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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM F-1**  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

**Adlai Nortye Ltd.**

(Exact name of Registrant as specified in its charter)

**Cayman Islands**  
(State or other jurisdiction of  
incorporation or organization)

**2834**  
(Primary Standard Industrial  
Classification Code Number)

**Not Applicable**  
(I.R.S. Employer  
Identification Number)

**Adlai Nortye Ltd.**  
c/o PO Box 309, Uglund House  
Grand Cayman, KY1-1104  
Cayman Islands  
Telephone: 848 230 7430

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

**Cogency Global Inc.**  
122 East 42nd Street, 18th Floor, New York, NY 10168  
Telephone: (212) 947-7200

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Approximate date of commencement of proposed sale to the public:  
As soon as practicable after the effective date of this registration statement.**

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933.

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, 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 7(a)(2)(B) of the Securities Act.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

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† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

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## PRELIMINARY PROSPECTUS (Subject to Completion)

Dated \_\_\_\_\_, 2023.

## American Depositary Shares



## Adlai Nortye Ltd.

## Representing Class A Ordinary Shares

This is an initial public offering of American depositary shares, or ADSs, representing Class A ordinary shares of Adlai Nortye Ltd. We are offering a total of \_\_\_\_\_ ADSs. Each ADS represents \_\_\_\_\_ of our Class A ordinary shares, par value US\$0.0001 per share. The underwriters may also purchase up to \_\_\_\_\_ ADSs within 30 days from the date of this prospectus.

Prior to this offering, there has been no public market for the ADSs or our Class A ordinary shares. We anticipate the initial public offering price per ADS will be between US\$ \_\_\_\_\_ and US\$ \_\_\_\_\_. We intend to apply for the listing of the ADSs on the Nasdaq Stock Market under the symbol "ANL." At this time, the Nasdaq Stock Market has not yet approved our application to list the ADSs. The closing of this offering is conditioned upon the Nasdaq Stock Market's final approval of our listing application, and there is no guarantee or assurance that the ADSs will be approved for listing on the Nasdaq Stock Market.

Immediately prior to the completion of this offering, our issued and outstanding share capital will consist of Class A ordinary shares and Class B ordinary shares. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share will be entitled to one vote, and each Class B ordinary share shall be entitled to 15 votes on all matters subject to a vote at general meetings of our company. Each Class B ordinary share shall be convertible into Class A ordinary share at any time at the option of the holder thereof. Class A ordinary shares shall not be convertible into Class B ordinary shares under any circumstances.

Additionally, upon the completion of this offering and the concurrent private placement, we will be a "controlled company" as defined under corporate governance rules of Nasdaq Stock Market, because Mr. Yang Lu will beneficially own \_\_\_\_\_% of our then-issued and outstanding Class B ordinary shares and will be able to exercise \_\_\_\_\_% of the total voting power of our issued and outstanding ordinary shares immediately after the consummation of this offering and the concurrent private placement, assuming the underwriters do not exercise its option to purchase additional ADSs. For further information, see "Principal Shareholders" and "Risk Factors — Risks related to the ADSs — We will be a "controlled company" within the meaning of the Nasdaq Stock Market listing rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies."

Concurrently with, and subject to, the completion of this offering, Nippon Kayaku Co., Ltd., or Nippon Kayaku, a chemical company headquartered in Japan, which undertakes the development, manufacturing and sale of functional chemicals, pharmaceuticals, safety systems and agrochemicals, has agreed to purchase US\$40.0 million in Class A ordinary shares from us. This concurrent private placement is at a price per Class A ordinary share equal to the initial public offering price adjusted to reflect the ADS-to-Class A ordinary share ratio. Assuming an initial public offering price of US\$ \_\_\_\_\_ per ADS, the mid-point of the estimated range of the initial public offering price, we will issue and sell a total of \_\_\_\_\_ Class A ordinary shares in this concurrent private placement. Our proposed issuance and sale of Class A ordinary shares to Nippon Kayaku is being made through private placement pursuant to an exemption from registration with the SEC under Regulation S of the Securities Act. Pursuant to the subscription agreement executed with Nippon Kayaku on \_\_\_\_\_, 2023, the closing of this concurrent private placement is subject to the completion of this offering and satisfaction of customary closing conditions. If this offering is completed, the closing of this concurrent private placement is expected to occur concurrently. Nippon Kayaku has agreed with the underwriters not to, directly or indirectly, sell, transfer or dispose of any Class A ordinary shares for a period of 180 days after the date of the underwriting agreement, subject to certain exceptions.

In addition, a potential investor has indicated an interest to purchase up to US\$50.0 million of ADSs in this offering, which represents no more than \_\_\_\_\_% of the total ADSs in this offering. Because indications of interest are not binding agreements or commitments to purchase, such investor may determine to purchase fewer ADSs than that it has indicated an interest in purchasing or not to purchase any ADSs in this offering. The underwriters will receive the same underwriting discounts and commissions on any ADSs purchased by this investor as they will on any other ADSs sold to the public in this offering. See "Underwriting."

Adlai Nortye Ltd. is not a Chinese operating company, but is a Cayman Islands holding company. Our daily operations are conducted primarily through our operating subsidiaries in the United States and mainland China. Investors purchasing the ADSs in this initial public offering are purchasing equity securities of our Cayman Islands holding company and are not purchasing equity securities of our operating subsidiaries. As a holding company, we may rely on dividends from our subsidiaries for our cash requirements, including any payment of dividends to our shareholders. The ability of our subsidiaries to pay dividends to us, however, may be restricted by the debt they incur on their own behalf and/or laws and regulations applicable to them. Unless otherwise indicated or the context otherwise requires, "we," "us," "our company," and "our" refer to Adlai Nortye Ltd., our Cayman Islands holding company and its subsidiaries, which include those in the U.S. and mainland China that conduct daily operations.

If needed, cash can be transferred between our Cayman Islands holding company and subsidiaries incorporated in the United States, mainland China and Hong Kong through equity investments and intercompany loans. Currently, there are no restrictions of transferring funds between our Cayman Islands holding company and subsidiaries in the United States and Hong Kong; however, currency exchange control measures imposed by the PRC government may restrict the ability of our subsidiaries in the PRC to transfer their cash to our Cayman Islands holding company and other subsidiaries incorporated outside the PRC through loans, advances or cash dividends. See Note 27 to our consolidated financial statements for a detailed discussion. We may also make loans and additional capital contribution to our subsidiaries or branches, subject to certain restrictions under the applicable local laws, including the laws of China. We have no plans to declare cash dividends in the near term, but as a holding company, we may depend on receipt of funds from one or more of our subsidiaries if we determine to pay cash dividends to holders of our ordinary shares and ADSs in the future. We do not have a regular dividend policy, and our Board of Directors has

The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. As of the date of this prospectus, our Cayman Islands holding company has not declared or paid any dividends or distributions on equity to its shareholders. See “Prospectus Summary — Cash transfers and dividend distributions” for the summary of our cash transfers and dividend distributions.

Pursuant to the Holding Foreign Companies Accountable Act, or the HFCAA, the Public Company Accounting Oversight Board, or the PCAOB, issued a Determination Report in December 2021 which found that the PCAOB is unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong because of positions taken by the authorities in those jurisdictions. Our auditor, which is based in New York, is currently subject to inspection by the PCAOB at least every two years. However, our auditor’s China affiliate is located in, and organized under the laws of, the PRC. On August 26, 2022, the PCAOB entered into a Statement of Protocol with the China Securities Regulatory Commission and the Ministry of Finance of the PRC and, as summarized in the “Statement on Agreement Governing Inspections and Investigations of Audit Firms Based in China and Hong Kong” published on the U.S. Securities and Exchange Commission’s official website, the parties agreed to the following: (i) in accordance with the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation; (ii) the PCAOB shall have direct access to interview or take testimony from all personnel of the audit firms whose issuer engagements are being inspected or investigated; (iii) the PCAOB shall have the unfettered ability to transfer information to the SEC, in accordance with the Sarbanes-Oxley Act; and (iv) the PCAOB inspectors shall have access to complete audit work papers without any redactions, with view-only procedures for certain targeted pieces of information such as personally identifiable information. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. On December 29, 2022, legislation entitled “Consolidated Appropriations Act, 2023” (the “Consolidated Appropriations Act”), was signed into law by President Joseph Biden of the United States. The Consolidated Appropriations Act contained, among other things, an identical provision to Accelerating Holding Foreign Companies Accountable Act, which reduces the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. We cannot assure you that we will not be identified by the SEC under the HFCAA as an issuer that has retained an auditor that has a branch or office located in a foreign jurisdiction that the PCAOB determines it is unable to inspect or investigate completely because of a position taken by an authority in that foreign jurisdiction. In addition, there can be no assurance that, if we have a “non-inspection” year, we will be able to take any remedial measures. If any such event were to occur, trading in our securities could in the future be prohibited under the HFCAA and, as a result, we cannot assure you that we will be able to maintain the listing of the ADSs on the Nasdaq Stock Market or that you will be allowed to trade the ADSs in the United States on the “over-the-counter” markets or otherwise. Should the ADSs become not listed or tradeable in the United States, the value of the ADSs could be materially affected. See “Risk Factors — Risks relating to our operation in the People’s Republic of China” for a detailed discussion.

**We are an “emerging growth company” under the applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements. See “Risk Factors” beginning on page 20 for factors you should consider before buying the ADSs.**

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

We face various legal and operational risks and uncertainties relating to our operation in China. We have substantial business operations located in mainland China and are subject to complex and evolving PRC laws and regulations. Recently, the PRC government has indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or involve foreign investment in China-based issuers, and initiated a series of regulatory actions and made a number of public statements, some of which are published with little advance notice, including stringent enforcement against illegal activities in the securities market, enhancing supervision over China-based companies listed overseas, adopting new measures to extend the scope of cybersecurity reviews, and expanding efforts in anti-monopoly enforcement. We may be subject to the approval, filing or other requirements of the China Securities Regulatory Commission, or the CSRC, or other PRC governmental authorities in connection with this Offering under current PRC laws, regulations and rules. However, we do not believe that approval of the cybersecurity review of the Cyberspace Administration of China, or the CAC is required in connection with this Offering under current PRC laws, regulations and rules at this stage, as we have not processed, and do not anticipate to process in the foreseeable future, personal information of more than one million users or persons and the data we handle in our business operations, either by its nature or in scale, does not normally trigger significant concerns over PRC national security. However, we cannot affirm that PRC regulators share the same interpretation. Because these statements and regulatory actions are new and subject to change, it is highly uncertain how quickly the legislative or administrative regulation making bodies in China will respond to them, or what existing or new laws or regulations will be amended or promulgated, if any, or the potential impact such amended or new legislation will have on our daily business operations or our ability to accept foreign investments and list on a U.S. stock exchange. For risks relating to approval of the CSRC, the oversight of the CAC, and other PRC government authorities, please refer to “Risk Factors — Risks relating to our operation in the People’s Republic of China.” Uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us, hinder our ability to offer or continue to offer the ADSs, result in a material adverse effect on our business operations, and damage our reputation, which might further cause the ADSs to significantly decline in value or become worthless.

	PRICE US\$	PER ADS	Per ADS	Total
Initial public offering price			US\$	US\$
Underwriting discounts and commissions <sup>(1)</sup>			US\$	US\$
Proceeds, before expenses, to us			US\$	US\$

(1) See “Underwriting” for additional information regarding total underwriter compensation.

*The underwriters expect to deliver the ADSs to purchasers on or about \_\_\_\_\_, 2023.*

**Cantor**

**CLSA**

Prospectus Dated \_\_\_\_\_, 2023.

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**Through and including [redacted], 2023 (the 25th day after the date of this prospectus), all dealers that effect transactions in these ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers’ obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.**

You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize to be distributed to you. We and the underwriters have not authorized anyone to provide you with any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you, and neither we, nor the underwriters, take responsibility for any other information others may give you. We are offering to sell, and seeking offers to buy the ADSs, only in jurisdictions where such offers and sales are permitted. The information in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or the time of any sale of the ADSs. Our business, financial condition, results of operations, and prospects may have changed since that date.

Neither we nor any of the underwriters has taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus or any filed free writing prospectus outside the United States. Persons outside the United States who come into possession of this prospectus or any filed free writing prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus or any filed free writing prospectus outside the United States.

## PROSPECTUS SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in the ADSs discussed under “Risk Factors” before deciding whether to invest in the ADSs.*

### Overview

We are a global clinical-stage biotechnology company focused on the discovery and development of innovative cancer therapies for patients across the spectrum of tumor types. Our mission is to transform deadly cancer into a chronic and eventually curable disease. We are now developing multiple innovative antitumor drug candidates by leveraging our deep knowledge in cancer biology, as well as significant global R&D and clinical execution capabilities. These drug candidates are currently undergoing clinical trials, and in many cases, in collaboration with multinational pharmaceutical companies to fully realize their commercialization potential on a global scale. Our combination therapy strategy is directed towards systematically activating the immune system through a combination of multiple drugs, aiming to enhance the clinical benefit by achieving superior efficacy and safety while overcoming drug resistance.

We have identified and developed a robust pipeline of six drug candidates. Currently, our pipeline includes three clinical-stage drug candidates, buparlisib (AN2025), palupiprant (AN0025), and AN4005, as well as three preclinical candidates. Our most advanced program is our lead product AN2025, a pan-phosphoinositide 3-kinase (“PI3K”) inhibitor that is designed to act against solid tumors. AN2025 is currently undergoing a Phase III, multi-regional, randomized, open-label clinical trial for the treatment of recurrent or metastatic head and neck squamous cell carcinomas (“HNSCC”) after anti-programmed death-1 (“PD-1”) or its ligand (“PD-L1”) treatment in more than 180 sites in 18 jurisdictions covering North America, Europe, Asia, and South America. We believe that AN2025, if approved, has the potential to be first-to-market, and is currently the only drug candidate in active Phase III clinical trial targeting recurrent or metastatic HNSCC patients after progression on prior anti-PD-1/PD-L1 therapy, potentially addressing a global unmet medical need.

We are collaborating with MSD International GmbH, or MSD, to evaluate AN0025, a small molecule prostaglandin E receptor 4 (“EP4”) antagonist. It is currently being developed to modulate the tumor microenvironment in combination with Keytruda or pembrolizumab, in a Phase Ib clinical trial for the treatment of recurrent non-small cell lung cancer (“NSCLC”) and urothelial cancer after anti-PD-1/PD-L1 treatments, recurrent triple-negative breast cancer (“TNBC”), microsatellite stable colorectal cancer (“MSS CRC”) and cervical cancer after standard of care treatments in the U.S. and France. In addition, a Phase I clinical trial has been initiated for a combination therapy consisting of AN2025, AN0025, and Tecentriq or atezolizumab targeting a variety of PIK3CA mutant solid tumors. The atezolizumab used in this clinical trial is supplied by F. Hoffman La Roche Ltd or Roche. This triple combination is expected to target the PI3K mediated tumorigenesis while inhibiting the immunosuppressive tumor microenvironment through multiple non-overlapping mechanisms, leading to synergistic action for tumor regression. AN4005, which is currently being studied in a Phase I clinical trial in the U.S. and China, is an internally discovered oral small molecule PD-L1 inhibitor in development to induce and stabilize PD-L1 dimerization and thereby disrupt the interaction between PD-1 and PD-L1.

Additionally, we continue to advance three in-house preclinical programs which we believe have high global commercial viability. Our preclinical candidates include: AN8025, a multifunctional antibody as T cell and antigen-presenting cell (“APC”) modulator; AN1025, an oral small molecule degrader of  $\beta$ -catenin; and AN6025, an oral small molecule hematopoietic progenitor kinase 1 (“HPK1”) degrader. We anticipate submitting the IND for AN8025 in the second half of 2024.

We believe the next frontier in cancer immunotherapy lies in the category of combination therapies. Our drug candidates combine an immune checkpoint inhibitor with two or more additional cancer therapies in effort to elicit synergistic anti-cancer effects and improved tolerability relative to monotherapies. As we endeavor to engender complementary and synergistic results across our portfolio, our primary consideration is the potential interaction with our other pipeline candidates and/or currently available treatments. We strive to develop innovative antitumor candidates focusing on druggability as well as combinational strength to be leveraged in the next wave of immuno-oncology treatments, ultimately helping to shape the next-generation of cancer therapy.

Through our multi-national R&D centers established in New Jersey and Hangzhou, we execute on our global vision for drug development innovation. The geographic span of our R&D footprint empowers us to more effectively identify and develop novel early-stage programs, as well as recruit top R&D talent from the U.S. and China. We have assembled a management team and a scientific advisory board with industry leaders and influential scientists, who provide international and strategic guidance to our R&D, business development, and operational teams. In addition to building our own R&D capabilities, we continue to seek and secure partnerships with leading multi-national pharmaceutical companies such as Eisai Co., Ltd. or Eisai and Novartis Pharma AG or Novartis, to fully realize the potential of our pipeline programs. We believe our partnerships validate our clinical expertise and reflect belief in our ability to deliver on our development and commercialization capabilities across a versatile pipeline.

### Our pipeline

We are advancing a robust pipeline of innovative drug candidates in various stages of development. The following chart provides an overview of the status of our drug candidates:

	Product	MOA	Indication	Discovery	IND Enabling	Phase 1a	Phase 1b	Phase 2	Phase 3	Upcoming Milestone	Partner	Licensor
Clinical Stage	AN2025 (duparlisib)	pan-PI3K	HNSCC 2/3L (+paclitaxel)	[Progress bar: Discovery to Phase 3]						Complete enrollment in Q3 2023; NDA submission to the FDA seeking potential accelerated approval in H2 2024	NOVARTIS	
			PIK3CA mutant solid tumors 2/3L (+Tecentriq®+AN0025)	[Progress bar: Discovery to Phase 2]						RP2D determination in H2 2023	Roche	
	AN0025 (palupirant)	EP4	TNBC, NSCLC, bladder cancer, MSS CRC and cervical cancer 2/3L (+Keytruda®)	[Progress bar: Discovery to Phase 2]						POC clinical results in H2 2023	MSD	Eisai
	AN4005	Small Molecule PD-L1	Advanced tumors	[Progress bar: Discovery to Phase 2]						RP2D determination in H2 2023		
Preclinical Stage	AN8025	Multi-functional T cell/APC modulator	Advanced tumors	[Progress bar: Discovery to Phase 1a]						IND submission in H2 2024		
	AN1025	β-catenin degrader	Advanced tumors	[Progress bar: Discovery to Phase 1a]						IND enabling studies		
	AN6025	HPK1 degrader	Advanced tumors	[Progress bar: Discovery to Phase 1a]						IND enabling studies		

Abbreviations: MOA = Mechanism of Action; NDA = New Drug Application; TNBC = Triple Negative Breast Cancer; NSCLC = Non-Small Cell Lung Cancer; MSS CRC = Microsatellite Stable Colorectal Cancer; RP2D = Recommended Phase 2 Dose; IND = Investigational New Drug; PCC = Preclinical Candidate.

#### AN2025: a pan-PI3K inhibitor aimed at becoming the vanguard for recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy

Our lead product AN2025, the most clinically advanced drug candidate in our pipeline, is a pan-PI3K inhibitor currently undergoing a global Phase III trial. In-licensed from Novartis, we have the exclusive global rights to develop and commercialize AN2025. It is currently the only drug candidate we are aware of in active registrational clinical trial for the treatment of recurrent or metastatic HNSCC after disease progression with anti-PD-1/PD-L1 therapy. Although anti-PD-1/PD-L1 therapy is becoming first line treatment in patients with recurrent or metastatic HNSCC since its U.S. Food and Drug Administration (“FDA”) approval in 2019, the current treatments are unable to meet the needs of HNSCC patients progressed on prior anti-PD-1/PD-L1 treatment. We believe that AN2025, if approved, has the potential to be the first product globally with such label to address this unmet medical need and capture the sizable addressable market.

AN2025 is a widely studied molecule with Novartis alone having sponsored 40 clinical trials on over 4,200 patients across a variety of cancers. These studies include a Phase II trial that demonstrated that the combination of AN2025 with paclitaxel achieved a superior median overall survival (“mOS”), and significant improvements in median progression-free survival (“mPFS”) and overall response rate (“ORR”) compared to the control group in recurrent or metastatic HNSCC after disease progression with platinum based chemotherapy. In July 2016, AN2025 was granted Fast Track designation by the FDA for the treatment of recurrent or metastatic HNSCC with disease progression on or after platinum-based therapy. For the Phase III trial, we expect to enroll 483 patients in more than 180 sites around the world, spanning over 18 markets in North America, Europe, Asia, and South America. Leveraging the benefit of using ORR data from the planned Phase III interim analysis, we expect to submit the NDA to the FDA seeking a potential accelerated approval in the second half of 2024, followed by further marketing approval applications to National Medical

Products Administration of People's Republic of China ("NMPA"), European Medicines Agency ("EMA"), Pharmaceuticals and Medical Devices Agency of Japan ("PMDA"), and other authorities.

