreement, (b) subject to Section 13.2.1(b) of the License Agreement, Licensee’s cure period to remedy any such material breach shall be [***] days after Licensee’s receipt of a Default Notice in respect of such material breach (or such other period as may be agreed to by the Parties), and (c) in order to cure such material breach, Licensee shall be required to pay to Licensor both (i) the Sales Milestone Payment, and (ii) any interest accrued thereon in accordance with Section 8.8 (Interest on Late Payments) of the License Agreement, in each case ((i) and (ii)), by the end of such cure period.

5. **Public Disclosures.** The terms of Sections 10.2.1(a) and 10.4 (*Public Announcements*) of the License Agreement shall apply *mutatis mutandis* to either Party's (a) disclosure of this Addendum or its subject matter pursuant to law, regulation, or in response to a valid order of a court of competent jurisdiction or other supra-national, federal, national, regional, state, provincial, or local governmental or regulatory body of competent jurisdiction, including by reason of filing with securities regulators, or (b) issuance of any public announcement, press release, or other public disclosure regarding this Addendum or its subject matter.

6. **Miscellaneous.**

- 6.1. Except as expressly set forth in this Addendum, the License Agreement shall be unchanged and shall remain in full force and effect. In the event of any conflict or inconsistency between this Addendum and the License Agreement, the terms of the License Agreement will control.
- 6.2. Any Confidential Information disclosed by a Party under this Addendum will be governed by Article 10 (*Confidentiality and Non-Disclosure*) of the License Agreement. The terms of Article 15 (*Miscellaneous*) of the License Agreement will apply *mutatis mutandis* to the terms of this Addendum.
- 6.3. This Addendum or the performance, enforcement, breach or termination hereof shall be interpreted, governed by and construed in accordance with the laws of the State of New York, United States, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Addendum to the substantive law of another jurisdiction.
- 6.4. This Addendum may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Addendum may be executed by facsimile or electronically transmitted signatures and such signatures shall be deemed to bind each Party hereto as if they were original signatures.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each party has caused this Addendum to be duly executed by its authorized representative under seal, in duplicate on the Addendum Effective Date.

ZAI AUTO IMMUNE (HONG KONG) LIMITED

By: /s/ Jonathan Wang
Name: Jonathan Wang
Title: Chief Business Officer
Date: 30th June 2024

ARGENX BV

By: /s/ Karl Gubitx
Name: Karl Gubitx
Title: Chief Financial Officer
Date: 30th June 2024

By: /s/ Arjen Lemmen
Name: Arjen Lemmen
Title: Vice President Corporate Development & Strategy
Date: 30th June 2024

Solely with respect to Section 15.16 (*Parent Guarantee*)
of the License Agreement:

ZAI LAB LIMITED

By: /s/ Yajing Chen
Name: Yajing Chen
Title: Chief Financial Officer
Date: 30th June 2024

**Certification by the Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a),
As Adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Samantha (Ying) Du, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Zai Lab Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024

/s/ Samantha (Ying) Du

Samantha (Ying) Du
Chief Executive Officer
(Principal Executive Officer)

**Certification by the Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a),
As Adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Yajing Chen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Zai Lab Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024

/s/ Yajing Chen

Yajing Chen

Chief Financial Officer

(Principal Financial and Accounting Officer)

**Certification by the Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Zai Lab Limited (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Samantha (Ying) Du, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2024

/s/ Samantha (Ying) Du

Samantha (Ying) Du
Chief Executive Officer
(Principal Executive Officer)

**Certification by the Principal Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 of Zai Lab Limited (the “Company”), as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Yajing Chen, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2024

/s/ Yajing Chen

Yajing Chen

Chief Financial Officer

(Principal Financial and Accounting Officer)