*AN0025: a tumor microenvironment modulator*

AN0025, in-licensed from Eisai, is a small molecule EP4 antagonist designed to modulate the tumor microenvironment. It is designed to block the prostaglandin E2 ("PGE2")-EP4 signaling pathway to inhibit PGE2-mediated immunosuppression in cancer patients. In the CT26 murine colon cancer model, for those which are not responsive to anti-PD-1/PD-L1 therapy, AN0025 combined with an anti-PD-1 antibody treatment demonstrated stronger antitumor activity compared to each standalone compound. In June 2020, we initiated a Phase Ib clinical trial to evaluate the combination of AN0025 and pembrolizumab for the treatment of recurrent NSCLC and urothelial cancer after anti-PD-1/PD-L1 treatments, as well as recurrent TNBC, MSS CRC, and cervical cancer after standard of care treatments. As of March 31, 2023, we were in the dose expansion stage having enrolled 58 patients in the U.S. and France, and expect to obtain top-line results in the second half of 2023. We aim to identify specific cancer types sensitive to this combination based on the results and will proactively communicate with the regulatory authorities for the design of Phase II/III registrational trials.

*Triple combination of AN2025, AN0025, and atezolizumab: an example of our combination therapy strategy*

To fully explore the potential of AN2025 and AN0025, we initiated a study of the triple combination of AN2025, AN0025, and atezolizumab, an anti-PD-L1 antibody. This study exemplifies our combination therapy strategy to achieve synergistic effects from both targeted therapy and immunotherapy perspectives. AN2025 targets not only PI3K mediated tumorigenesis (e.g., via inhibition of PI3K $\alpha$  / PIK3CA mutants) but also the immunosuppression of the tumor microenvironment (e.g., via inhibition of PI3K $\delta$  and PI3K $\gamma$ ). Leveraging the complementary and synergistic antitumor effects of our drug candidates in combination therapies, AN2025 is designed to mechanistically complement and synergize with the combination of anti-PD-1/PD-L1 and AN0025 to form an improved treatment regimen for patients with multiple advanced solid tumors. In different tumor-bearing mouse models, we have consistently observed significantly stronger antitumor activity in the triple combination of AN2025, AN0025, and atezolizumab compared with doublet combinations. In July 2021, we initiated a Phase I clinical trial to evaluate the triple combination of AN2025, AN0025, and atezolizumab, for a variety of PIK3CA mutant solid tumors. In September 2022, subsequent to the doublet arm dose-ranging studies, we initiated a dose-ranging study for the triple combination, and we expect to identify the recommended Phase II dose ("RP2D") in the second half of 2023.

*AN4005: a backbone of our future oral combination therapies*

AN4005, a drug candidate discovered in-house, is an oral small-molecule PD-L1 inhibitor designed to induce and stabilize PD-L1 dimerization and thereby disrupt the interaction between PD-1 and PD-L1. Compared to the crowded development of anti-PD-1/PD-L1 antibodies, with multiple brands already available to patients and many potential candidates in clinical trials, small-molecule PD-L1 inhibitors are underdeveloped and do not have a drug approved in any jurisdiction globally, despite advantages such as shorter half-life that may allow for dose titration and schedule modifications to minimize immune-related adverse events ("AEs") and lower production costs. In our preclinical studies, AN4005 was well tolerated and exhibited excellent tumor growth inhibition ("TGI") to an extent comparable to an approved anti-PD-L1 antibody, and promoted an adaptive immune response for antitumor activities. We received allowance to proceed under INDs from the FDA and NMPA for the treatment of advanced tumors in June 2021 and December 2021, respectively, dosed the first patient in January 2022, and expect to identify the RP2D from the Phase I clinical trial in the second half of 2023.

*Our preclinical programs*

We continue actively advancing three in-house preclinical programs which we believe have high global commercial viability. Our preclinical candidates include: AN8025, a multifunctional antibody as T cell and APC modulator; AN1025, an oral small molecule degrader of  $\beta$ -catenin; and AN6025, an oral small molecule HPK1 degrader. We anticipate submitting the IND for AN8025 in the second half of 2024.

### ***Our company history and team***

We rebranded in 2016 as Adlai Nortye Biopharma and began development activities focusing on the discovery and development of innovative cancer therapies, after originally incorporating in 2004. We have assembled an experienced management team consisting of successful entrepreneurs and industry veterans. Largely, our success stems from management’s leadership and industry expertise, covering the full spectrum of the cancer therapy development process, from design and execution of preclinical and clinical studies through the regulatory process and commercialization.

Our management team has more than 100 cumulative years of industry experience and a proven track record of innovative drug R&D, clinical development, and commercialization. Our founder, chief executive officer, and chairman of our board of directors, Mr. Yang Lu is a successful entrepreneur who brings expertise across the domains of business development, operations, and management. Our president, chief medical officer, and chief executive officer of our U.S. subsidiary, Dr. Lars Erik Birgerson, has extensive experience as a senior leader with numerous well-known companies in the biopharmaceutical industry, including Roche Pharmaceuticals, Genentech, and Bristol-Myers Squibb (“BMS”). Our senior vice president and global head of clinical operations, Dr. Kaiyang Tang, has deep experience in global clinical operations and regulatory affairs in the pharmaceutical industry, and has served as a clinical leader in a number of companies, including Generon (Shanghai) Corporation Ltd. and Hutchison MediPharma Ltd, a company triple listed on the Nasdaq, Hong Kong Stock Exchange, and Alternative Investment Market. Our senior vice president and global head of regulatory affairs, Dr. Victoria Elizabeth Demby, has over 20 years of industry experience and has served in various senior positions for several multinational pharmaceutical companies such as GSK, MSD, and BMS.

Since our inception, we have received strong support from our shareholders, including financial investors as well as several industry-leading strategic investors. This investor base is, and we expect will continue to be, aligned with our vision and strategy going forward.

### ***Our strengths***

We believe our competitive advantage is underpinned by the following competitive strengths:

- ***Multi-modality pipeline with several innovative drug candidates targeting a range of tumor indications.*** We plan to continue to leverage our expertise in drug discovery and our proficiency in executing promising collaborations and partnerships to bring innovative drugs to patients across the cancer type spectrum. Our candidates utilize a multitude of different mechanisms of action, enabling us to employ our assets on a standalone basis or in combination across tumor types and treatment combinations.
- ***Robust Phase II data laying a concrete foundation for potential registration.*** In a Phase II clinical trial of our lead asset, AN2025, for the treatment of recurrent or metastatic HNSCC on or after disease progression with platinum-based chemotherapy, the clinical data showed that the combination of AN2025 with paclitaxel achieved an mOS of over 10 months (vs. 6.5 months in the placebo plus paclitaxel group), an mPFS of 4.6 months (vs. 3.5 months in the placebo plus paclitaxel group), and a 39.2% ORR (vs. 13.9% in the placebo plus paclitaxel group). These data also showed that when AN2025 was combined with paclitaxel, grade 3-4 AEs (82% in the AN2025 plus paclitaxel group vs. 72% in the placebo group), serious adverse events (“SAEs”) (57% in the AN2025 plus paclitaxel group vs. 47% in the placebo group) or on-treatment deaths (20% in the AN2025 plus paclitaxel group vs. 22% in the placebo group) is comparable to paclitaxel alone. The most frequent SAEs for AN2025 plus paclitaxel combination were pneumonia (7.89% vs. 7.69% in the placebo group), and diarrhea (5.26% vs. 0.00% in the placebo group). The most frequent SAEs for AN2025 plus paclitaxel combination that occurred less in the placebo group were diarrhea (5.26% vs. 0.00%), hyperglycaemia (3.95% vs. 0.00%), and general physical health deterioration (3.95% vs. 0.00%). See “Business — Our differentiated oncology portfolio — Buparlisib (AN2025): a pan-PI3K inhibitor aimed at becoming the vanguard for recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy” for a complete list of SAEs of AN2025 plus paclitaxel combination. In addition, the Phase II clinical trial was designed to be a thoroughly placebo-controlled double-arm study, which provides us with further confidence in the success of the ongoing Phase III clinical trial.



- **Targeting unmet medical need with large total addressable markets.** AN2025 is designed to address globally urgent unmet medical demands for effective treatments in HNSCC after anti-PD-1/PD-L1 treatment. In seven major markets (the U.S., the U.K., Germany, France, Italy, Spain, and Japan), it is estimated that by 2028 there can be more than 50,000 recurrent or metastatic HNSCC patients experiencing progression after anti-PD-1/PD-L1 therapy. As the only drug candidate currently in Phase III clinical trial for the treatment of recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy of which we are aware, we believe that AN2025, if approved, has potential to be the first product globally to address this unmet need and capture the sizable addressable market.
- **Strong R&D capabilities.** Spanning the full spectrum from target identification to clinical development, our in-house drug discovery platforms deploy a suite of powerful and specialized techniques. They consist of two platforms, PAINT-2D™ and ANEAT-Id™. PAINT-2D™ provides us with a “one-stop” function for early-stage development of immuno-oncology therapies. ANEAT-Id™ is a highly efficient and robust yeast display system dedicated to therapeutic antibody discovery and development.
- **Sustainable patent portfolio in our key jurisdictions.** As of March 31, 2023, we owned or had exclusive license rights to (i) 162 granted patents and 89 pending patent applications in jurisdictions such as the U.S., European Patent Office (“EPO”), mainland China, Japan, South Korea, Canada, Australia, Taiwan, Mexico and Brazil, and (ii) 14 patent applications under the Patent Cooperation Treaty, or PCT, that have not been nationalized. Granted patents and pending patent applications cover the key inventions for our pipeline candidates in clinical trials under IND, as well as our key technologies. Protections over potential approved use of core matters of AN2025 and AN0025 can expire in 2032 and 2036, respectively, both taking into account of the possible 5-year patent term extensions in jurisdictions where patent term extension is available, including but not limited to the U.S., Europe, China and Japan.
- **Seasoned industry veterans and strong shareholder support.** We believe our team, with a proven track record of innovative drug R&D, clinical development, and commercialization knowledge, as well as rich expertise in business development and operational execution, can successfully drive our drug candidates to approval and clinical use on a global scale. Additionally, we are supported by the strategic guidance of a visionary scientific advisory board with members from both academia and the pharmaceutical industry. We have also received continued support from our shareholders including financial investors and several industry-leading strategic investors.

#### **Our vision & strategy**

We strive to become a global leader in the next wave of immuno-oncology therapies employing a combination therapy strategy. Our mission is to transform deadly cancer into a chronic and eventually curable disease. We intend to execute the following strategies to achieve this goal:

- **Advance the development of and pursue regulatory approval for our lead drug candidate AN2025.** We have advanced AN2025, in combination with paclitaxel for the treatment of recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy into a Phase III clinical trial. We expect to enroll 483 patients across 180 sites in North America, Europe, Asia, and South America, and to submit an NDA to the FDA for a potential accelerated approval in the second half of 2024 leveraging the ORR data from the Phase III interim analysis, followed by further marketing approval applications to the NMPA, EMA, PMDA and other authorities.
- **Continue advancing pipeline products through in-house development and strategic partnerships to maximize value.** As we evaluate assets, we place a strong emphasis on first-in-class potential, combinational synergies with our current pipeline or other available therapies, as well as global development and commercialization rights. We intend to continue to develop our novel drug candidates by leveraging our proprietary R&D platforms, our strong early and clinical stage drug discovery expertise, as well as through the support of our various global collaborators. We intend to continue building upon our existing partnership success, exploring new opportunities through strategic collaborations and potentially co-development arrangements, ultimately maximizing the clinical and commercial value of our drug candidates.

- **Utilize manufacturing partnerships to maximize economies of scale.** We currently work with qualified contract manufacturing organizations, or CMOs, to manufacture drug candidates for preclinical and clinical supply. In the near future, we plan to continue outsourcing the manufacturing of our drug candidates, including commercial-scale manufacturing of our approved drugs, to industry-leading, highly reputable, and qualified CMOs/contract development and manufacturing organizations, or CDMOs, globally. We have historically adopted and plan to continue to implement robust procedures to ensure that production qualifications, facilities, and processes of our CMOs/CDMOs comply with applicable regulatory requirements as well as our own internal guidelines and quality standards. We may also engage additional qualified CMOs/CDMOs in the future to ensure sufficient supply of drug candidates for our clinical trials as well as for commercial sale of our approved drugs.
- **Assemble a world-class marketing team to accelerate the adoption of emerging next-wave immuno-oncology treatments.** We aim to capture market share in the U.S. and gradually enter other significant markets including Europe, China, and Japan. To ensure maximum commercial value of our late-stage drug candidates globally, we intend to form our core in-house commercial leadership team by recruiting senior-level sales and marketing personnel to support commercialization of our drug candidates in the U.S. We may also consider strategic collaboration opportunities for the commercialization of our drug candidates in other countries in Europe and Asia. In particular, we may selectively out-license, establish joint ventures or consider other forms of commercialization partnerships with leading biopharmaceutical companies.
- **Seek and nurture top talent to fuel our innovation and ingenuity.** We place a high priority on selecting and retaining top talent. Our R&D centers in New Jersey and Hangzhou provide access to a global talent pool of highly skilled scientists and physicians. To support our continued growth, we plan to continue investing in recruiting and retaining top talent for our various operations around the world, including drug discovery, chemistry, manufacturing and controls (“CMC”), clinical development, regulatory affairs, and sales and marketing.

#### **Summary of significant risk factors**

We face various legal and operational risks and uncertainties as we have substantial operations in China. The PRC government has significant authority to exert influence on the ability of a China-based company, like us, to conduct its business, accept foreign investments or list on a U.S. stock exchange. For example, we face risks associated with regulatory approvals of offshore offerings, anti-monopoly regulatory actions, cybersecurity and data privacy, as well as the lack of inspection from the PCAOB. The PRC government may also intervene with or influence our operations as the government deems appropriate to further regulatory, political and societal goals. Any such action, once taken by the PRC government, could cause the value of such securities to significantly decline or in extreme cases, become worthless.

Investing in the ADSs involves significant risks. You should carefully consider all of the information set forth in this prospectus before making an investment in the ADSs. Below please find a summary of the principal risks and uncertainties we face, organized under relevant headings. These risks are discussed more fully in the section titled “Risk factors.”

#### **Risks relating to our operation in the People’s Republic of China**

Having the majority of our operations in China poses risks to investors. We face risks arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and that rules and regulations in China can change quickly with little advance notice:

- We have the majority of our operations in China, and are subject to complex and evolving PRC laws and regulations. Recently, the PRC government has indicated an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers, and initiated a series of regulatory actions and made a number of public statements, some of which are published with little advance notice. We may be subject to the approval, filing or other requirements of the CSRC or other PRC governmental authorities in connection with this Offering under current PRC laws, regulations and rules. See “Risk Factors — Risks relating to our operation in the People’s Republic of China — The approval, filing, or other procedures of the CSRC or other PRC regulatory authorities may be required in connection with this offering under PRC laws, regulations, and rules.”

- The CAC has recently increased oversight over data security, particularly for companies seeking to list on a foreign exchange. We believe the impact of the CAC’s increasing oversight on our business is immaterial. However, there remains uncertainty as to how the CAC’s regulations will be interpreted or implemented and whether CAC may adopt new regulations which may adversely affect us. See “Risk Factors — Risks relating to our operation in the People’s Republic of China — The impact of the CAC’s increasing oversight over data security remains highly uncertain, particularly for China-based companies seeking to list on a foreign stock exchange.”
- Our substantial operations are located in mainland China. Accordingly, we may be influenced to a significant degree by political, economic and social conditions in China generally. See “Risk Factors — Risks relating to our operation in the People’s Republic of China — We may be influenced by changes in the political and economic policies of the PRC government.”
- Our operations in mainland China are governed by PRC laws and regulations. The uncertainties with respect to the PRC legal system could materially and adversely affect us. See “Risk Factors — Risks relating to our operation in the People’s Republic of China — Uncertainties with respect to the PRC legal system, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in laws and regulations in China with little advance notice could materially and adversely affect us.”
- The Chinese government may intervene or influence our operations at any time, or may exert more control over offerings conducted overseas and/or foreign investment in China-based issuers, which could result in a material change in our operations and/or the value of our securities. See “Risk Factors — Risks Relating to our operation in the People’s Republic of China — The PRC government has significant authority to exert influence on our operations in mainland China.”
- Recent negative publicity surrounding China-based companies listed in the United States may negatively impact the trading price of the ADSs.
- We are also subject to other risks and uncertainties in relation to PCAOB inspection. We cannot assure you that we will not be identified by the SEC under the HFCAA, as an issuer that has retained an auditor that has a branch or office located in a foreign jurisdiction that the PCAOB determines it is unable to inspect or investigate completely because of a position taken by an authority in that foreign jurisdiction. In addition, there can be no assurance that, if we have a “non-inspection” year, we will be able to take any remedial measures. If any such event were to occur, trading in our securities could in the future be prohibited under the HFCAA and, as a result, we cannot assure you that we will be able to maintain the listing of the ADSs on the Nasdaq Stock Market or that you will be allowed to trade the ADSs in the United States on the “over-the-counter” markets or otherwise. Should the ADSs become not listed or tradeable in the United States, the value of the ADSs could be materially affected. See “Risk Factors — Risks Relating to our operation in the People’s Republic of China — the ADSs may be delisted under the HFCAA if the PCAOB is unable to inspect auditors or their affiliates that are located in mainland China. The delisting of the ADSs, or the threat of such delisting, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors of the benefits of such inspections.”
- We may rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiaries to make payments to us could have a material and adverse effect on our ability to conduct our business.
- We face uncertainties in the PRC with respect to indirect transfer of equity interests in our PRC subsidiaries.

***Risks relating to our business***

- We have a limited operating history, have incurred net losses and anticipate that we will continue to incur net losses for the foreseeable future. We may not be able to generate sufficient revenue to achieve or maintain profitability
- Our business depends substantially on the success of our preclinical and clinical drug candidates. If we are unable to successfully develop drug candidates or experience significant delays in doing so, our business will be materially harmed.

- We have relied and will continue to rely on third parties to manufacture our drug candidates in the foreseeable future.
- We may seek and form strategic alliance, collaboration, or licensing arrangements for the development of drug candidates in the future, which may not achieve the anticipated benefits to or even negatively impact our business.
- We may rely on certain third-party collaborators for some of our clinical development activities, which could delay or limit the future development or regulatory approval of our drug candidates.
- Our success depends upon our and our business partners' ability to obtain and maintain intellectual property protection for our drug candidates and technologies.
- We may face competition from generic or biosimilar manufacturers after the patent protection is no longer valid.
- We are exposed to risks of conducting our business and operations in international markets.
- We may face force majeure risks, including the recent COVID-19 outbreak.

***Risks relating to the ADSs***

- An active trading market for our ordinary shares or the ADSs may not develop and the trading price of the ADSs may be volatile regardless of our operating performance, which could result in substantial losses to you.
- ADS holders do not have the same rights as our shareholders.
- Owners or holders of the ADSs have limited recourse if we or the depository fail to meet our respective obligations under the deposit agreement.
- As an exempted company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices for corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the corporate governance listing standards.
- We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.
- We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.
- We will be a "controlled company" within the meaning of the Nasdaq Stock Market listing rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

**Recent PRC regulatory developments**

On July 6, 2021, the relevant PRC government authorities issued the Opinions on Strictly Scrutinizing on Illegal Securities Activities in Accordance with the Law. These opinions call for strengthened regulation over illegal securities activities, supervision of overseas securities offerings and listings by China-based companies, and propose to take effective measures, such as promoting the development of relevant regulatory systems, to deal with perceived risks or incidents faced by China-based overseas-listed companies. As of the date of this prospectus, no official guidance and implementation rules have been issued in relation to these recently issued opinions. Therefore, the interpretation and implementation of these opinions remain unclear at this stage. We cannot assure you we will not be required to obtain the pre-approval of the China Securities Regulatory Commission, or the CSRC, and potentially other regulatory authorities to pursue this offering.

On February 17, 2023, the China Securities Regulatory Commission, or the CSRC, released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, and five supporting guidelines, which took effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. If a domestic company fails to complete the filing

procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. See “Regulations — Regulations on M&A Rules and Overseas Listings.” However, since the Trial Measures was newly promulgated, the interpretation, application and enforcement of Trial Measures remain unclear. If the filing procedure with the CSRC under the Trial Measures is required for any future offerings or any other capital raising activities, it is uncertain whether it would be possible for us to complete the filing, or how long it will take us to do so.

We have been actively preparing the necessary documents required for filing with the CSRC, in order to fully comply with the required filing procedures pursuant to the Trial Measures. On April 20, 2023, we submitted initial filing documents to the CSRC, which are now under the review of the CSRC. For further details, see “Risk Factors — Risks relating to our operation in the People’s Republic of China — The approval, filing, or other procedures of the CSRC or other PRC regulatory authorities may be required in connection with this offering under PRC laws, regulations, and rules.”

The revised Measures of Cybersecurity Review as promulgated by a total of thirteen governmental departments of the PRC, including the Cyberspace Administration of China, or the CAC, came into effect on February 15, 2022. The revised Measures of Cybersecurity Review stipulated that, in addition to network products and services acquired by critical information infrastructure operators, online platform operators are also subject to cybersecurity review if they carry out data processing activities that affect or may affect national security. Moreover, online platform operators listing in a foreign country with more than one million users’ personal information data must apply for a cybersecurity review with the Cybersecurity Review Office. The revised Measures of Cybersecurity Review further elaborated the factors to be considered when assessing the national security risks of the relevant activities. On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer, or the Data Export Measures, which became effective on September 1, 2022. The Data Export Measures requires that any data processor who processes or exports personal information exceeding a certain volume threshold shall apply for a security assessment by the CAC before transferring any personal information abroad. The security assessment requirement also applies to any transfer of important data outside of China. Since our business operation is not an operator of a network platform with personal information of over one million users, we should not be required to undergo the cybersecurity review for this offering and the listing of the ADSs under the revised Measures of Cybersecurity Review. However, as the aforementioned measures were issued recently, there are uncertainties regarding how they would be interpreted and enforced, and to what extent they may affect us.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Issuance and Listing by Domestic Enterprises, or the Confidentiality and Archives Management Provisions, which took effect on March 31, 2023. The Confidentiality and Archives Management Provisions outline obligations of issuers listed in overseas markets with operations in mainland China when they provide information involving state secrets or sensitive information to their securities service providers (such as auditors) and overseas regulators. In addition, under the Confidentiality and Archives Management Provisions, such issuers will also be required to obtain approval from the CSRC and other authorities in mainland China before accepting any investigation or inspection by overseas regulators. As the Confidentiality and Archives Management Provisions were recently promulgated, there are uncertainties with respect to their interpretation and implementation. For further details, see “Regulation — Regulations relating to information security and data privacy.”

#### **Industry and market data**

We include statements and information in this prospectus concerning our industry ranking and the markets in which we operate, including our general expectations and market opportunity. We obtained the industry, market, and similar data set forth in this prospectus from our internal estimates and research and from academic and industry research, publications, surveys, and studies conducted by third parties, including governmental agencies. In some cases, we do not expressly refer to the sources from which this data is derived. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information.

Projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” in this prospectus. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

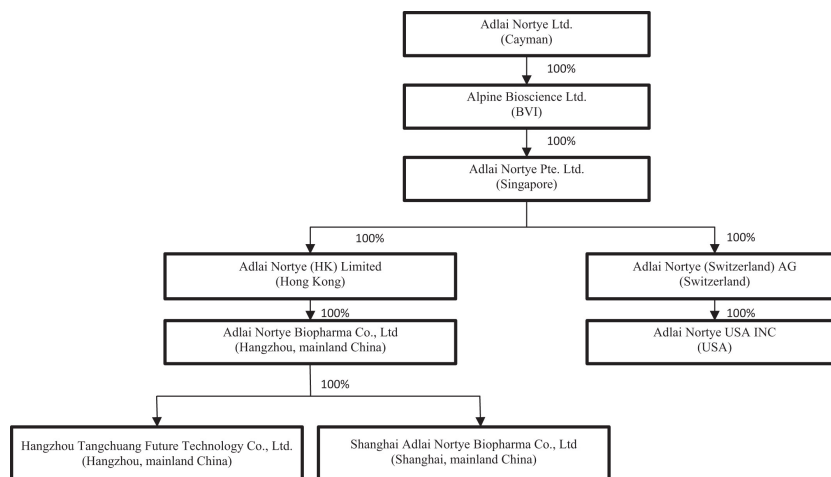
### Corporate history and structure

We commenced our business in mainland China in 2004 through Adlai Nortye Biopharma Co., Ltd., which we refer to as our operating subsidiary in the PRC. We initially focused primarily on generic pharmaceuticals and polypeptide intermediate, until 2016 when our founders Mr. Yang Lu and Mr. Donghui Yang led our strategic transition to become a R&D-driven pharmaceutical company, focusing on the discovery and development of innovative cancer therapies.

Our ultimate holding company was incorporated in the Cayman Islands in May 2018 to facilitate offshore financing activities, and our daily operations are conducted primarily through our operating subsidiaries in the United States and mainland China. Between January 2018 and June 2022, Alpine Bioscience Ltd., Adlai Nortye Pte. Ltd., Adlai Nortye (HK) Limited, and Adlai Nortye (Switzerland) AG were incorporated in the British Virgin Islands, Singapore, Hong Kong, and Switzerland as our intermediary holding entities. In March 2019, Adlai Nortye (HK) Limited acquired entire equity interests in the Adlai Nortye Biopharma Co., Ltd. from its then shareholders and Adlai Nortye Biopharma Co., Ltd. became a wholly owned subsidiary of our ultimate holding company.

In order to conduct clinical trials in the U.S., Adlai Nortye USA INC was incorporated under the laws of the State of Delaware in the U.S. in January 2018. In June 2022, as a part of a reorganization, Adlai Nortye (Switzerland) AG acquired all its shares and Adlai Nortye USA INC became a wholly owned subsidiary of our ultimate holding company.

The chart below sets forth our corporate structure and identifies our subsidiaries and their subsidiaries, as of the date of this prospectus:



### Cash transfers and dividend distributions

Adlai Nortye Ltd. is not a Chinese operating company, but is a Cayman Islands holding company. We maintain our bank accounts and balances primarily in licensed banks in the United States, mainland China and Hong Kong. If needed, cash can be transferred between our Cayman Islands holding company and subsidiaries incorporated in the United States, mainland China and Hong Kong through equity investments,

dividends and intercompany loans, and there are currently no restrictions of transferring funds between our Cayman Islands holding company and subsidiaries in the United States and Hong Kong. We may also make loans and additional capital contribution to our mainland China, subject to certain restrictions under the applicable local laws.

Adlai Nortye Ltd., our Cayman Islands holding company, has not declared or made any dividends or other distributions to its shareholders since its inception. U.S. investors will not be subject to Cayman Islands taxation on dividend distributions, and no withholding will be required on the payment of dividends or distributions to them while they may be subject to U.S. federal income tax. Adlai Nortye Ltd. may be classified as a “resident enterprise” of China. This classification could result in unfavorable tax consequences to us and our non-PRC shareholders and dividends paid by us may be subject to PRC withholding tax. See “Taxation — United States federal income tax considerations — Dividends.”

We have no plans to declare cash dividends in the near term, but as a holding company, we may depend on receipt of funds from one or more of our subsidiaries if we determine to pay cash dividends to holders of our ordinary shares in the future.

Our subsidiaries incorporated in the United States and Hong Kong are permitted, under the respective laws, to provide funding to Adlai Nortye Ltd. through dividend distributions without restrictions on the amount of the funds. The ability of our PRC subsidiaries to distribute dividends to us will be limited by foreign exchange restrictions under the PRC law. The restrictions on currency exchanges in the PRC may limit our ability to freely convert RMB to fund any future business activities outside the PRC or other payments in U.S. dollars, and capital control measures imposed by the Chinese government may limit our ability to use capital from our PRC subsidiaries for business purposes outside of the PRC. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, cannot be made in currencies other than RMB without complying with certain procedural requirements of State Administration of Foreign Exchange, or SAFE. Specifically, approval from or registration with appropriate government authorities is required where RMB is to be converted into another currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in currencies other than RMB. As a result, we may need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries in the future to pay off its debt in a currency other than RMB owed to entities outside the PRC, or to make other capital expenditure payments outside the PRC in a currency other than RMB. Additionally, the PRC Enterprise Tax and its implementation rules provide that a withholding tax rate of up to 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated. The following table sets forth the amount of the cash transfers for the periods presented. Further details are contained in Note 27 of our consolidated financial statements included elsewhere in this prospectus.

	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2021	2022	2022	2023
	US\$	US\$	US\$	US\$
	(in thousands)			
<b>Capital Contribution</b>				
Capital contributions from Adlai Nortye Ltd. (Cayman) to Adlai Nortye Pte Ltd.(Singapore)	—	17	—	—
Capital contributions from Adlai Nortye Ltd. (Cayman) to Adlai Nortye (Switzerland) AG (Swiss)	—	113	—	—
Capital contributions from Adlai Nortye Ltd. (Cayman) to Adlai Nortye USA Inc.(United States)	18,670	24,035	7,863	8,229
Capital contributions from Adlai Nortye (HK) Limited (Hong Kong) to its mainland China subsidiaries	33,960	19,394	7,000	863
Capital contributions from Adlai Nortye (HK) Limited (Hong Kong) to its non-mainland China subsidiaries	—	—	—	—

	For the Year		For the Three Months	
	Ended December 31,		Ended March 31,	
	2021	2022	2022	2023
	US\$	US\$	US\$	US\$
	(in thousands)			
<b>Intercompany Loan</b>				
Intercompany loans from Adlai Nortye Ltd. (Cayman) to Adlai Nortye (HK) Limited (Hong Kong)	46,794	10,900	350	50
Intercompany loans from Adlai Nortye (HK) Limited (Hong Kong) to its mainland China subsidiaries	—	—	—	—
Intercompany loans from Adlai Nortye (HK) Limited (Hong Kong) to its non-mainland China subsidiaries	—	—	—	—
Intercompany loans from Adlai Nortye (HK) Limited (Hong Kong) to Adlai Nortye Pte Ltd.(Singapore)	—	750	—	—
Intercompany loans from Adlai Nortye Ltd. (Cayman) to our mainland China subsidiaries	257	—	—	—
Intercompany loans from Adlai Nortye Ltd. (Cayman) to Adlai Nortye USA Inc.(United States)	84	—	—	—
Intercompany loans from Adlai Nortye Ltd. (Cayman) to our non-mainland China subsidiaries	—	—	—	—
Intercompany loans from Adlai Nortye Pte Ltd.(Singapore) to Adlai Nortye Ltd. (Cayman)	—	—	—	740
Intercompany loans from our mainland China subsidiaries to Adlai Nortye USA Inc.(United States)	150	—	—	—
Intercompany loans from Adlai Nortye Biopharma Co.,Ltd to Shanghai Adlai Nortye Biopharma Co.,Ltd	—	1,640	164	—
Intercompany loans repaid by Shanghai Adlai Nortye Biopharma Co.,Ltd to Adlai Nortye Biopharma Co.,Ltd	—	—	—	425
Intercompany loans repaid by Adlai Nortye (HK) Limited (Hong Kong) to Adlai Nortye Ltd. (Cayman)	—	—	—	305
Intercompany loans repaid by our mainland China subsidiaries to Adlai Nortye (HK) Limited (Hong Kong)	—	18	2	7
Intercompany loans repaid by our non-mainland China subsidiaries to Adlai Nortye (HK) Limited (Hong Kong)	—	—	—	—
Intercompany loans repaid by our mainland China subsidiaries to Adlai Nortye Ltd. (Cayman)	—	—	—	—
Intercompany loans repaid by our non-mainland China subsidiaries to Adlai Nortye Ltd. (Cayman)	—	—	—	—
Intercompany loans repaid by Adlai Nortye USA Inc.(United States) to our mainland China subsidiaries	—	—	—	—
Intercompany loans repaid by Adlai Nortye USA Inc.(United States) to Adlai Nortye Ltd. (Cayman)	—	—	—	150
<b>Dividend Distribution</b>				
Dividend distribution from our mainland China subsidiaries to Adlai Nortye (HK) Limited (Hong Kong)	—	—	—	—
Dividend distribution from our non-mainland-China subsidiaries to Adlai Nortye (HK) Limited (Hong Kong)	—	—	—	—
Dividend distribution from Adlai Nortye (HK) Limited (Hong Kong) to Adlai Nortye Ltd. (Cayman)	—	—	—	—
Dividend distribution from Adlai Nortye USA Inc.(United States) to Adlai Nortye Ltd. (Cayman)	—	—	—	—



### **Implication of being an emerging growth company and a foreign private issuer**

As a company with less than US\$1.07 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements compared to those that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company’s internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. Pursuant to the JOBS Act, we have elected to take advantage of the benefits of this extended transition period for complying with new or revised accounting standards. As a result, our operating results and financial statements may not be comparable to the operating results and financial statements of other companies who have adopted the new or revised accounting standards.

We will remain an emerging growth company until the earliest of (a) the last day of the fiscal year during which we have total annual gross revenues of at least US\$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the preceding three-year period, issued more than US\$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of the ADSs that are held by non-affiliates exceeds US\$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

Upon consummation of this offering, we will report under the Exchange Act as a non-U.S. company with foreign private issuer status. Even after we no longer qualify as an emerging growth company, as long as we qualify as a foreign private issuer under the Exchange Act, we will be exempt from certain provisions in the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events.

Both foreign private issuers and emerging growth companies are also exempt from certain more stringent executive compensation disclosure rules. Thus, even if we no longer qualify as an emerging growth company, but remain a foreign private issuer, we will continue to be exempt from the more stringent compensation disclosures required of companies that are neither an emerging growth company nor a foreign private issuer.

### **Implication of being a controlled company**

We will be a “controlled company” as defined under the Nasdaq Stock Market Listing Rules because Mr. Yang Lu, our founder, chairman and the chief executive officer, will hold % of our total issued and outstanding ordinary shares and will be able to exercise % of the total voting power of our issued and outstanding share capital upon the completion of this offering and the concurrent private placement, assuming that the underwriters do not exercise their option to purchase additional ADSs, or % of our total issued and outstanding ordinary shares and % of the total voting power of our issued and outstanding share capital upon the completion of this offering and the concurrent private placement, assuming that the underwriters exercise their option to purchase additional ADSs in full. As a result, Mr. Yang Lu will have the ability to control or significantly influence the outcome of matters requiring approval by shareholders. As long as we remain as a “controlled company,” we are permitted to elect not to comply with certain corporate governance requirements, including an exemption from the rule that a majority of our board of directors must be independent directors. We may also rely on the exemption available for foreign private issuers to

follow our home country governance practices. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements. For details, see “Risk Factors — Risks Related to the ADSs — We will be a “controlled company” within the meaning of the Nasdaq Stock Market listing rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.”

#### **Corporate information**

Adlai Nortye Ltd. was incorporated in the Cayman Islands on May 9, 2018 as an exempted company with limited liability. The address of our registered office in Cayman Islands and our principal executive office is at c/o PO Box 309, Uglan House, Grand Cayman KY1-1104, Cayman Islands. Our telephone number is +1 848-230-7430. The United States and China are two important markets and locations for our operations. In addition to our principal executive office in the Cayman Islands, we also have two regional headquarters at (i) New Jersey Biotechnology Development Center, 685 US Hwy 1, 2nd floor, North Brunswick Township, NJ 08902, the United States and (ii) Building 6 & 8, 1008 Xiangwang Street, Yuhang District, Hangzhou, Zhejiang, People’s Republic of China.

Investor inquiries should be directed to us at the address and telephone number of our principal executive offices set forth above. Our website address is <https://www.adlainortye.com>. Our website and the information contained on our website do not constitute a part of this prospectus. Our agent for service of process in the United States is Cogency Global Inc., with the address at 122 East 42nd Street, 18th Floor, New York, NY 10168.

#### **Conventions that apply to this prospectus**

Unless otherwise indicated or the context otherwise requires, references in this prospectus to:

- “ADRs” are to the American depositary receipts that may evidence the ADSs;
- “ADSs” are to the American depositary shares, each of which represents our Class A ordinary shares;
- “BVI” are to the British Virgin Islands;
- “CAGR” are to the compound annual growth rate;
- “China” or the “PRC” or “mainland China”, unless otherwise specified herein, are to the People’s Republic of China;
- “Class A ordinary shares” are to our Class A ordinary shares, par value US\$0.0001 per share;
- “Class B ordinary shares” are to our Class B ordinary shares, par value US\$0.0001 per share;
- “Hangzhou Adlai” is to Adlai Nortye Biopharma Co., Ltd, our wholly foreign-owned enterprise incorporated in the PRC;
- “Hong Kong” is to Hong Kong Special Administrative Region of China;
- “Macau” is to Macau Special Administrative Region of China;
- “RMB” or “Renminbi” are to the legal currency of China;
- “shares” or “ordinary shares” are to prior to the completion of this offering and the concurrent private placement, our pre-offering ordinary shares, and upon and after the completion of this offering, are to our Class A ordinary shares and Class B ordinary shares;
- “US\$,” “U.S. dollars,” “\$,” and “dollars” are to the legal currency of the United States; and
- “we,” “us,” “our company,” and “our” are to Adlai Nortye Ltd., our Cayman Islands holding company and its subsidiaries, which include those in the U.S. and mainland China that conduct daily operations.

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the underwriters of their option to purchase additional ADSs from us.



The ADSs	<p>binding agreements or commitments to purchase, such investor may determine to purchase fewer ADSs that it has indicated an interest in purchasing or not to purchase any ADSs in this offering. The underwriters will receive the same underwriting discounts and commissions on any ADSs purchased by this investor as they will on any other ADSs sold to the public in this offering. See “Underwriting”.</p>
	<p>Each ADS represents Class A ordinary shares, par value US\$0.0001 per share.</p>
	<p>The depositary will hold in custody Class A ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement among us, the depositary and owners and holders of ADSs from time to time.</p>
	<p>We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our Class A ordinary shares after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement.</p>
	<p>You may surrender your ADSs to the depositary for cancellation to receive the underlying Class A ordinary shares. The depositary will charge you fees for any cancellation.</p>
	<p>We may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended.</p>
	<p>To better understand the terms of the ADSs, you should carefully read the “Description of American Depositary Shares” section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.</p>
Option to purchase additional ADSs	<p>We have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs.</p>
Use of proceeds	<p>We expect that we will receive net proceeds of approximately US\$ million from this offering, assuming an initial public offering price of US\$ per ADS, which is the midpoint of the estimated range of the initial public offering price, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, as well as net proceeds of US\$ million from the concurrent private placement.</p>
	<p>We intend to use approximately US\$ million of the net proceeds for the ongoing and future R&amp;D activities, including planned preclinical studies, clinical trials, and future commercialization of our drug candidates; approximately US\$ million of the net proceeds for</p>

	<p>the expansion of our drug portfolio through a combination of internal R&amp;D activities and external business development efforts; and the remaining US\$            million for our general working capital and general corporate purposes. See “Use of Proceeds” for more information.</p>
Lock-up	<p>We and each of our officers, directors who beneficially own our shares, holders of share-based awards, approximately 63.9% of our existing shareholders (representing over 77.7% of our total outstanding and issued shares on an as-converted basis prior to this offering) and Nippon Kayaku have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or otherwise dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of the underwriting agreement. See “Shares Eligible for Future Sale” and “Underwriting” for more information.</p>
Listing	<p>We intend to apply to have the ADSs listed on the Nasdaq Stock Market under the symbol “ANL.” At this time, the Nasdaq Stock Market has not yet approved our application to list the ADSs. The closing of this offering is conditioned upon the Nasdaq Stock Market’s final approval of our listing application, and there is no guarantee or assurance that the ADSs will be approved for listing on the Nasdaq Stock Market.</p>
Payment and settlement	<p>The underwriters expect to deliver the ADSs against payment therefor through the facilities of the Depository Trust Company on            , 2023.</p>
Depository	<p>The Bank of New York Mellon.</p>
	<p>The number of ordinary shares that will be outstanding immediately after this offering and the concurrent private placement:</p> <ul style="list-style-type: none"> <li>• 97,983,414 ordinary shares issued and outstanding on an as-converted basis as of the date of this prospectus, assuming (1) the re-designation of 16,990,000 shares beneficially owned by Archer Future Limited into Class B ordinary shares on a one-for-one basis immediately prior to the completion of this offering; (2) the re-designation of all of our remaining issued and outstanding 80,993,414 ordinary shares into Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering;</li> <li>•            Class A ordinary shares in the form of ADSs that we will issue and sell in this offering, assuming the underwriters do not exercise their option to purchase additional ADSs; and</li> <li>•            Class A ordinary shares to be issued in the concurrent private placement.</li> </ul>

### Summary Consolidated Financial and Operating Data

The following summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2021 and 2022, summary consolidated balance sheets data as of December 31, 2021 and 2022, and summary consolidated statements of cash flows data for the years ended December 31, 2021 and 2022 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated statements of operations and comprehensive loss data for the three months ended March 31, 2022 and 2023, summary consolidated balance sheet data as of March 31, 2023, and summary consolidated statements of cash flows data for the three months ended March 31, 2022 and 2023 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. None of our consolidated financial statements were prepared in accordance with U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. You should read this Summary Consolidated Financial Data section together with our consolidated financial statements and the related notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus.

The following table sets forth a summary of our consolidated statements of operations and comprehensive loss for the years/periods indicated.

	For the Year Ended December 31,		For Three Months Ended March 31,	
	2021	2022	2022	2023
	US\$	US\$	US\$	US\$
	(in thousands)			
<b>Selected consolidated statements of operations and comprehensive loss:</b>				
Revenue	45,726	—	—	—
Other operating income, net	183	259	104	194
Administrative expenses	(12,450)	(13,039)	(2,494)	(2,149)
Research and development expenses	(42,105)	(54,490)	(8,899)	(13,308)
<b>Total operating loss</b>	<b>(8,646)</b>	<b>(67,270)</b>	<b>(11,289)</b>	<b>(15,263)</b>
Other income and gains	213	2,079	92	258
Other expenses	(70)	(1,395)	(1)	—
Investment income	32	550	65	64
Fair value gain on financial assets at FVTPL	40	484	222	—
Fair value (loss)/gain on financial liabilities at FVTPL	(46,910)	7,195	—	—
Finance costs	(1,337)	(433)	(157)	(80)
<b>Loss before tax</b>	<b>(56,678)</b>	<b>(58,790)</b>	<b>(11,068)</b>	<b>(15,021)</b>
Income tax expense	—	—	—	—
<b>Loss for the year/period</b>	<b>(56,678)</b>	<b>(58,790)</b>	<b>(11,068)</b>	<b>(15,021)</b>
Attributable to:				
Ordinary equity holders of the parent	(56,678)	(58,790)	(11,068)	(15,021)

The following table sets forth a selected consolidated statements of financial position as of the years/periods indicated.

	As of December 31,		As of	
	2021	2022	March 31,	
	US\$	US\$	2023	
	(in thousands)			
<b>Selected consolidated statements of financial position:</b>				
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	64,131	42,758	59,839	
Financial assets at FVTPL	53,809	21,287	—	
Prepayments, other receivables and other assets	6,604	2,258	1,871	
<b>Total current assets</b>	<b>124,544</b>	<b>66,303</b>	<b>61,710</b>	
<b>Total non-current assets</b>	<b>7,141</b>	<b>6,291</b>	<b>5,827</b>	
<b>Total assets</b>	<b>131,685</b>	<b>72,594</b>	<b>67,537</b>	
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Trade payables	2,981	13,098	15,369	
Other payables and accruals	3,224	3,877	4,521	
Interest-bearing bank borrowings	10,457	4,307	10,187	
Lease liabilities	834	1,001	1,050	
Financial liabilities at FVTPL	—	290,368	290,368	
<b>Total current liabilities</b>	<b>17,496</b>	<b>312,651</b>	<b>321,495</b>	
<b>Total non-current liabilities</b>	<b>299,617</b>	<b>1,236</b>	<b>945</b>	
<b>Total liabilities</b>	<b>317,113</b>	<b>313,887</b>	<b>322,440</b>	
<b>Total shareholders' deficit</b>	<b>(185,428)</b>	<b>(241,293)</b>	<b>(254,903)</b>	
<b>Total liabilities and shareholders' equity</b>	<b>131,685</b>	<b>72,594</b>	<b>67,537</b>	
The following table sets forth a consolidated statements of cash flows for the years/periods indicated.				
	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2021	2022	2022	2023
	US\$	US\$		
	(in thousands)			
Net cash used in operating activities	(3,034)	(43,223)	(11,988)	(10,007)
Net cash (used in)/generated from investing activities	(54,857)	28,376	4,063	21,328
Net cash from/(used in) financing activities	97,200	(6,780)	(5,378)	5,495
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>39,309</b>	<b>(21,627)</b>	<b>(13,303)</b>	<b>16,816</b>
Cash and cash equivalents at the beginning of the year/period	24,261	64,131	64,131	42,758
Effect of foreign exchange rate changes, net	561	254	162	265
<b>Cash and cash equivalents at the end of the year/period</b>	<b>64,131</b>	<b>42,758</b>	<b>50,990</b>	<b>59,839</b>

## RISK FACTORS

*Investing in the ADSs involves a high degree of risk. You should carefully consider the following risks and uncertainties and all other information contained in this prospectus before investing in the ADSs. Our business, financial condition, results of operations, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material. If any of the risks actually occur, our business, financial condition, results of operations, and prospects could be adversely affected. In that event, the market price of the ADSs could decline, and you could lose part or all of your investment. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described below. See the section titled “Special Note Regarding Forward-Looking Statements.”*

### Risks related to our business

***Our business depends substantially on the success of our preclinical and clinical drug candidates. If we are unable to successfully develop drug candidates or experience significant delays in doing so, our business will be materially harmed.***

Our business will depend on the successful development, regulatory approvals, and commercialization of our drug candidates. Our drug candidates are still in preclinical and clinical development. We cannot guarantee that we will be able to obtain regulatory approvals for our drug candidates in a timely manner, or at all. None of our drug candidates has been approved for marketing in the U.S., Europe, China, or any other jurisdiction. Each of our drug candidates will require additional clinical development, regulatory approvals, development of manufacturing supply and capacity, substantial investment, and significant marketing efforts before we generate any revenue from product sales. Further, we are not in control of any clinical trials conducted by our licensors or sublicensors for obtaining regulatory clearance and they may be driven by strategic goals or concerns that do not align with ours. If our licensors or sublicensors fail to obtain regulatory approvals for those drug candidates in jurisdictions where they reserve their rights, if any, it would be more difficult for us to obtain regulatory approvals from the regulatory authorities in other jurisdictions where we have exclusive rights for to develop the drug candidates for regulatory approvals.

The success of our drug candidates will depend on several factors, including but not limited to:

- completion of preclinical studies as well as completion of clinical trials, including successful enrollment of patients;
- favorable safety and efficacy data from our clinical trials and other studies;
- obtaining sufficient supplies of any drug products that are used in combination with our drug candidates, competitor drugs or comparison drugs that may be necessary for use in clinical trials for evaluation of our drug candidates;
- receipt of regulatory allowances or approvals from applicable regulatory authorities for planned clinical trials;
- establishing sufficient commercial manufacturing capabilities by making arrangements with third-party manufacturers;
- the performance by CROs or other third parties we may retain to conduct clinical trials, of their duties to us in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining, maintaining, and enforcing patent, trademark, trade secret, and other intellectual property protection and regulatory exclusivity for our drug candidates;
- ensuring we do not infringe, misappropriate or otherwise violate the patents, trademarks, trade secrets or other intellectual property rights of third parties, and successfully defend against any claims by third parties that we have infringed, misappropriated or otherwise violated any intellectual property of any such third party;
- receipt of marketing approvals from applicable regulatory authorities;
- successfully launching commercial sales of our drug candidates, if and when approved;



- obtaining and maintaining favorable reimbursement from third-party payors for drugs, if and when approved;
- competition with other drug candidates and drugs; and
- continued acceptable safety profiles of our drug candidates following regulatory approvals.

If we do not achieve one or more of these in a timely manner or at all, we could experience significant delays in our ability to obtain approval for our drug candidates, which would materially harm our business and may prevent us from generating sufficient revenues and cash flows to continue our operations.

***The clinical trial results of our drug candidates may fail to satisfy regulatory authorities or might not produce positive results.***

We must conduct extensive clinical trials to demonstrate the safety and efficacy of our drug candidates in humans to obtain regulatory approvals for the sale of our drug candidates. Clinical and preclinical development is expensive and can take many years to complete, and its outcome is inherently uncertain. We cannot guarantee that any clinical trials or preclinical studies will be conducted as planned or completed on schedule, if at all, and failure can occur at any time during the trial or study process. Despite promising preclinical or clinical results, any drug candidate can unexpectedly fail at any stage of clinical development. The historical failure rate for drug candidates in our industry is high, particularly in the earlier stages of development.

The results from preclinical studies or clinical trials of a drug candidate or a competitor's candidate in the same class may not predict the results of later clinical trials of our drug candidate, and interim, top-line, or preliminary results of a clinical trial are not necessarily indicative of final results. Drug candidates in later stages of clinical trials may fail to show the desired safety and efficacy characteristics despite having progressed through preclinical studies and initial clinical trials. It is not uncommon to observe results in clinical trials that are unexpected based on earlier clinical trials and preclinical studies, many candidates fail in clinical trials despite very promising early results, and a number of companies in the biopharmaceutical and biotechnology industries have suffered significant setbacks in clinical development even after achieving promising results in earlier studies. Based upon negative or inconclusive results, we or any future collaborator may decide, or regulators may require us, to conduct additional preclinical studies or clinical trials, which would cause us to incur additional operating expenses. As a result, we cannot be certain that our ongoing and planned clinical trials and preclinical studies will be successful.

We may also experience numerous unexpected events during, or as a result of, clinical trials that could delay or prevent our ability to obtain regulatory approvals or commercialize our drug candidates, including but not limited to:

- we may be unable to generate sufficient preclinical, toxicology, or other *in vivo* or *in vitro* data to support the initiation or continuation of clinical trials;
- regulators, institutional review boards, or IRBs, or ethics committees not authorizing us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- regulators may disagree as to the design or implementation of our clinical trials;
- manufacturing issues relating to our third-party CMOs, including problems with manufacturing, supply quality, compliance with good manufacturing practice, or GMP, or obtaining from third parties sufficient quantities of a drug candidate for use in a clinical trial;
- clinical trials of our drug candidates producing negative or inconclusive results, and additional clinical trials or abandoning drug development programs being required;
- the number of patients required for clinical trials of our drug candidates being larger than we anticipate, enrollment being insufficient or slower than we anticipate, or patients dropping out at a higher rate than we anticipate;
- clinical sites may deviate from trial protocols or drop out of trials;
- selection of clinical endpoints that require prolonged periods of clinical observation or extended analysis of the resulting data;

- our third-party contractors failing to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- our having to suspend or terminate clinical trials of our drug candidates for various reasons, including a finding of a lack of clinical response or other unexpected characteristics or a finding that participants are being exposed to unacceptable health risks; and
- the cost of clinical trials of our drug candidates being greater than we anticipate; and the supply or quality of our drug candidates, companion diagnostics or other materials necessary to conduct clinical trials of our drug candidates being insufficient or inadequate.

Clinical trials are expensive and difficult to design and implement and can take many years to complete, and their outcomes are inherently uncertain. Our research and development expenses amounted to US\$42.1 million, US\$54.5 million, and US\$13.3 million, for the years ended December 31, 2021, 2022 and three months ended March 31, 2023, respectively. With our further exploration of potential new drug candidates and indication expansion of our current drug candidates, we may need more capital to support our R&D activities. If we are unable to obtain sufficient capital resources in a timely manner, our clinical process may be adversely impacted. We could also face difficulties due to any number of reasons including, but not limited to, regulatory delay, complexities of analytical testing technology, shortage of clinical trial material supply, and health epidemics, such as the recent COVID-19 pandemic. For a detailed discussion about the impact from COVID-19 on our clinical development, see “— We may face force majeure risks, including the recent COVID-19 outbreak.”

Clinical trials must be conducted in accordance with applicable regulatory authorities’ legal requirements, regulations or guidelines, and are subject to oversight by these governmental agencies and ethics committees or IRBs at the medical institutions where the clinical trials are conducted. We could also encounter delays if a clinical trial is suspended or terminated by us, by the IRBs of the institutions in which such trials are being conducted, by a Data Safety Monitoring Board for such trial or by applicable regulatory authorities. Such authorities may impose such a suspension or termination due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by applicable regulatory authorities foreign regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. In addition, changes in regulatory requirements and policies may occur, and we may need to amend clinical trial protocols to comply with these changes. Amendments may require us to resubmit our clinical trial protocols to IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial.

Further, conducting clinical trials in foreign countries presents additional risks that may delay completion of our clinical trials. These risks include the failure of enrolled subjects in foreign countries to adhere to clinical protocols as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory schemes, and political and economic risks, including war, relevant to such foreign countries.

Principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we may be required to report some of these relationships to the FDA or comparable foreign regulatory authorities. The FDA or comparable foreign regulatory authority may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected interpretation of the study. The FDA or comparable foreign regulatory authority may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA or comparable foreign regulatory authority, as the case may be, and may ultimately lead to the denial of marketing approval of one or more of our drug candidates.

If we are required to conduct additional clinical trials or other testing of our drug candidates beyond those that we currently contemplate, or if we are unable to successfully complete clinical trials of our drug candidates or other testing, or if the results of these trials or tests are not positive or are only modestly positive

or if they raise safety concerns, we may (i) be delayed in obtaining regulatory approvals for our drug candidates; (ii) not obtain regulatory approvals at all; (iii) obtain approval for indications that are not as broad as intended; (iv) have the drugs removed from the market after obtaining regulatory approvals; (v) be subject to additional post-marketing testing requirements; (vi) be subject to restrictions on how the drugs are distributed or used; or (vii) be unable to obtain reimbursement for the use of the drugs.

Significant clinical trial delays may also increase our development costs, shorten the commercialization periods enjoyed by our drug candidates, or allow our competitors to bring drugs to market before we do.

***We may seek and form strategic alliance, collaboration, or licensing arrangements for the development of drug candidates in the future, which may not achieve the anticipated benefits to or even negatively impact our business.***

We have in the past formed and may in the future continue to seek and form strategic alliances, collaboration, and/or licensing arrangements with third parties that we believe will complement or augment our development and commercialization efforts with respect to our current and future drug candidates. Any of these relationships may require us to increase our near and long-term expenditures, issue securities that dilute our existing shareholders or disrupt our management and business.

Our strategic collaboration with partners involves various risks. If and when we collaborate with a third party for development and commercialization of a drug candidate, we may have to relinquish some or all of the control over the future success of that drug candidate to the third party. We may not achieve the revenue and cost synergies expected from the transaction. These synergies are inherently uncertain, and are subject to significant business, economic, and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. Even if we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from our collaboration with partners may be offset by other costs incurred in the collaboration, increases in other expenses, operating losses, or problems in the business unrelated to our collaboration. As a result, there can be no assurance that we will be able to achieve our expected benefits and synergies from these collaborations, if at all.

***We may rely on certain third parties for some of our clinical development activities, which could delay or limit the future development or regulatory approval of our drug candidates.***

We collaborate with third parties for clinical development activities from time to time. For example, we reached a supply agreement with MSD to evaluate the combination of AN0025 and pembrolizumab in patients with solid tumors in a Phase Ib clinical trial, and also a supply agreement with Roche to evaluate the triple combination of AN2025, AN0025, and atezolizumab for a variety of PIK3CA mutant solid tumors in a Phase I clinical trial. We cannot guarantee that MSD, Roche, or other third parties will not diminish the amount of supply of the relevant compounds, or terminate the agreements altogether. Disputes arising between us and these third parties may cause delay or termination of the research, development, or commercialization of our drug candidates, or may result in costly litigation or arbitration that diverts management attention and resources. In such cases, we may need to reevaluate our approaches with respect to these combination trials, and potentially find other compounds with combination potential with our drug candidates. We cannot guarantee that we will be able to find such alternative combination trial opportunities, or that we will not incur significant costs and efforts in doing so.

***Our rights to develop and commercialize some of our drug candidates are subject to the terms and conditions of licenses granted to us by third parties.***

We have relied on and plan to continue to rely on licenses to certain patent rights and other intellectual property from third parties that are important or necessary to the development, manufacture, or commercialization of some of our drug candidates. Pursuant to these license agreements, our licensors may also provide us with clinical data required for NDA filings in our licensed territories, besides many other types of support. However, some of the licenses may not provide exclusive rights to use such intellectual property in all relevant fields of use and in all territories where we may wish to develop or commercialize our drug candidates and the underlying patents may fail to provide the intended exclusivity. As a result, we may not be able to develop, export, or sell our drug candidates outside of the territories stipulated by the license agreements or prevent competitors from developing and commercializing competitive drug candidates in the markets that we hope to address. In addition, our licenses may not include rights to all intellectual property

relevant to these drug candidates, and as a result, we may need to obtain additional licenses from our existing licensors, which may not be available on an exclusive basis or commercially reasonable terms. Otherwise, we will need to spend significant time and resources to redesign our drug candidates or the methods for manufacturing them. Moreover, we do not own the background intellectual property rights related to these drug candidates invented prior to the licenses. If our licensors breach our license agreements, we may lack bargaining power to enforce such agreements or obtain adequate remedies.

Over time, we may seek additional rights to intellectual property from our licensors and, in connection with the related negotiations, we may agree to amend our existing licenses in a manner that may be more favorable to the licensors, including by agreeing to terms that could enable third parties (potentially including our competitors) to receive licenses to a portion of the intellectual property that is subject to our existing licenses.

***We may not have the rights to handle patent management related to the in-licensed drug candidates.***

We may not have the right to control the preparation, filing, prosecution, maintenance, enforcement, and defense of patents and patent applications covering the drug candidates that we in-license from third parties. We also have not had and do not have primary control over these activities for certain of our patents or patent applications and other intellectual property rights that we jointly own with certain of our licensors. Therefore, we cannot be certain that these patents and patent applications will be prepared, filed, prosecuted, maintained, enforced, and defended in a manner consistent with the best interests of our business. If our current or future licensors or collaboration partners fail to prosecute, maintain (including by failing to pay the relevant fees), enforce, and defend patents licensed to us that are material to our business, the exclusivity associated with the relevant drug candidate may be reduced or eliminated, and as a result, our ability to prevent competitors from developing or commercializing the same drug candidates could be adversely affected. In addition, even if we have the right to control patent prosecution and maintenance of patents and patent applications licensed to us, we may still be adversely affected or prejudiced by actions or inactions of our licensors, the inventors, third-party collaborators, and their respective counsel that took place either before or after the date upon which we assumed that control.

Pursuant to the terms of our license agreements, the licensors may have the right to control enforcement of our in-licensed patents or defense of any claims asserting the invalidity or unenforceability of these patents. Even if we are permitted to enforce or defend these patents, this will require the cooperation of our licensors and any other relevant patent owners, and we cannot be certain that such cooperation will be provided to us. We also cannot be certain that our licensors will allocate sufficient resources or prioritize their enforcement of such patents or defense of such claims to protect our interests. An adverse outcome in any of these matters, regardless of whether we are a party or otherwise participating, could significantly harm our business if we are relying on the patents for exclusivity or material technology or we are subject to damages or other restrictions on our business activities.

***The in-licensed patent rights may be encumbered.***

Our licensors may have relied on third party consultants or collaborators or on funds, resources, or expertise from third parties such that our licensors are not the sole and exclusive owners of the patents we in-license. If other third parties have ownership rights to our in-licensed patents, they may be able to license such patents to our competitors, and our competitors could market equivalent or substantially equivalent drug candidates and technologies. In addition, if our licensors have not obtained adequate rights and licenses from these third parties, we may need to obtain additional rights from these third parties or we could be prevented from developing and commercializing the related drug candidates or face competition.

***If we fail to comply with our obligations in the licensing agreements or experience disruptions to our business relationships with our licensors, we could lose license rights or be required to pay monetary damages.***

We are required to make various payments to our licensors in exchange for in-licensing of certain drug candidates, including upfront payments, milestone payments, tiered royalties based on commercial sales and other payments. Our license and intellectual property-related agreements also require us to comply with other obligations, such as to use commercially reasonable efforts in developing and commercializing the drug candidates, provide certain information regarding our activities and maintain the confidentiality of

information we receive from our licensors. In certain of our license agreements, we also are required to achieve certain developmental and commercial milestones by specific deadlines. We cannot be certain that we will be able to fulfill all such obligations. In particular, some of the milestone payments that we are obligated to pay under these agreements are payable upon our drug candidates reaching development milestones before we have commercialized or received any revenue from sales of such drug candidate, and we cannot guarantee that we will have sufficient resources to make such milestone payments.

In addition, drug development is an uncertain process and even if we have such resources, we cannot be certain that such milestones will be met within the timeline required by our license agreements. If we fail to comply with our obligations under our current or future license agreements, our counterparties may have the right to terminate these agreements and, upon the effective date of such termination, may have the right to terminate our exclusive rights or all of our rights and acquire rights to certain of our intellectual property. If any of our licensors terminate any license we rely upon, we might not be able to develop, manufacture, or market any drug candidate related to the intellectual property licensed under these agreements and we may face other additional penalties. In such case, we may have to negotiate new agreements or terms with less favorable terms to us, if we are able to do so at all. We may also face claims for monetary damages or other penalties. While we would expect to exercise all rights and remedies available to us, including seeking to cure any breach we commit if permitted, and otherwise seek to preserve our rights under the intellectual property rights licensed and sublicensed to us, we may not be able to do so in a timely manner, at an acceptable cost or at all.

***Disputes may arise from the license agreements between us and our collaborating parties, which may have negative impacts on the scope of our rights.***

The license agreements under which we in-license intellectual property or technology from third parties are complex, and disputes may arise regarding these agreements, including:

- the scope of rights granted under the license agreement;
- the extent to which the conduct of our business, including any relevant technology and processes, infringe, misappropriate, or otherwise violate intellectual property of the licensor that is not subject to the license agreement;
- the sublicensing of patent and other rights under the license agreement;
- our diligence obligations under the license agreement and what activities satisfy those diligence obligations;
- the inventorship and ownership of inventions and know-how resulting from the joint creation or use of intellectual property by us, our partners, and our licensors; and
- the priority right of the patents or patent applications of inventions.

The resolution of any dispute could narrow what we understand to be the scope of our rights to the relevant intellectual property or technology, or increase what we understand to be our financial or other obligations under the relevant license agreement. Moreover, if disputes over intellectual property that we have in-licensed prevent or impair our ability to use the intellectual property or otherwise maintain our current licensing arrangements on commercially acceptable terms, we may not be able to successfully develop and commercialize the affected drug candidates.

***We may face significant competition and fail to establish a partnership with a third party.***

We may face significant competition from other pharmaceutical or biotechnology companies, even ones with greater resources or capabilities than us, in seeking appropriate strategic partners. Moreover, we may fail to establish a strategic partnership or other alternative arrangements with a third party especially when the drug candidate is in the early developmental stage, due to the fact that the third party may believe our drug candidates lacking potentials to commercial viability.

***We may lose our relationships with CROs and they may not successfully carry out their contractual duties.***

We have relied on and plan to continue to rely on third-party CROs to generate, monitor, and manage data for certain of our ongoing clinical programs. We also expect to rely on third parties to assist in conducting

certain preclinical studies that we may carry out in the future. Our CROs have the right to terminate their agreements with us in the event of an unrectified material breach. If any of our relationships with our third-party CROs is terminated, we may not be able to enter into arrangements with alternative qualified CROs or do so on commercially reasonable terms; or meet our desired clinical development timelines. There is a natural transition period when a new CRO commences work, and the new CRO may not provide the same type or level of services as the original provider, and as a result, we cannot assure you that data from our clinical trials may not be compromised. There is also a need for relevant technology to be transferred to the new CRO, which may take time and further delay our development timelines.

Furthermore, except for remedies available to us under our agreements with our CROs, we cannot control whether or not our CROs devote sufficient time and resources to our ongoing clinical, nonclinical, and preclinical programs. If our CROs fail to successfully carry out their contractual duties or obligations or meet expected deadlines, or if the accuracy of the clinical data obtained by CROs is compromised due to their failure to adhere to our clinical protocols, regulatory requirements, or for other reasons, our clinical trials may be extended, delayed, or terminated and we may not be able to obtain regulatory approvals for or successfully commercialize our drug candidates.

***If CROs fail to comply with applicable protocol, laws, regulations, or scientific standards, our clinical development plan can be delayed.***

As we rely on CROs for the execution of certain of our clinical trials, we control only certain aspects of their activities. Nevertheless, we are responsible for ensuring that each of the studies sponsored by us is conducted in accordance with the applicable protocol, legal, and regulatory requirements and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities.

We, our CROs for our clinical programs and our clinical investigators are required to comply with good clinical practice, or GCP, and other regulatory regulations and guidelines enforced by the FDA and other comparable regulatory authorities for all of our drug candidates in clinical development. Regulatory authorities enforce these GCP or other regulatory requirements through periodic inspections of trial sponsors, investigators, and trial sites. If we or any of our CROs or clinical investigators fail to comply with applicable GCP or other regulatory requirements, the relevant clinical data generated in our clinical trials may be deemed unreliable and the FDA and other comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. There can be no assurance that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials complies with GCP requirements. In addition, our clinical trials must be conducted with drug candidates produced under GMP requirements. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

***There may be information disclosure risks associated with using CROs.***

The use of CROs requires us to disclose proprietary information to these third parties, which could increase the risk that such information will be misappropriated or disclosed. We currently have a small number of employees, which limits our ability to identify and monitor the activities of CROs. To the extent we are unable to identify and successfully manage the performance of CROs in the future, our business may be adversely affected.

***Our success depends upon our and our business partners' ability to obtain and maintain intellectual property protection for our drug candidates and technologies.***

We have and will apply for our own patents with claims covering our technologies, processes, and drug candidates. Additionally, we have also licensed patent rights from third parties for some of our pipeline products, including AN2025 from Novartis and AN0025 from Eisai. There can be no assurance that each patent eligible subject matter has been or will be applied for patent protection, the claims of any existing or future patent application that we or our partners file will be issued as a patent, or that the protection scope of a patent will be broad enough to exclude others from making, using, or selling our existing or future drug candidates or drugs similar or identical to those drug candidates. There is also no guarantee that the patent protection scope of a subject matter will be the same in all jurisdictions where patent applications have been filed. We also rely on trade secrets to protect aspects of our business, especially where we or our partners do

not believe patent protection is appropriate or feasible. However, trade secrets are difficult to protect and even with trade secret protection, companies may be able to independently develop equivalent knowledge, methods, and know-how. As a result, in countries where we or our partners have not sought and do not seek patent protection, third parties may be able to manufacture and sell products we commercialize in the future without our permission, and we may not be able to stop them from doing so, even if our products are protected by trade secrets.

The patent portfolio to which we have rights may not provide us with sufficient rights to exclude others from commercializing drug candidates similar or identical to ours. With respect to issued patents in certain jurisdictions, we or our partners may be entitled to obtain a patent term extension to extend the patent expiration date provided we or our partners meet the applicable requirements for obtaining such patent term extensions. For example, patents protecting core matters of AN2025 and AN0025 will expire in 2027 and 2031 respectively. Our partners may be entitled to extend the term of those patents in jurisdictions where patent term extension is adopted, including U.S., EU, China, and Japan. However, the applicable authorities may not agree with our assessment of whether such extensions are available, and may refuse to grant extensions to our patents, or may grant more limited extensions than we request. In addition, we or our partners may not be granted an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to the expiration of relevant patents or otherwise failing to satisfy applicable requirements. If this occurs, any period during which we have the right to exclusively market our drug candidates will be shorter than we would otherwise expect. As such, the patent terms of AN2025 and AN0025 may not be successfully extended to 2032 and 2036 respectively, or at all.

***We may face competition from generic or biosimilar manufacturers after the patent protection is no longer valid.***

Even if patent protection for our approved drug candidates is successfully obtained, we may face competition from generic or biosimilar medications once the patent has expired. Manufacturers of generic or biosimilar drugs may also challenge the scope, validity, or enforceability of the patents to which we have right in court or before a patent office, and we may not be successful in enforcing or defending those intellectual property rights and, as a result, may not be able to develop or market the relevant product exclusively. The applied and issued patents of our licensing partners for our drug candidates are expected to expire on various dates as described in paragraphs headed “Business — Intellectual Property” in this prospectus. Upon the expiration or invalidation of these and our future applied and issued patents, we will not be able to assert such patent rights against potential competitors.

***We may face risks related to compulsory licensing***

Many jurisdictions have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many jurisdictions limit the enforceability of patents against government agencies or government contractors. In these jurisdictions, the patent owner may have limited remedies, which could materially diminish the value of such patents. If we or any of our licensors, licensees or collaborators are forced to grant a license to third parties with respect to any patents relevant to our business, our competitive position may be materially impaired.

***Our owned and in-licensed patents and patent applications may be subject to priority disputes, inventorship disputes, and similar proceedings.***

While we are not currently aware of any pending challenges, we or our licensing partners may be subject to claims brought by former employees, collaborators, or other third parties who have an interest in our owned or in-licensed patents or other intellectual property or become involved in opposition, revocation, post-grant, and *inter partes* review, or interference proceedings challenging our patent rights or the patent rights of others. If we or our licensing partners are unsuccessful in any interference proceedings or other priority or validity disputes to which our owned or the in-licensed intellectual properties are subject, we may lose valuable intellectual property rights through the loss of one or more patents or our patent claims may be narrowed, invalidated, or held unenforceable. Particularly, if we or our licensing partners are unsuccessful in any inventorship disputes to which we or they are subject, we may lose valuable intellectual property rights, such as exclusive ownership.

Any such event may require us to obtain and maintain licenses from third parties, including parties involved in such proceedings or disputes. Those licenses may not be available to us on commercially reasonable terms or at all, or may be non-exclusive. If we are unable to obtain and maintain such licenses, we may need to cease the development, manufacture, and commercialization of one or more of our drug candidates. The loss of exclusivity or the narrowing of our or our licensing partners' patent claims could limit our ability to stop others from using or commercializing similar or identical drug products. Even if we are successful in an interference proceeding or other similar priority or inventorship disputes, it could result in substantial costs and be a distraction to our management and other employees.

***We may face future patent claims or alike against our drug candidates or the exploitation of our products.***

Our commercial success depends in significant part upon our ability to develop, manufacture, market, and sell our drug candidates without infringing, misappropriating, or otherwise violating the intellectual property rights of third parties. There is no assurance that our drug candidates or the sale or use of our future products do not and will not in the future infringe third-party patents or other intellectual property rights. Numerous issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are developing drug candidates. The risk increases as patent offices issue more patents to third parties or accept and examine more patent applications filed by them.

Third parties may also allege that we misappropriated their trade secrets, or that we are otherwise violating their intellectual property rights, whether with respect to the manner in which we have conducted our research or development, or with respect to the sale, use or manufacture of the compounds we have developed, in-licensed, or are developing. Such third parties might resort to litigation against us or our licensors or other parties we have agreed to indemnify based on either existing intellectual property or intellectual property that arises in the future.

***We may fail to identify potential intellectual property related risks and take precautions.***

It may be possible that we or our licensors failed to identify, or may in the future fail to identify, relevant patents or patent applications held by third parties with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our drug candidates. Because patent applications can take many years to issue, there may be pending patent applications that we are not aware of and which may later result in issued patents that our drug candidates may infringe. In addition, third parties may obtain patents in the future and claim that development or commercialization of our drug candidates infringes upon these patents. We or our licensors also may incorrectly conclude that third party patents are invalid or that our activities do not infringe, misappropriate, or otherwise violate a third party's intellectual property.

If a competent court holds that our drug candidates, their manufacturing process, or any intermediate products during the manufacturing process falls into the protection scope of a patent owned by a third party, the patent holder may be able to prevent us from manufacturing such drug candidate unless we obtain a license under the applicable patents, design around the patent, or until such patents expire or they are held invalid or unenforceable. Similarly, if a competent court holds that our formulations, processes for manufacture or methods of use, including combination therapy or patient selection methods fall within the protection scope of a patent owned by a third party, the patent holder may be able to block the development and commercialization of the applicable drug candidate unless we obtain a license, limit our uses, design around the patent, or until such patent expires or is held invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms or at all. Even if we were able to obtain a license, the rights may be nonexclusive, which could result in our competitors gaining access to the same intellectual property.

***If we were found liable for intellectual property infringement or misappropriation, we may be obligated to pay substantial damages.***

In the event of a successful claim of infringement or misappropriation against us, we may have to pay substantial damages, including, in the U.S., triple damages, and attorneys' fees in the case of willful infringement, obtain one or more licenses from third parties, pay royalties or redesign our infringing drug candidates, which may be impossible or require substantial time and monetary expenditure. Third parties who



bring successful claims against us for infringement of their intellectual property rights may obtain injunctive or other equitable relief, which could prevent us from developing and commercializing one or more of our drug candidates.

Defending against claims of patent infringement, misappropriation of trade secrets or other violations of intellectual property rights, regardless of merit, would involve substantial expense and be time-consuming, regardless of the outcome, and our adversaries may have the ability to dedicate substantially greater resources to prosecuting these legal actions than we can. Thus, even if we were to ultimately prevail, or to settle at an early stage, such litigation could burden us with substantial unanticipated adverse impacts on our business. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Claims that we misappropriated the confidential information or trade secrets of third parties could have a similar material adverse effect.

***We may face legal proceedings or disputes before regulatory authorities related to our patents and other intellectual property, which can be unpredictable, expensive and time-consuming.***

Notwithstanding measures we or our licensors may take, now or in the future, to obtain and maintain patent and other intellectual property rights with respect to drug candidates we plan to develop, our intellectual property rights could be challenged or invalidated in courts or before regulatory authorities.

The outcome following legal assertions of invalidity and unenforceability during patent litigation is unpredictable. An adverse result in any litigation proceeding could put one or more of our patents at risk of being invalidated or otherwise interpreted narrowly. Such proceedings could result in revocation of or amendment to our patents in such a way that they no longer adequately cover and protect our drug candidates. Even if a defendant does not prevail on a legal assertion of invalidity and/or unenforceability, our patent claims may be construed in a manner that would limit our or our licensor's ability to enforce such claims against the defendant and others. Additionally, during an intellectual property litigation, there will be substantial amount of discovery required in connection with the litigation. As a result, there is a risk that some of our confidential information could be compromised by disclosure.

Litigation and other proceedings in connection with any of the foregoing claims can be expensive and time-consuming and, even if resolved in our favor, may cause us to incur significant expenses and could distract management and our scientific and technical personnel from their normal responsibilities. Many of our current and potential competitors have the ability to dedicate substantially greater resources to enforce and defend their intellectual property rights than we can. Thus, we or our licensors may not have sufficient funds to defend against any such claims or may otherwise decide not to defend them for commercial or other reasons. Moreover, the damages or other remedies awarded, if any, may not be commercially meaningful.

***Even if we obtain patent protection, a competent court may nevertheless find that a potentially infringing technology does not fall within protection scope of our patent protection scope.***

Even if we or our licensors obtain patent protections, a competent court may still find that an alleged infringing technology does not fall within the protection scope of our or our licensor's patent protection scope. The scope of a patent can be reinterpreted after its issuance and changes pursuant to either the patent laws or interpretation of the patent laws in the U.S. and other applicable jurisdictions. If the protection scope is interpreted narrowly, it may diminish the value of the patents we hold or in-license. Issuance is not conclusive as to its scope and any patents that we hold or in-license rights may be challenged by third parties in the courts or patent offices in the U.S., China, or other applicable jurisdictions. We cannot predict whether the claims of any issued patents will provide sufficient protection from competitors or other third parties. If a court determines that the actual protection scope of our or our licensor's patent is narrower than the scope based on its literal meaning, the court will hold that the alleged infringer does not infringe the patent at issue and will refuse to stop the alleged infringer from using the technology at issue on the grounds that our patents do not cover the technology in question.

***Our current or any future patent applications may not be successfully granted into patents, or if granted, the protection scope may not be broad enough to cover our technology.***

The patent positions of biotechnology and pharmaceutical companies, including our patent position, involve complex legal and factual questions. Therefore, the issuance of any patent applicants to which we have

rights or may obtain rights cannot be predicted with certainty. Our pending and future patent applications may not result in the issuance of patents at all. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other applicable jurisdictions are typically not published until 18 months after filing or in some cases, as in the U.S., until they are issued as a patent. Therefore, we cannot be certain that we or our current or future licensors, licensees, or collaborators were the first to make or file on the inventions claimed in our owned or licensed patents or pending patent applications. There is also no assurance that all of the potentially relevant prior art relating to the patents and patent applications covering our drug candidates has been identified and disclosed to the relevant patent office, during the prosecution of the related patent application, and such prior art could be used by a third party to prevent a patent from being issued from a pending patent application.

Even if our current or future licensors', licensees', or collaborators' patent applications are issued as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors, or other third parties from competing with us, or otherwise provide us with any competitive advantage. The coverage claimed in a patent application can be significantly reduced before the patent is issued. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will successfully result in the issuance of any patents sufficiently covering our technology in any particular jurisdiction.

***Intellectual property litigation may lead to unfavorable publicity which may harm our reputation.***

During the course of any intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings in the litigation. If securities analysts or investors regard any such announcements as negative, the perceived value of our drug candidates, future drugs, programs, or intellectual property could be diminished. Accordingly, the market price of the ADSs may decline. Such announcements could also harm our reputation or the market for our drug candidates, which could have a material adverse effect on our business. In addition, the uncertainties associated with litigation could have a material adverse effect on our ability to raise the funds necessary to conduct our clinical trials, in-license needed technology, or enter into strategic partnerships that would help us bring our drug candidates to market.

***Our patent protection could be reduced or eliminated if we or our licensors do not comply with patent administration authorities' relevant requirements.***

In several stages over the lifetime of a patent and patent application, periodic maintenance fees, renewal fees, annuity fees and various other governmental fees are due to be paid to the United States Patent and Trademark Office, or the USPTO, the China National Intellectual Property Administration, or the CNIPA, and other patent offices and agencies. The USPTO, the CNIPA and various comparable governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application and maintenance process. In certain circumstances, we may be required to rely on our licensors to take the necessary action to comply with these requirements with respect to patents or other intellectual property they have licensed to us. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance, which could include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction.

***Changes in patent law of the U.S., China, or other jurisdictions could diminish the value of our patents in general.***

Changes in either the patent laws or their interpretation in the U.S., China, or other applicable jurisdictions may increase the uncertainties and costs surrounding the prosecution of our patents, diminish our ability to protect our inventions, obtain, maintain, defend, and enforce our intellectual property rights, and more generally, affect the value of our intellectual property or narrow the scope of our patent rights.

Certain recently enacted U.S. laws have changed the procedures through which patents may be obtained and by which the validity of patents may be challenged. For example, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, includes a number of significant changes to U.S. patent law. Particularly, in March 2013, the U.S. changed from first to invent to first to file rule, meaning the applicant who files a patent

application first is entitled to the patent regardless of whether a third party was the first to invent the claimed invention. As such, the Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of patent applications in the U.S. and the enforcement or defense of patents issued to us or our licensors. Recent U.S. Supreme Court rulings have also changed the law surrounding patent eligibility and narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in certain situations. Furthermore, depending on decisions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future. Similar changes in the laws could happen in other applicable jurisdictions.

In China, intellectual property laws are constantly evolving and efforts have been made to improve intellectual property protection. For example, on October 17, 2020, the Standing Committee of the National People's Congress of PRC promulgated the amended Patent Law of the PRC (2020 Revision), which took effect since June 1, 2021. It regulates a patent linkage for pharmaceutical patents and approves the patent term extension for eligible innovative pharmaceutical patents. However, it lacks an implementing rule for how to obtain and how to calculate patent term extension, and thus we may not be able to successfully secure sufficient patent term extensions or at all for our patents or patents we in-licensed. Also, if a third party obtains patent term extension for its patent and our drug candidates fall within the protection scope, we are required to delay commercialization for an extended period of time. Therefore, we cannot guarantee that these changes or any future changes to PRC intellectual property laws would not have a negative impact on our intellectual property protection.

***We may be unable to protect our trade secrets.***

In addition to patent rights, we currently rely on and plan to continue to rely on trade secrets and confidential information, including unpatented know-how, technology, and other proprietary information, to maintain our competitive position and to protect our drug candidates. We seek to protect trade secrets and confidential information, in part, by entering into non-disclosure and confidentiality agreements with parties that have access to them, such as our employees, our collaborators, sponsored researchers, contract manufacturers, consultants, advisers, and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. However, we may not be able to prevent the unauthorized disclosure or use of our trade secrets and confidential information by the parties to these agreements. Monitoring unauthorized uses and disclosures is difficult and we do not know whether the steps we have taken to protect our proprietary technologies will be effective. Any of the parties with whom we enter into confidentiality agreements may breach or violate the terms of any such agreements and may disclose our proprietary information, and we may not be able to obtain adequate remedies for any such breach or violation. As a result, we could lose our trade secrets and third parties could use our trade secrets to compete with our drug candidates and technology.

Additionally, we cannot guarantee that we have entered into such agreements with each party that may have or has had access to our trade secrets or proprietary technology and processes. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive, and time-consuming, and the outcome is likely to be unpredictable. In addition, if any trade secrets that we rely on were to be lawfully obtained or independently developed by a competitor or other third party, we may have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed. In addition, while we typically require our employees, consultants, and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Furthermore, the assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, each of which may result in claims by or against us related to the ownership of such intellectual property. Our partners who have granted rights to trade secrets or other confidential information also may not take all such precautions or may be exposed to other risk that could result in the loss of trade secrets or rights in confidential information that we rely upon.

***We may be subject to claims that we have wrongfully used or disclosed alleged trade secrets of others or claims asserting ownership of what we regard as our own or our partners' intellectual property.***

Some of our employees, consultants, and advisers, including our senior management, were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential

competitors. Some of these employees, consultants, and advisers, including members of our senior management, may have executed proprietary rights, non-disclosure, and non-competition agreements in connection with such previous employment. Although we try to ensure that they do not use the proprietary information or know-how of others in their work for us, we cannot be certain that we or our partners take enough precautions, and we may be subject to claims that we, our partners or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. We are not aware of any such disclosures, or threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future, there can be litigation where we need to defend against such claims. If we fail in defending any such claims, in addition to possibly paying monetary damages, we may lose valuable intellectual property rights, or be required to obtain licenses to such intellectual property rights, which may not be available on commercially reasonable terms or at all. In addition, we may lose personnel or even important ones as a result of such claims, and any such litigation or the threat thereof may adversely affect our ability to hire employees or contract with independent contractors. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

Moreover, individuals executing agreements with us may have pre-existing or competing obligations to a third party, such as an academic institution, and thus an agreement with us may be ineffective in perfecting ownership of inventions developed by that individual. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending any of the foregoing claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

***We may not be able to enjoy additional protection over drug-related patents in the U.S.***

In the U.S., the Federal Food Drug and Cosmetic Act, as amended by the law generally referred to as "Hatch-Waxman", provides the opportunity for limited patent term extension, which can compensate for patent term lost due to FDA's regulatory review. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of drug approval; only one patent may be extended and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. The application for the extension must be submitted prior to the expiration of the patent for which extension is sought. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the approvals. Even then, we may not be granted an extension because of, for example, failing to exercise due diligence during the testing phase or regulatory review process, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents, or otherwise failing to satisfy applicable requirements. Moreover, the applicable period or the scope of patent protection afforded could be less than we request. In addition, to the extent we wish to pursue patent term extension based on a patent that we in-license from a third party, we would need the cooperation of that third party. If we fail to obtain patent term extensions or if the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration.

Hatch-Waxman also has a process for patent linkage, pursuant to which the FDA will stay approval of certain follow-on applications during the pendency of litigation between the follow-on applicant and the patent holder or licensee, generally for a period of 30 months. Moreover, Hatch-Waxman provides for statutory exclusivities that can prevent submission or approval of certain follow-on marketing applications. For example, federal law provides a five-year period of exclusivity within the U.S. to the first applicant to obtain approval of a new chemical entity and three years of exclusivity protecting certain innovations to previously approved active ingredients where the applicant was required to conduct new clinical investigations to obtain approval for the modification. Similarly, the U.S. Orphan Drug Act provides seven years of market exclusivity for certain drugs to treat rare diseases, where the FDA designates the drug candidate as an orphan drug and the drug is approved for the designated orphan indication. However, we may not be able to enjoy those benefits if we fail to apply for them according to the FDA's relevant requirements.

***Our drugs may not share the same level of protection in China as in the U.S.***

The Patent Law of the PRC (2020 Revision) provides a patent linkage system, pursuant to which the patent holder or a party of interest can resolve potential patent infringement disputes before a follow-on drug

receives marketing approval. Depending on the outcome of the disputes, NMPA will decide whether to delay approval of such follow-on applications. There are certain implementation rules and interpretations for the patent linkage system, such as Measures for the Implementation of Early Resolution Mechanisms for Drug Patent Disputes (Trial) published by NMPA and the CNIPA and took effect from July 4, 2021, and Provisions on Several Issues Concerning the Application of Law in the Trial of Patent Civil Cases Involving Drug Marketing Review and Approval of Patent (Draft for Solicitation of Comments) published by Supreme People's Court on October 29, 2020. Currently, the patent linkage system has been established in China. However, the enforcement of laws and regulations to some extent remain uncertain in China. In addition, there is no currently effective law or regulation providing data exclusivity in China (referred to as regulatory data protection). Although Implementation Rules for Drug Regulatory Data Protection (Trial) (Draft for Solicitation of Comments) was published by NMPA on April 25, 2018), no updates or progress have been reported on this legislation. In view of the uncertainty of the newly established patent linkage system and also the lack of data protection, a lower-cost generic drug can emerge onto the market much more quickly than in the U.S.

***If our trademarks and trade names are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.***

The registered and unregistered trademarks or trade names that we own or in-license are valuable assets and may be challenged, infringed, circumvented, declared generic, lapsed, or determined to infringe on or dilutive of other marks. We may not be able to protect and maintain our rights to these trademarks and trade names, which may be necessary to build name recognition among potential collaborators or customers in our markets of interest. Sometimes, competitors may adopt trade names or trademarks similar to ours, thereby impeding our ability to build brand identity and possibly leading to market confusion. As of March 31, 2023, we had trademarks in the progress of registration and are subject to the risk of limited trademark protection. If we delay or fail to complete the registration of our trademarks, if third parties succeed in registering or developing common law rights in trademarks similar or identical to our trademarks and if we are not successful in challenging such rights, we may not be able to use these trademarks to develop brand recognition of our products. In addition, there could be potential trade name or trademark infringement claims brought by owners of other trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names against us. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively and our business may be adversely affected.

We may license our trademarks and trade names to third parties, such as distributors. Though these license agreements may provide guidelines for how our trademarks and trade names may be used, a breach of these agreements or misuse of our trademarks and tradenames by our licensees may jeopardize our rights in or diminish the goodwill associated with our trademarks and trade names. Our efforts to enforce or protect our proprietary rights related to trademarks, trade names, trade secrets, domain names, copyrights, or other intellectual property may be ineffective, incur substantial costs and divert our resources.

***FIRRMA may restrict our ability to acquire technologies and assets in the U.S. that are material to our commercial success.***

Legislation that the U.S. Congress has passed is likely to expand the jurisdiction and powers of the Committee on Foreign Investment in the U.S., or the CFIUS, the U.S. interagency committee that conducts national security reviews of foreign investment. President Trump signed the Foreign Investment Risk Review Modernization Act or FIRRMA in August 2018. Pursuant to the FIRRMA, investments in companies that deal in "critical technology" are subject to filing requirements and, in some instances, review and approval by the CFIUS. The term "critical technology" includes, among others, technology subject to U.S. export controls and certain "emerging and foundational technology," a term that is still being defined but is expected to include a range of U.S. biotechnology. If an investment by a foreign entity in a U.S. business dealing in "critical technology" meets certain thresholds, a filing with the CFIUS is mandatory. While the FIRRMA currently grants CFIUS jurisdiction on only controlling and certain non-controlling investments made by foreign persons in U.S. businesses in research and development in biotechnology, the CFIUS's jurisdiction may be further expanded in the future, which may place additional limitations on strategic collaborations with our

current or future U.S. partners, which could detrimentally affect our capacity to acquire foreign assets in the U.S. that may be material to our commercial success.

***Intellectual property rights do not necessarily address all potential threats.***

Intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. Thus, the degree of future protection afforded by our intellectual property rights is uncertain. The following examples are illustrative:

- others may be able to make products that are similar to any drug candidates we may develop or utilize similar technology that are not covered by the claims of the patents that we own or in-license now or in the future;
- we or any of our licensors might not have been the first to make the inventions covered by the issued patents or pending patent applications that we own or exclusively in-license, which could result in the patents applied for not being issued or being invalidated after issuing;
- we or any of our licensors might not have been the first to file patent applications covering certain of our or their inventions;
- pending patent applications may not lead to issued patents;
- we may obtain or in-license patents for certain compounds many years before we receive NDA approval for drugs containing such compounds, and because patents have a limited life, which may begin to run prior to the commercial sale of the related drugs, the commercial value of our patents may be limited;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing, misappropriating, or otherwise violating our intellectual property rights;
- patents that may be issued from our pending patent applications may be held invalid or unenforceable, including as a result of legal challenges by our competitors;
- our competitors might conduct research and development activities in countries where we do not have rights to patents and then use the information learned from such activities to develop competitive products for commercialization in our major markets;
- we may fail to develop or acquire rights to additional proprietary technologies that are patentable;
- we may fail to apply for or obtain adequate intellectual property protection in all the jurisdictions in which we operate;
- third parties may gain unauthorized access to our intellectual property due to potential lapses in our information systems;
- the patents of others may materially and adversely affect our business, for example by preventing us from commercializing one or more of our drug candidates for one or more indications; and
- we may choose not to file a patent for certain trade secrets or know-how, and a third party may subsequently file a patent covering such intellectual property.

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

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

As there are many potential drug candidates to choose from, our research programs to identify drug candidates that we may wish to in-license require substantial technical, financial, and human resources. We may focus our efforts and resources on research programs or drug candidates that ultimately prove to be unsuccessful. Moreover, because we have limited financial and managerial resources, we focus on clinical development programs and drug candidates for specific indications. As a result, we may forego or delay pursuit

of opportunities with other drug candidates or for other indications that later prove to have greater commercial potential or a greater likelihood of success. Our resource allocation decisions may result in failure to capitalize on viable commercial products or profitable market opportunities, which could materially and adversely affect our future growth and prospects.

***We may not be able to identify, discover, or in-license new drug candidates.***

Although a substantial amount of our effort will focus on the continued clinical testing, potential approval, and commercialization of our existing drug candidates, the success of our business depends in part upon our ability to identify, license in, discover, develop, or commercialize additional drug candidates. Our research programs or licensing efforts may fail to identify, discover or in-license new drug candidates for clinical development and commercialization for a number of reasons, including, without limitation, the following:

- our research or business development methodology or search criteria and process may be unsuccessful in identifying potential drug candidates;
- our potential drug candidates may be shown to have harmful side effects or may have other characteristics that may make the drug candidates unmarketable or unlikely to receive marketing approval; and
- it may take greater human and financial resources to identify additional therapeutic opportunities for our drug candidates or to develop suitable potential drug candidates through internal research programs, thereby limiting our ability to diversify and expand our product portfolio.

***Certain of our drug candidates may be limited to those patients who are ineligible for or have failed prior treatments and the relevant market may be relatively small.***

Certain of our drug candidates are mainly targeted for treatment of patients who are ineligible for or have failed prior treatments. Our lead product buparlisib or AN2025 is used for treatment of recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy. Also, our product AN0025 is developed in combination with Keytruda or pembrolizumab for the treatment of NSCLC and bladder cancer after anti-PD-1/PD-L1 treatments and TNBC, MSS CRC, and cervical cancer after standard of care treatments. As such drug candidates are targeting late-line patients, the relevant market may be relatively small.

***We may encounter difficulties enrolling patients in our clinical trials.***

The timely completion of clinical trials in accordance with their protocols depends, among other things, on our ability to enroll a sufficient number of patients in the clinical trials. We may fail or experience significant delays to initiate or continue clinical trials for our drug candidates if we are unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA, NMPA, EMA, or similar regulatory authorities, or the patient enrolment is delayed. Even if we are able to enroll a sufficient number of patients in our clinical trials, delays in patient enrollment may result in increased costs or may affect the timing or outcome of the planned clinical trials.

Patient enrollment for our clinical trials may be affected by many factors. For example, some of our competitors have ongoing clinical trials for drug candidates that treat the same indications as our drug candidates, and patients who would otherwise be eligible for our clinical trials may instead enroll in the clinical trials of our competitors' drug candidates. Other factors include:

- severity of the disease under investigation;
- total size and nature of the relevant patient population;
- design and eligibility criteria for the clinical trial in question;
- perceived risks and benefits of the drug candidate under study;
- our resources to facilitate timely enrollment in clinical trials;
- the ability to obtain and maintain informed consents;

- the risk that enrolled patients will not complete a clinical trial;
- clinicians' and patients' perceptions as to the potential advantages and risks of the candidate being studied in relation to other available therapies, including any new products that may be approved for the indications we are investigating as well as any candidates under development;
- patient referral practices of physicians;
- our investigators' or clinical trial sites' efforts to screen and recruit eligible patients;
- proximity and availability of clinical trial sites for prospective patients; and
- epidemics.

The outbreak of epidemics and the resulting government actions may adversely impact our planned and ongoing clinical trials. Clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff, and patient enrollment may be delayed due to the prioritization of hospital resources towards combating the COVID-19 pandemic. For further details, see "Risk Factors — Risks related to our business — We may face force majeure risks, including the recent COVID-19 outbreak."

***AEs or undesirable side effects caused by our drug candidates could interrupt, delay, or halt clinical trials, delay or prevent regulatory approvals, limit the commercial profile of an approved label, or result in significant negative consequences following any regulatory approvals.***

As is the case with biopharmaceuticals generally, it is likely that there may be adverse side effects associated with pipeline products or our future drug candidates' use. Results of our clinical trials could reveal a high and unacceptable severity and prevalence of expected or unexpected side effects or unexpected characteristics. Undesirable side effects caused by our drug candidates when used alone or in combination with approved or investigational drugs could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label, or lead to the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities.

Drug-related AEs and SAEs have been reported in our clinical trials. See "Business — Our differentiated oncology portfolio." Undesirable AEs caused by our drug candidates, or caused by our drug candidates when used in combination with other drugs, could potentially cause significant negative consequences, including but not limited to:

- regulatory authorities could interrupt, delay or halt pending clinical trials;
- we may suspend, delay or alter development or marketing of our drug candidates;
- regulatory authorities may order us to cease further development of, or deny approval of, our drug candidates for any or all targeted indications if results of our trials reveal a high and unacceptable severity or prevalence of certain AEs;
- regulatory authorities may delay or deny approval of our drug candidates;
- regulatory authorities may withdraw approvals or revoke licenses of an approved drug candidate, or we may determine to do so even if not required;
- regulatory authorities may require additional warnings on the label of an approved drug candidate or impose other limitations on an approved drug candidate;
- we may be required to develop a risk evaluation mitigation strategy for the drug candidate, or, if one is already in place, to incorporate additional requirements under the risk evaluation mitigation strategy, or to develop a similar strategy as required by a comparable regulatory authority;
- we may be required to conduct post-market studies;
- we could be subject to litigation proceedings and held liable for harm caused to patients exposed to or taking our drug candidates may suffer from AEs related to the treatment and patients;
- the patient enrolment may be insufficient or slower than we anticipate or patients may drop out or fail to return for post-treatment follow-up at a higher rate than anticipated; and



- the costs of clinical trials of our drug candidates may be substantially higher than anticipated.

In addition, some of our drug candidates are still considered as emerging and relatively novel therapeutics for treating cancer. Their mechanisms of action are yet to be thoroughly understood, and side effects have been observed in clinical studies and reported by medical practitioners in connection with their usage in patients. For example, the FDA, NMPA, EMA, or other comparable authorities could order us to suspend or terminate our studies or to cease further development of or deny approval of our drug candidates. Any drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete trials or may result in potential product liability claims, which could prevent us from obtaining regulatory approvals or achieving or maintaining market acceptance of a particular drug candidate.

***Interim, “top-line” or preliminary data from our clinical trials that we announce or publish from time to time may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.***

From time to time, we may publicly disclose top-line or preliminary data from our preclinical studies and clinical trials, which is based on a preliminary analysis of then-available data, and the results and related findings and conclusions are subject to change following a more comprehensive review of the data related to the particular study or trial. We also make assumptions, estimations, calculations and conclusions as part of our analyses of data, and we may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the top-line or preliminary results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Top-line or preliminary data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, top-line or preliminary data should be viewed with caution until the final data are available.

From time to time, we may also disclose interim data from our preclinical studies and clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available or as patients from our clinical trials continue other treatments for their disease. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects. Disclosure of interim data by us or by our competitors could also result in volatility in the price of the ADSs after this offering.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimations, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of the particular program, the approvability or commercialization of the particular drug candidate or product and our stock. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and investors or others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure. If the interim, top-line, or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our drug candidates may be harmed, which could harm our business, operating results, prospects or financial condition.

***In conducting drug discovery, development, and commercialization, we face potential liabilities, in particular, product liability claims or lawsuits that could cause us to incur substantial liabilities.***

We face an inherent risk of product liability as a result of the clinical trials and any future commercialization of our drug candidates worldwide. For example, we may be sued if our drug candidates cause or are perceived to cause injury or are found to be otherwise unsuitable during clinical trials, manufacturing, marketing, or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the drug, negligence, strict liability, or a breach of warranties. Claims could also be asserted under applicable consumer protection laws. If we cannot successfully defend ourselves against or obtain indemnification from our collaborators for product liability claims, we may incur substantial liabilities or be required to limit commercialization of our drug

candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in significant negative consequences, including but not limited to:

- decreased demand for our drug candidates; injury to our reputation;
- withdrawal of clinical trial participants and inability to continue clinical trials;
- initiation of investigations by regulators;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- product recalls, withdrawals, or labeling, marketing, or promotional restrictions;
- loss of revenue;
- exhaustion of any available insurance and our capital resources; and
- the inability to commercialize any approved drug candidate.

To cover such liability claims arising from clinical studies, we have purchased clinical trial insurance in the conduct of our clinical trials. However, it is possible that our liabilities could exceed our insurance coverage or that our insurance will not cover all situations in which a claim against us could be made. We may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims are brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

***If a product fails to demonstrate safety and efficacy in one clinical trial, we may have to execute additional clinical trials or even terminate clinical trials of such drug candidate.***

During clinical trials, there can be numerous unexpected events that could cause one or more of our drug candidates to fail to demonstrate safety and efficacy in humans in accordance with our current clinical development plans, including but not limited to: clinical trials of our drug candidates may produce negative or inconclusive results, and additional clinical trials may be required. Examples include lack of clinical response or other unexpected characteristics, participants are being exposed to unacceptable health risks, and the cost of clinical trials of our drug candidates is greater than we anticipate. If any of these events occurs and a product fails a clinical trial, we cannot guarantee that we would be able to effectively develop alternative clinical plans in time or at all and we may have to terminate clinical trials of the drug candidate.

***We may in the future conduct additional clinical trials for our drug candidates outside the United States and/or China, and FDA, NMPA and similar foreign regulatory authorities may not accept data from such trials.***

We have conducted clinical trials for our drug candidates in France and China, and may in the future conduct clinical trials for our drug candidates outside the U.S., including in Europe, Australia, China or other foreign jurisdictions. The acceptance of trial data from clinical trials conducted outside the U.S. by the FDA may be subject to certain conditions. In cases where data from clinical trials conducted outside the U.S. are intended to serve as the sole basis for marketing approval in the U.S., the FDA will generally not approve the application on the basis of foreign data alone unless (i) the data are applicable to the U.S. population and U.S. medical practice; (ii) the trials were performed by clinical investigators of recognized competence; and (iii) the data may be considered valid without the need for an on-site inspection by the FDA or, if the FDA considers such an inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means. Otherwise, for studies that are conducted at sites outside of the U.S. and not subject to an IND and which are intended to support a marketing application (but which are not intended to serve as the sole basis for marketing approval), the FDA requires the clinical trial to have been conducted in accordance with GCP requirements and the FDA must be able to validate the data from the clinical trial through an onsite inspection if it deems such inspection necessary. Additionally, the FDA's clinical trial requirements, including sufficient size of patient populations and statistical powering, must be met. Many regulatory bodies, such as

NMPA, have similar approval requirements. In addition, such foreign trials would be subject to the applicable local laws of the foreign jurisdictions where the trials are conducted. There can be no assurance that the FDA, NMPA, or any similar foreign regulatory authority will accept data from trials conducted outside of the U.S. or the applicable jurisdiction. If the FDA, NMPA or any similar foreign regulatory authority does not accept such data, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of our business plan, and which may result in our drug candidates not receiving approval or clearance for commercialization in the applicable jurisdiction.

***We have relied and will continue to rely on third parties to manufacture our drug candidates in the foreseeable future.***

We currently work with qualified CMOs to manufacture drug candidates for preclinical and clinical supply. In the near future, we plan to continue outsourcing the manufacturing of our drug candidates, including commercial-scale manufacturing of our approved drugs, to CMOs/CDMOs globally and in China. The facilities used by third-party manufacturers to manufacture our drug candidates must be approved for such manufacture by the FDA and any comparable foreign regulatory authority pursuant to inspections that will be conducted after we submit an NDA to the FDA or any comparable submission to a foreign regulatory authority. We do not control the manufacturing process of, and are completely dependent on, third-party manufacturers for compliance with GMP requirements for manufacture of products. If these third-party manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or any comparable foreign regulatory authority, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of third-party manufacturers to maintain adequate quality control, quality assurance (“QA”) and qualified personnel. If the FDA or any comparable foreign regulatory authority does not approve these facilities for the manufacture of our drug candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for such drug candidates, if approved. Our failure, or the failure of our third-party manufacturers, to comply with applicable regulations could result in sanctions being imposed on us, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our products.

Our reliance on third-party CMOs exposes us to certain additional risks, such as:

- due to the limited number of qualified CMOs, we may not be able to locate a sufficient number of qualified CMOs at all times and on acceptable terms;
- substantial training is required for CMOs to manufacture a new drug candidate. We cannot ensure that the CMOs can acquire the technology and know-how in the manufacturing of our drug candidates in a timely manner, if at all;
- the CMOs may not always be able to fully perform our obligations, including timely manufacture and deliver our drug candidates in quantity and quality to meet our clinical and commercial needs;
- the CMOs are subject to ongoing periodic unannounced inspections by NMPA and other comparable regulatory authorities to ensure strict compliance with GMP and other government regulations and requirements. We have limited control over these matters for our CMOs and thus cannot assure you that our CMOs will comply with these regulations and requirements at all times;
- if the CMOs fail to properly obtain, protect, maintain, defend, or enforce our or our licensors’ intellectual property rights, or otherwise use our or our licensors’ intellectual property or proprietary information in a way that gives rise to actual or threatened litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential liability, our business may be materially harmed;
- we may not own, or may have to share, the intellectual property rights to any improvements made by the third-party manufacturers in the manufacturing process for our drug candidates; and
- products and components from our or our licensors’ overseas third-party manufacturers may be subject to additional customs and import charges, which may cause us to incur delays or additional costs as a result.

If the CMOs were to encounter any of these difficulties or fail to comply with their contractual obligations, our ability to supply our drug candidates in clinical trials and to deliver drugs for commercial sales in the future would be jeopardized.

***We may encounter problems in manufacturing our drug candidates or our future drug products through CMOs.***

The manufacturing of biopharmaceutical products is highly complex. We currently work with qualified CMOs to manufacture drug candidates for preclinical and clinical supply. In the near future, we plan to continue outsourcing the manufacturing of our drug candidates, including commercial-scale manufacturing of our approved drugs, to CMOs/CDMOs globally and in China. Problems may arise during the course of manufacturing for a variety of reasons, such as:

- equipment malfunction;
- failure to follow specific protocols and procedures;
- changes in product specification;
- low quality or insufficient supply of raw materials;
- delays in the construction of new facilities or the expansion of existing manufacturing facilities of third-party manufacturers as a result of changes in manufacturing production sites and limits to manufacturing capacity due to regulatory requirements;
- changes in the types of products produced;
- advances in manufacturing techniques;
- physical limitations that could inhibit continuous supply; and
- man-made or natural disasters and other environmental factors.

Products with quality issues may have to be discarded, resulting in product shortages or additional expenses. This could cause, among other things, increased costs, lost revenue, damage to customer relationships, time and expense spent investigating the cause and, depending on the cause, similar losses with respect to other batches or products. If problems are not discovered before the product is released to the market, recall and product liability costs may also be incurred.

***We may experience delay in clinical trials or commercialization due to manufacturing problems.***

Manufacturing methods and formulation are sometimes altered through the development of drug candidates from clinical trials to approval, and further to commercialization, in an effort to optimize manufacturing processes and results. Such alterations carry the risk that they will not achieve these intended objectives. Any of these alterations could cause the drug candidates to perform differently and affect the results of planned clinical trials or other future clinical trials conducted with the altered materials. This could delay the commercialization of drug candidates and require bridging studies or the repetition of one or more clinical trials, which may result in increases in clinical trial costs, delays in drug approvals and jeopardize our ability to commence product sales and generate revenue.

We may also encounter problems with achieving adequate or clinical-grade products that meet the FDA, NMPA, EMA, or other comparable regulatory authority standards or specifications, and maintaining consistent and acceptable production costs. In such events, we may be required to locate alternative suitable CMOs, and we cannot guarantee that we will be able to secure temporary, alternative manufacturers for our drug candidates with the terms, quality, and costs acceptable to us, or at all. It could delay our clinical trials and/or the availability of our future drug products for commercial sale.

***CMOs that we collaborate with now or in the future may fail to exercise effective quality control and quality assurance.***

The quality of our future drug products, including drug candidates manufactured for research and development purposes and, in the future, drugs manufactured for commercial use, depends in significant part on the effectiveness of the quality control and quality assurance, which in turn depends on factors such as the

production processes used in the manufacturing facilities, the quality and reliability of equipment used, the quality of the staff and related training programs of our cooperative CMOs. However, we cannot assure you that the employees of CMOs will always adhere to the quality control and QA protocol, and that such quality control and QA procedures will be effective in consistently preventing and resolving deviations from pre-agreed quality standards. Any significant failure or deterioration of the quality control and QA protocol could render our future drug products unsuitable for use, or not in compliance with the relevant requirements of the GMP and/or harm our market reputation and relationship with business partners.

***We may be unable to meet the increasing demand for our existing drug candidates and future drug products due to insufficient manufacturing or shipping capabilities.***

Manufacturers of pharmaceutical products often encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process, including the elimination of contamination. These problems include problems in logistics and shipping, difficulties in managing production costs and increasing yields, and potential issues related to quality control, including stability of the product, product testing, operator error, availability of qualified personnel and compliance with strictly-enforced regulations. For example, if contaminants are discovered in our supply of our drug candidates or in the manufacturing facilities of our contract manufacturers, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. If our contract manufacturers encounter unanticipated delays and expenses as a result of any of these difficulties, we may not be able to manufacture sufficient quantities of our drug candidates in the time frame we expect or at all.

To produce our drug candidates in the quantities that we understand to be required to meet anticipated market demand for our drug candidates, if approved, our contract manufacturers will need to significantly increase, or “scale up,” the production process over the initial level of production. If our contract manufacturers are unable to meet the quantity requirements, or if we cannot find a sufficient number of quality third-party suppliers, we may not be able to produce our approved drug candidates in a sufficient quantity to meet future demand.

***Our suppliers may fail to provide us with sufficient quantities of the raw materials or fail to do so at acceptable quality levels or prices.***

We currently rely on and expect to continue to rely on third parties to supply raw materials for us to manufacture the approved drugs in the future. However, raw materials and components used in the manufacturing process, particularly those for which we have no other source or supplier, may not be available or may not be suitable or acceptable for use due to material defects or prices. Such risks could delay or prevent R&D activities, result in higher costs, or adversely impact commercialization of our future approved drug candidates.

***Our drug candidates may fail to achieve the degree of market acceptance by physicians, patients, third-party payors, and others in the medical community.***

Our future approved drug candidates, if any, may fail to gain sufficient market acceptance by physicians, patients, third-party payors, and others in the medical community, who may prefer other drugs to ours. If our future approved drug candidates do not achieve an adequate level of acceptance, we may not generate significant revenue from sales of such drug candidates and may not become profitable.

The degree of market acceptance of our future approved drug candidates, if and when they are approved for commercial sale, will depend on a number of factors, including but not limited to:

- product labeling or package insert requirements of the FDA, NMPA, EMA or other comparable regulatory authorities, including the clinical indications for which our drug candidates are approved and limitations or warnings contained in the labeling;
- physicians, hospitals, cancer treatment and patients considering our drug candidates to be safe and effective;

- whether our drug candidates have achieved first-in-class or best-in-class status and the potential and perceived advantages of our drug candidates over alternative treatments;
- the prevalence and severity of any side effects;
- timing of the launch of our drug candidates as well as competitive drugs;
- cost of treatment in relation to alternative treatments;
- availability of adequate coverage and reimbursement under the National Reimbursement Drug List (the “NRDL”) and provincial reimbursement drug lists in China, or from third-party payors and government authorities in other applicable jurisdictions;
- willingness of patients to pay any out-of-pocket expenses in the absence of coverage and reimbursement by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared with alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts.

Even if our future approved drug candidates achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our drug candidates and render our drug candidates obsolete.

***We face intense competition and rapid technological change and the possibility that our competitors may develop therapies that are similar, more advanced, or more effective than ours.***

The biotechnology and pharmaceutical industries are subject to intense competition and rapid and significant technological change. We face competition with respect to our current drug candidates, and we will face competition with respect to any drug candidates that we may seek to develop or commercialize in the future. Our competitors include major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. We are developing our drug candidates in competition with a number of large biopharmaceutical companies that currently market and sell drugs or are pursuing the development of drugs for the same target indications as ours. Some of these competitive drugs and therapies are based on scientific approaches that are the same as or similar to our approach, and others are based on entirely different approaches. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection, and establish collaborative arrangements for research, development, manufacturing, and commercialization.

Many of our competitors have substantially greater financial, technical, and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Additional mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated in our competitors. As a result, these companies may obtain regulatory approvals from the FDA, NMPA, EMA or other comparable regulatory authorities more rapidly than we are able to and may be more effective in selling and marketing their products as well. For example, recently NMPA has accelerated market approval of drugs for diseases with high unmet medical needs, and may review and approve drugs that have gained regulatory market approval in the U.S., the European Union or Japan within the previous ten years without requiring further clinical trials in China. This may lead to increased competition from drugs which have already obtained approval in other jurisdictions.

Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring, or licensing products that are more effective or less costly than any future drug product that we may develop, or achieve earlier patent protection, regulatory approvals, product commercialization, and market penetration than we do. Additionally, technologies developed by our competitors may render our future drug products uneconomical or obsolete, and we may not be successful in marketing our future drug products against competitors.

***We have no experience in launching and marketing drug candidates. We may not be able to effectively build and manage our sales network, or benefit from third-party collaborators' sales network.***

We currently have no sales, marketing or commercial product distribution capabilities and have no experience in marketing drugs. We intend to develop an in-house marketing organization and sales force, which will require significant capital expenditures, management resources and time. We will have to compete with other biopharmaceutical companies to recruit, hire, train and retain marketing and sales personnel. If we are unable or decide not to establish internal sales, marketing and commercial distribution capabilities for any or all of the drugs we develop, we will likely pursue collaborative arrangements regarding the sales and marketing of our drugs. However, there can be no assurance that we will be able to establish or maintain such collaborative arrangements, or, if we are able to do so, that they will have effective sales forces. Any revenue we receive will depend on the efforts of such third parties, which may not be successful. We may have little or no control over the marketing and sales efforts of such third parties, and our revenue from product sales may be lower than if we had commercialized our drug candidates ourselves. We will also face competition in our search for third parties to assist us with the sales and marketing efforts of our drug candidates. There can be no assurance that we will be able to develop in-house sales and commercial distribution capabilities or establish or maintain relationships with third-party collaborators to successfully commercialize any product, and as a result, we may not be able to generate product sales revenue.

***Our future approved drug candidates may not receive reimbursement in the U.S., Europe, China, or other countries, and we may be subject to unfavorable pricing regulations.***

The regulations governing regulatory approvals, pricing and reimbursement for new therapeutic products vary widely from country to country. Some countries require approval of the sale price of a drug before it can be marketed. In many countries, the pricing review period begins after marketing or licensing approval is granted. In some non-U.S. markets, prescription pharmaceutical pricing remains subject to continuing governmental control even after initial approval is granted. As a result, we might obtain regulatory approvals for a drug in a particular country, but then be subject to price regulations that delay our commercial launch of the drug and reduce the revenues we are able to generate from the sale of the drug in that country.

Our ability to successfully commercialize any future approved drug candidates will depend in part on the extent to which reimbursement for such drug candidates and related treatments will be available from government health administration authorities, private health insurers and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide the medications they will pay for and establish reimbursement levels. If our future approved drug candidates failed to be included in the reimbursement programs or did not receive a favorable reimbursement level, our drug candidates may lose advantages in pricing compared to the competitor drugs.

Obtaining reimbursement for our future approved drug candidates may be particularly difficult because of the higher prices often associated with drugs administered under the supervision of a physician. If reimbursement is not available or is available only to limited levels, we may not be able to successfully commercialize any drug candidate that we in-license or successfully develop.

***Reimbursement of our future approved drug candidates may not be immediately available or may be limited in the U.S., Europe, China, or other countries.***

There may be significant delays in obtaining reimbursement for our future approved drug candidates, and coverage may be more limited than the approved indications. Inability to promptly obtain coverage and profitable payment rates from both government-funded and private payors for any future approved drug candidates could have a material adverse effect on our business, operating results, and financial condition. Moreover, eligibility for reimbursement does not imply that any drug will be paid for in all cases or at a rate that covers our costs, including research, development, manufacture, sale and distribution. Interim payments for new drugs, if applicable, may also not be sufficient to cover our costs and may not be made permanent.

***Our revenue may be negatively affected whether our future approved drug candidates are included in reimbursement programs or not.***

A primary trend in the global healthcare industry is cost containment. In recent years, government authorities and third-party payors, such as private health insurers and health maintenance organizations have

attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. As a result, our revenue may be negatively affected whether our future approved drug candidates are included in reimbursement programs or not.

For example, if the Ministry of Human Resources and Social Security of the People's Republic of China or any of its local counterparts accepted our application for the inclusion of our future approved drug candidates in the NRDL or the Provincial Reimbursement Drug List (the "PRDL"), our potential revenue from the sales of such drug candidates could decrease as a result of the significantly lowered prices we may be required to charge for the products to be included in the NRDL or the PRDL. If we failed in our efforts to have our future drug products included in the NRDL or the PRDL but were able to successfully launch commercial sales of our future approved drug candidates, our revenue from commercial sales would be highly dependent on patient self-payment, which can make our future approved drug candidates less competitive.

***Illegal and/or parallel imports and counterfeit biopharmaceutical products may reduce demand for our future approved drug candidates and could have a negative impact on our reputation and business.***

The illegal importation of competing products from countries where government price controls or other market dynamics result in lower prices may adversely affect the demand for our future approved drug candidates, which may adversely affect our sales and profitability in the U.S., China, and other applicable jurisdictions where we commercialize our future approved drug candidates. Unapproved foreign imports of prescription drugs are illegal under the current laws of the U.S., China, and other applicable jurisdictions. However, illegal imports occur and may continue to occur or even increase as the ability of patients and other customers to obtain these lower priced imports continues to grow. Furthermore, cross-border imports from lower-priced markets, known as parallel imports, into higher-priced markets could harm sales of our future drug products and exert commercial pressure on pricing within one or more markets.

Certain products distributed or sold in the pharmaceutical market may be manufactured without proper licenses or approvals, or be fraudulently mislabeled with respect to their content or manufacturers. These products are generally referred to as counterfeit pharmaceutical products. The counterfeit pharmaceutical product control and enforcement system, particularly in developing markets such as China, may be inadequate to discourage or eliminate the manufacturing and sale of counterfeit pharmaceutical products imitating our future drug products. Since counterfeit pharmaceutical products in many cases are very similar in appearance to the authentic pharmaceutical products but are generally sold at lower prices, counterfeits of our products could quickly erode the demand for our future approved drug candidates.

In addition, counterfeit pharmaceutical products are unlikely to meet our or our collaborators' rigorous manufacturing and testing standards. A patient who receives a counterfeit pharmaceutical product may be at risk for a number of dangerous health consequences. Our reputation and business could suffer as a result of counterfeit pharmaceutical products sold under our or our collaborators' brand name(s). In addition, thefts of improperly stored inventory at warehouses or plants or while in transit which are sold through unauthorized channels could also adversely impact patient safety, our reputation, and our business.

***All material aspects of the research, development, manufacturing, and commercialization of our drug candidates are heavily regulated.***

All jurisdictions in which we intend to conduct our pharmaceutical-industry activities regulate these activities in great depth and detail. We intend to conduct our activities spanning over 18 significant markets in North America, Europe, and Asia. These jurisdictions strictly regulate the pharmaceutical industry, and in doing so they employ broadly similar regulatory strategies, including regulation of product development and approval, manufacturing, and marketing, sales, and distribution of products. However, there are differences in the regulatory regimes that make for a more complex and costly regulatory compliance burden for a company like ours that plans to operate in these regions.

The process of obtaining regulatory approvals and compliance with appropriate laws and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable requirements at any time during the product development process and approval process, or after approval, may subject an applicant to administrative or judicial sanctions. These sanctions could include refusal to approve pending applications, withdrawal of an approval, revocation of a license, a hold on clinical trials,



voluntary or mandatory recalls of products, the seizure of products, total or partial suspension of production, or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement of profits, or other civil or criminal penalties.

***We are subject to stringent privacy laws, information security policies, and contractual obligations related to data privacy and security.***

We routinely receive, collect, generate, store, process, transmit, and maintain medical data treatment records and other personal details of subjects enrolled in our clinical trials, along with other personal or sensitive information. As such, we are subject to the relevant local, state, national, and international data protection and privacy laws, directives, regulations, and standards that apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data in the various jurisdictions in which we operate and conduct our clinical trials, as well as contractual obligations. These data protection and privacy law regimes continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement and sanctions and increased costs of compliance. Failure to comply with any of these laws could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by customers, and other affected individuals, damage to our reputation and loss of goodwill.

Such data protection and privacy laws and regulations generally require clinical trial sponsors and operators and their personnel to protect the privacy of their enrolled subjects and prohibit unauthorized disclosure of personal information. If such institutions or personnel divulge the patients' private or medical records without their consent, they will be held liable for damage caused thereby. We have taken measures to maintain the confidentiality of the medical records and personal data of patients enrolled in our clinical trials we collected, including encrypting such information in our information technology system so that it cannot be viewed without proper authorization, and setting internal rules requiring our employees to maintain the confidentiality of our patients' medical records. However, these measures may not be always effective. For example, our information technology systems could be breached through hacking activities, and personal information could be leaked due to theft or misuse of personal information arising from misconduct or negligence. In addition, our clinical trials frequently also involve professionals from third party institutions working on-site with our staff and enrolled subjects. We cannot ensure that such persons will always comply with our data privacy measures. Furthermore, any change in such laws and regulations could affect our ability to use medical data and subject us to liability for the use of such data for previously permitted purposes.

***The regulatory approval processes of the FDA and other comparable regulatory authorities are uncertain and time-consuming and may evolve over time.***

The time required to obtain the approval from the FDA, NMPA, EMA, and other comparable regulatory authorities is inherently uncertain and depends on numerous factors, including the substantial discretion of the regulatory authorities. Generally, such approvals take many years to obtain following the commencement of preclinical studies and clinical trials. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approval may change during the course of a drug candidate's clinical development and may vary among jurisdictions. We cannot guarantee that we will be able to obtain regulatory approvals for our existing drug candidates or any drug candidates we may discover, in-license, or acquire and seek to develop in the future.

Our drug candidates could fail to receive the regulatory approvals from the FDA, NMPA, EMA, or a comparable regulatory authority for many reasons, including:

- disagreement with the design or implementation of our clinical trials;
- failure to demonstrate that a drug candidate is safe and effective for its proposed indication;
- failure of our clinical trial results to meet the level of statistical significance required for approval;
- failure of our clinical trial process to pass relevant GCP and inspections;
- failure to demonstrate that a drug candidate's clinical and other benefits outweigh its safety risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;

- insufficient data collected from the clinical trials of our drug candidates to support the submission and filing of a NDA, or other submissions or to obtain regulatory approvals;
- failure of our drug candidates to pass current GMP inspections during the regulatory review process or across the production cycle of our drug;
- failure of our clinical sites to pass audits carried out by the FDA, NMPA, EMA, or comparable regulatory authorities, resulting in a potential invalidation of our research data;
- findings by the FDA, NMPA, EMA, or comparable regulatory authorities of deficiencies related to the manufacturing processes or the facilities of third-party manufacturers with whom we contract for clinical and commercial supplies;
- changes in approval policies or regulations that render our preclinical and clinical data insufficient for approval; and
- failure of our clinical trial process to keep up with any scientific or technological advancements required by approval policies or regulations.

The FDA, NMPA, EMA, or a comparable regulatory authority may require more information, including additional preclinical, clinical, or chemistry, manufacturing, and control data, to support approval, which may delay or prevent approval and our commercialization plans. Based on the feedback we received from the FDA, we are able to submit ORR data from the Phase III interim analysis for the potential accelerated approval of AN2025 in combination with paclitaxel for the treatment of recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy. However, if the FDA believes that ORR is not good enough to support approval, we will need to wait to obtain and submit OS, which may at least cause delays in receiving the marketing approval. Even if we were to obtain approval, regulatory authorities may approve any of our drug candidates for fewer or more limited indications than we request, grant approval contingent on the performance of costly post-marketing clinical trials, or approve a drug candidate with an indication that is not desirable for the successful commercialization of that drug candidate.

***Disruptions at the FDA and other government agencies caused by funding shortages or global health concerns could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified drugs from being developed, approved or commercialized in a timely manner or at all.***

The ability of the FDA to review and approve new products can be affected by a variety of factors, including government budget and funding levels. Statutory, regulatory, and policy changes, the FDA's ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's ability to perform routine functions. Average review times at the FDA have fluctuated in recent years as a result. In addition, government funding of other government agencies that fund research and development activities is subject to the political process, which is inherently fluid and unpredictable. Disruptions at the FDA and other agencies may also slow the time necessary for new biologics or modifications to licensed biologics to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, over the last several years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities.

Separately, in response to the Covid-19 pandemic, in March, 2020, the FDA postponed most inspections of foreign and domestic manufacturing facilities. Subsequently, on July 10, 2020, the FDA resumed certain on-site inspections of domestic manufacturing facilities subject to a risk-based prioritization system. The FDA utilized this risk-based assessment system to identify the categories of regulatory activity that can occur within a given geographic area, ranging from mission critical inspections to resumption of all regulatory activities. In July 2021, the FDA resumed standard inspectional operations of domestic facilities. Since that time, the FDA has continued to monitor and implement changes to its inspectional activities to ensure the safety of its employees and those of the firms it regulates as it adapts to the evolving COVID-19 pandemic. Regulatory authorities outside the U.S. may adopt similar restrictions or other policy measures in response to the Covid-19 pandemic. If a prolonged government shutdown occurs, or if global health concerns continue to prevent the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other regulatory activities, it could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions.

***We may attempt to secure approval from the FDA or comparable foreign regulatory authorities through the use of accelerated approval pathways. If we are unable to obtain such approval, we may be required to conduct additional preclinical studies or clinical trials beyond those that we contemplate, which could increase the expense of obtaining, and delay the receipt of, necessary marketing approvals. Even if we receive accelerated approval from the FDA, if our confirmatory trials do not verify clinical benefit, or if we do not comply with rigorous post-marketing requirements, the FDA may seek to withdraw accelerated approval.***

We may in the future seek an accelerated approval for AN2025 in combination with paclitaxel for the treatment of recurrent or metastatic head and neck squamous cell carcinomas (“HNSCC”) after anti-PD1/PD-L1 therapy. Under the accelerated approval program, the FDA may grant accelerated approval to a drug candidate designed to treat a serious or life-threatening condition that provides meaningful therapeutic benefit over available therapies upon a determination that the drug candidate has an effect on a surrogate endpoint or intermediate clinical endpoint that is reasonably likely to predict clinical benefit. The FDA considers a clinical benefit to be a positive therapeutic effect that is clinically meaningful in the context of a given disease, such as irreversible morbidity or mortality. For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. An intermediate clinical endpoint is a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit. The accelerated approval pathway may be used in cases in which the advantage of a new drug over available therapy may not be a direct therapeutic advantage, but is a clinically important improvement from a patient and public health perspective. If granted, accelerated approval is usually contingent on the sponsor’s agreement to conduct, in a diligent manner, additional post-approval confirmatory studies to verify and describe the drug’s clinical benefit. If such post-approval studies fail to confirm the drug’s clinical benefit, the FDA may withdraw its approval of the drug.

Prior to seeking accelerated approval for any of our drug candidates, we intend to seek feedback from the FDA and will otherwise evaluate our ability to seek and receive accelerated approval. There can be no assurance that after our evaluation of the feedback and other factors we will decide to pursue or submit an IND or BLA for accelerated approval or any other form of expedited development, review or approval. Similarly, there can be no assurance that after subsequent FDA feedback we will continue to pursue or apply for accelerated approval or any other form of expedited development, review or approval, even if we initially decide to do so. Furthermore, if we decide to submit an application for accelerated approval or receive an expedited regulatory designation (e.g., breakthrough therapy designation) for our drug candidates, there can be no assurance that such submission or application will be accepted or that any expedited development, review or approval will be granted on a timely basis, or at all. The FDA or other comparable foreign regulatory authorities could also require us to conduct further studies prior to considering our application or granting approval of any type. A failure to obtain accelerated approval or any other form of expedited development, review or approval for our drug candidate would result in a longer time period to commercialization of such drug candidate, could increase the cost of development of such drug candidate and could harm our competitive position in the marketplace.

***A fast track designation by the FDA, even if granted for any of our drug candidates, may not lead to a faster development or regulatory review or approval process, and does not increase the likelihood that our drug candidates will receive marketing approval.***

We have received fast track designation for AN2025 the treatment of recurrent or metastatic HNSCC with disease progression on or after platinum-based therapy. We may seek additional designation for some or all of our other drug candidates. If a drug or biologic is intended for the treatment of a serious condition and demonstrates the potential to address unmet medical needs for this condition, the sponsor may apply for FDA fast track designation. The sponsor of a fast track drug candidate has opportunities for more frequent interactions with the applicable FDA review team during product development and, once a BLA or NDA is submitted, the application may be eligible for priority review. A fast track drug candidate may also be eligible for rolling review, where the FDA may consider for review sections of the BLA or NDA on a rolling basis before the complete application is submitted, if the sponsor provides a schedule for the submission of the sections of the BLA or NDA, the FDA agrees to accept sections of the BLA or NDA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the

BLA or NDA. The FDA has broad discretion on whether or not to grant this designation. Even if we believe a particular drug candidate is eligible for this designation, we cannot assure you that the FDA would decide to grant it. Even if we do receive fast track designation, we may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw fast track designation if it believes that statutory criteria for granting such designation are no longer met.

***If we are unable to obtain NMPA approval for our drug candidates to be eligible for an expedited registration pathway as innovative drug candidates, the time and cost we incur to obtain regulatory approvals may increase.***

NMPA has mechanisms in place for expedited review and approval for drug candidates that are innovative drug applications, provided such drug or drug candidate has a new and clearly defined structure, pharmacological property, and apparent clinical value and has not been marketed anywhere in the world. However, there is no assurance that an innovative drug designation will be granted by NMPA for any of our drug candidates. Moreover, an innovative drug designation, which is typically granted only towards the end of a drug's developmental stage, does not increase the likelihood that our drug candidates will receive regulatory approvals on a fast-track basis, or at all.

Further, there have been recent regulatory initiatives in China regarding clinical trial approvals, the evaluation and approval of certain drugs and medical devices and the simplification and acceleration of the clinical trial process. For further details, see "Regulation — PRC laws and regulations — PRC drug regulatory regime" in this prospectus.

The regulatory environment in China has substantially changed in recent years and may change further in the future in unpredictable ways. Any future policies, or changes to current policies, that NMPA approves might require us to change our planned clinical study design or otherwise spend additional resources and effort to obtain approval of our drug candidates. In addition, policy changes may contain significant limitations related to use restrictions for certain age groups, warnings, precautions, or contraindications, or may be subject to burdensome post-approval study or risk management requirements.

***Even if we receive regulatory approvals for our drug candidates, we will be subject to ongoing regulatory obligations and continued regulatory review.***

If the FDA, NMPA, EMA, or a comparable regulatory authority approves any of our drug candidates, the manufacturing processes, labeling, packaging, distribution, AE reporting, storage, advertising, promotion, and recordkeeping for the drug will be subject to extensive and ongoing regulatory requirements on pharmacovigilance. These requirements include submissions of safety and other post-marketing information and reports, registration, random quality control testing, adherence to any chemistry, manufacturing, and controls, specifications, continued compliance with current GMPs, and GCPs and potential post-approval studies for the purposes of license renewal. Any regulatory approvals that we receive for our drug candidates may also be subject to limitations on the approved indicated uses for which the drug may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies.

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

- restrictions on the marketing or manufacturing of the drug, withdrawal of the drug from the market, or voluntary or mandatory drug recalls;
- fines, warning letters, or holds on our clinical trials;
- refusal by the FDA, NMPA, EMA, or comparable regulatory authorities to approve pending applications or supplements to approved applications filed by us;
- suspension or revocation of existing drug license approvals;
- refusal by the FDA, NMPA, EMA, or comparable regulatory authorities to accept any of our other IND approvals or NDAs;

- drug seizure or detention, or refusal to permit the import or export of drugs; and
- injunctions or the imposition of civil, administrative, or criminal penalties.

Any government investigation of alleged violations of law could require us to spend significant time and resources and could generate negative publicity. Moreover, regulatory policies may change or additional government regulations may be enacted that could prevent, limit, or delay regulatory approvals of our drug candidates. If we are not able to maintain regulatory compliance, we may lose the regulatory approvals that we have already obtained and may not achieve or sustain profitability.

***Failure by us or other parties to obtain or renew certain approvals, licenses, permits, and certificates required for our business, or any failure to comply with applicable regulations and industry standards may materially and adversely affect our reputation, business, financial condition, and results of operations.***

Pursuant to the relevant laws, regulations, and relevant regulatory practice by governmental authority, we and/or other parties related to our operations, such as landlords or managers of premises on or local science parks in which we operate, are required to obtain and maintain various approvals, licenses, permits, and certificates (e.g., drainage permits) from relevant authorities to operate our business. Some of these approvals, permits, licenses and certificates are subject to periodic renewal and/or reassessment by the relevant authorities, and the standards of such renewal and/or reassessment may change from time to time. Any failure to obtain or renew any approvals, licenses, permits, and certificates necessary for our operations may result in enforcement actions thereunder, including orders issued by the relevant regulatory authorities causing operations to cease, and may include corrective measures requiring capital expenditure or remedial actions. There is also no assurance that the relevant authorities would not take any enforcement action against us.

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

***The FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses.***

If any of our drug candidates are approved and we are found to have improperly promoted off-label uses of those products, we may become subject to significant liability. The FDA, NMPA, EMA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products, such as our drug candidates, if approved. In particular, a product may not be promoted for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. If we receive marketing approval for any of our drug candidates, physicians may nevertheless prescribe it to their patients in a manner that is inconsistent with the approved label. If we are found to have promoted such off-label uses, we may become subject to significant liability. The U.S. federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees or permanent injunctions under which specified promotional conduct is changed or curtailed. If we cannot successfully manage the promotion of any of our drug candidates, if approved, we could become subject to significant liability, which would materially adversely affect our business and financial condition.

***Adverse drug reactions and negative results from off-label use of our products could materially and adversely affect our business reputation, product brand name, and financial condition and expose us to liability.***

Products distributed or sold in the pharmaceutical market may be subject to off-label drug use. Off-label drug use is prescribing a product for an indication, dosage or in a dosage form that is not in accordance with regulatory approved usage and labeling. Even though the FDA, NMPA, EMA, and other comparable regulatory authorities actively enforce the laws and regulations prohibiting the promotion of off-label use, there remains the risk that our product is subject to off-label drug use and is prescribed in a patient population, dosage or dosage form that has not been approved by competent authorities. This occurrence may render our

products less effective or entirely ineffective and may cause adverse drug reactions. These occurrences may also expose us to liability and cause, or lead to, a delay in the progress of our clinical trials and may also ultimately result in failure to obtain regulatory approvals for our drug candidates.

***If safety, efficacy, or other issues arise with any drug or medical product used in combination with or to facilitate the use of our drug candidates, we may be unable to market such drug candidate or may experience significant regulatory delays.***

Our strategy to develop combination therapies depends on the safety and efficacy of each component drug within each combination therapy. If the FDA, NMPA, EMA, or another comparable regulatory agency revokes or denies its approval of one component drug, in either the clinical design, clinical administration, therapy approval or commercialization stage, we will be forced to terminate or redesign the clinical trials for the combination therapy, and experience significant regulatory delays or stop our commercialization efforts. In addition, we may fail our commercialization effort because products that facilitate the use of our drug candidates incur safety, efficacy, or availability issues.

***We may be restricted from transferring our scientific data abroad.***

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

***We have a limited operating history, have incurred net losses and anticipate that we will continue to incur net losses for the foreseeable future. We may not be able to generate sufficient revenue to achieve or maintain profitability.***

Investment in the development of biopharmaceutical products is highly speculative as it entails substantial upfront capital expenditures and significant risks that a drug candidate may fail to demonstrate sufficient efficacy or safety to gain regulatory or marketing approvals or become commercially viable. Previously, we have financed our activities primarily through proceeds from private equity and debt financings. We have not generated any revenue from commercial product sales, and continue to incur significant upfront licensing fees, milestone payments, and other fees under existing in-license agreements, as well as research and development expenses and other expenses related to our ongoing operations. In addition, we issued a series of preferred shares to investors and recorded these financial instruments as financial liabilities at FVTPL. As a result, we are not profitable currently and have incurred net losses. Our net loss was US\$56.7 million, US\$58.8 million, and US\$15.0 million for the years ended December 31, 2021, 2022 and three months ended March 31, 2023, respectively. Substantially all of our net losses have resulted from costs incurred in connection with our research and development programs and from general and administrative costs associated with our operations.

We expect to continue to incur significant expenses and losses for the foreseeable future, and that these expenses and losses will increase as we carry out certain activities relating to our development, such as:

- acquiring or in-licensing other intellectual property, drug candidates, and technologies and payment of milestones and other fees under existing in-license agreements;
- conducting preclinical studies and clinical trials of our existing and new drug candidates;

- manufacturing clinical trial materials and commercial supplies through contract manufacturing organizations in and out of China; seeking regulatory approvals for our drug candidates;
- commercializing those of our drug candidates for which we have obtained marketing approval;
- hiring additional clinical, operational, financial, quality control, and scientific personnel;
- granting equity-settled awards to our employees under our share incentive schemes;
- obtaining, maintaining, expanding, and protecting our intellectual property portfolio; and
- creating additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts.

We expect that it could take multiple years to develop a new drug from discovery, clinical development to commercialization. During the process, we may encounter unforeseen expenses, difficulties, complications, delays, and other unknown factors that may adversely affect our business. The size of our future net losses will depend partially on the rate of the future growth of our expenses, our ability to generate revenues, and the timing and amount of milestone payments and other payments that we make to third parties. If any of our drug candidates fails during clinical trials or does not gain regulatory approvals, or, even if approved, fails to achieve market acceptance, our business may not become profitable.

***We may need to obtain additional financing to fund our drug development programs and commercialization efforts, which may not be available to us on acceptable terms, or at all.***

Our operations have consumed substantial amounts of cash. We recorded net cash outflow from operating activities of US\$3.0 million, US\$43.2 million and US\$10.0 million, for the years ended December 31, 2021, 2022, and three months ended March 31, 2023, respectively.

We believe our available financial resources, including cash and cash equivalents and the estimated net proceeds from this offering and the concurrent private placement will be sufficient to meet our anticipated cash needs for the next 12 months. We may, however, from time to time experience net cash outflows from our operating activities for the foreseeable future, and require additional cash resources to meet our continued operating cash requirements in the future. We expect our expenses to increase in connection with our ongoing activities, particularly as we advance the clinical development of our drug candidates, initiate additional clinical trials of these and other future drug candidates, and seek regulatory approvals for them.

In addition, if we obtain regulatory approvals for any of our drug candidates, we expect to incur significant commercialization expenses relating to product manufacturing, marketing, sales and distribution and post-approval commitments to continue monitoring the efficacy and safety data of those products we may have on the market. In particular, costs that may be required for the manufacture of any drug candidate that has received regulatory approvals may be substantial as we mainly rely on third party contract manufacturing organizations and/or our partners to manufacture such drug candidates. We may also incur expenses as we create additional infrastructure to support our operations as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations through public or private equity offerings, debt financing, collaborations or licensing arrangements or other sources. If we are unable to raise capital when needed or on acceptable terms, we could be forced to delay, limit, reduce or terminate our research and development programs or any future commercialization efforts.

***We had a working capital deficiency as of December 31, 2022 and March 31, 2023 as well as accumulated deficits as of December 31, 2021, 2022 and March 31, 2023.***

We cannot assure you that we will not experience working capital deficiencies or accumulated deficits in the future, which could expose us to liquidity risks. We had net current liabilities of US\$246.3 million as of December 31, 2022 and US\$259.8 million as of March 31, 2023. In addition, we had net liabilities of US\$185.4 million, US\$241.3 million and US\$254.9 million, as of December 31, 2021, 2022 and March 31, 2023, respectively. Our net current liabilities position and deficit position were in part due to the accounting treatment of our preferred shares, which were classified as financial liabilities in accordance with IFRSs. Such preferred shares will automatically convert into shares upon completion of this offering, at which time we expect to reclassify them from liabilities to equity and, accordingly, turn into net current asset position and net

asset position. However, there can be no assurance that we will not experience liquidity problems in the future. If we fail to maintain sufficient cash and financing, we may not have sufficient cash flows to fund our business, operations and capital expenditure and our business and financial position will be adversely affected.

***Our results of operations, financial conditions, and prospects may be adversely affected by fair value changes and credit risk associated with our financial assets at FVTPL.***

As of December 31, 2021 and 2022, we recorded financial assets at FVTPL of US\$53.8 million and US\$21.3 million, respectively. Our financial assets at FVTPL represented wealth management products purchased from commercial banks in the PRC and Hong Kong. As these wealth management products were not traded in active markets, their fair values were determined based on the expected rate of return on our investment. The valuation involves the exercise of professional judgment and the use of certain bases, assumptions and unobservable inputs. As a result, such treatment of carrying amounts of our financial assets measured at FVTPL may cause significant volatility in or materially and adversely affect our financial condition and results of operations.

***Share-based payment may cause shareholding dilution to our existing shareholders and potentially have a material and adverse effect on our financial performance.***

We adopted employee incentive plans for the benefit of our employees as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our company. For the years ended December 31, 2021, 2022, and three months ended March 31, 2023, we incurred share-based payment expenses of US\$3.4 million, US\$6.1 million, and US\$1.1 million, respectively. To further incentivize our employees to contribute to us, we may grant additional share-based compensation in the future. Issuance of additional Shares with respect to such share-based payment may dilute the shareholding percentage of our existing shareholders. Expenses incurred with respect to such share-based payment may also increase our operating expenses and therefore have a material and adverse effect on our financial performance.

***Disruptions in the financial markets and economic conditions could affect our ability to raise capital.***

Global economies could suffer dramatic downturns as the result of a deterioration in the credit markets and related financial crisis as well as a variety of other factors including, extreme volatility in security prices, severely diminished liquidity and credit availability, ratings downgrades of certain investments and declining valuations of others. In the past, governments have taken unprecedented actions in an attempt to address and rectify these extreme market and economic conditions by providing liquidity and stability to the financial markets. If these actions are not successful, the return of adverse economic conditions may cause a significant impact on our ability to raise capital, if needed, on a timely basis and on acceptable terms or at all.

In addition, there is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the U.S. and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa and over the conflicts involving Ukraine, Syria and North Korea. There have also been concerns on the relationship among China and other Asian countries, which may result in or intensify potential conflicts in relation to territorial disputes or the trade related disputes between the U.S. and China.

***If we fail to implement and maintain an effective system of internal controls to remediate our material weaknesses over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence in our company and the market price of the ADSs may be materially and adversely affected.***

Prior to this offering, we have been a private company with limited reporting and accounting personnel and other resources with which to address our internal control over financial reporting. In connection with the audits of our consolidated financial statements included in this prospectus, we and our independent registered public accounting firm identified material weaknesses in our internal control over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, or PCAOB, a "material weakness" is a deficiency, or combination of deficiencies in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial



statements will not be prevented or detected on a timely basis. For details of these material weaknesses, see “Financial Information — Internal control over financial reporting”. We are in the process of implementing a number of measures to address the material weaknesses and deficiencies that have been identified. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” However, we cannot assure you that these measures will fully address the material weaknesses and deficiencies in our internal control over financial reporting or that we may conclude that they have been fully remediated.

Upon completion of this offering, we will become subject to the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. Section 404 of such Act will require that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our second annual report on Form 20-F after becoming a public company. In addition, once we cease to be an “emerging growth company” as such term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Moreover, even if our management concludes that our internal control over financial reporting is effective, our independent registered public accounting firm, after conducting its own independent testing, may issue an adverse opinion on the effectiveness of internal control over financial reporting because of the existence of a material weakness if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. If we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting in accordance with Section 404. Generally speaking, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and could also impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. As a result, our business, financial condition, results of operations and prospects, as well as the trading price of the ADSs, may be materially and adversely affected. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

***We may be contractually obligated to make significant payments for in-licensed drug candidates which may eventually not be approved for sale or which we find that we are unable to commercialize successfully.***

Our research and development engine runs on both in-house discovery and external licensing of highly innovative products. Leveraging our global clinical development capability, deep understanding of relevant molecules, and proficiency in clinical trial designs, we are able to identify and secure suitable and promising compounds ahead of our competitors. We are developing two clinical-stage drug candidates which were secured from in-licensing agreements with third parties. Pursuant to the license agreements, we are required to make various payments to the licensors, including an upfront payment at the time when the relevant license agreement is signed, milestone payments for the achievements of specified clinical, regulatory and commercial milestones, and royalties calculated as a specified percentage of the annual net sales of the products covered by the license. Royalties are often structured so that the percentage increases in tiers as net sales increase. Please refer to the paragraphs headed “Business — License and collaboration agreements” in this prospectus for more details.

When we negotiate our license agreements, we must estimate the probability of success for the drug’s development and the potential size of the eventual market for the drug product. We may have to make significant upfront payments to secure the rights to attractive drug candidates, and there is no guarantee that we will ever be able to recoup those expenses. Milestone or other non-royalty payments also become due on a drug candidate before we can obtain regulatory approvals for it or commercialize it, and we may not have sufficient funds available to make these payments when they come due. If and when we obtain regulatory

approvals to market a drug, our profits from any sales will be reduced by the royalties that we agreed to pay under the license agreement. If we make significant payments under our license agreements for drug candidates that never reach market, or if we misjudge the potential size of the market for our drug candidates and overpay for the rights that we license, our financial condition and financial performance may be materially and adversely affected.

***Raising additional capital may cause dilution to the interests of our shareholders, restrict our operations, or require us to relinquish rights to our technologies or drug candidates.***

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

In the event we enter into collaborations or licensing arrangements in order to raise capital, we may be required to accept unfavorable terms, including relinquishing or licensing to a third party our rights to technologies or drug candidates on unfavorable terms, which we would have otherwise sought to develop or commercialize ourselves or reserve for future potential arrangements when we are more likely to achieve more favorable terms.

***We are exposed to risks of conducting our business and operations in international markets.***

Global markets are a crucial component of our growth strategy. If we fail to obtain licenses or enter into collaboration arrangements with third parties in such markets, or if third-party collaborators are not successful, our revenue-generating growth potential will be adversely affected. Risks associated with global operation include, but are not limited to:

- changes in a specific country or region's political and cultural climate or economic condition;
- differing regulatory requirements for drug approvals and marketing internationally;
- difficulty of effective enforcement of contractual provisions in local jurisdictions;
- potentially reduced protection for intellectual property rights;
- potential third-party patent rights;
- unexpected changes in tariffs, trade barriers and regulatory requirements, as well as trade-protection measures, import or export licensing requirements and fines, penalties or suspension or revocation of export privileges;
- unexpected detention of cargos by customs, including raw material, equipment, reagents, and drug candidates;
- economic weakness, including inflation or political instability;
- compliance with tax, employment, immigration and labor laws for employees traveling abroad;
- currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incidental to doing business in another country;
- workforce uncertainty and labor unrest;
- failure of our employees and contracted third parties to comply with Office of Foreign Assets Control rules and regulations and the Foreign Corrupt Practices Act of the U.S., and other applicable rules and regulations;

- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geo-political actions, including war and terrorism, or natural disasters, including earthquakes, volcanoes, typhoons, floods, hurricanes, and fires.

On September 12, 2022, the President of the United States issued an “Executive Order on Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and Secure American Bioeconomy”, launching a national biotechnology and biomanufacturing initiative in the United States. This initiative will be comprised of various efforts by the U.S. government, including investments, programs and partnerships to advance research and development in biotechnology, and biomanufacturing, as well as efforts to secure and protect the U.S. bioeconomy. This executive order may lead to potential changes to U.S. policies affecting the biotechnology and biomanufacturing industries, however, it is unknown at this time whether and what specific policies and actions will be adopted by the U.S. government. Our business and operations in the U.S. primarily involve conducting research and development. We therefore expect that this executive order will have no immediate impact on our activities in the United States. Nevertheless, if the U.S. government were to adopt any policies that adversely impact transnational companies with business operating in China conducting research and development activities in the United States, our business and results of operations could be adversely affected.

***Our international operations may require us to comply with various trade restrictions, such as economic sanctions and export controls.***

Our international operations may be subject to various trade restrictions, including economic sanctions and export controls, imposed by governments around the world with jurisdiction over our operations. Such trade restrictions may prohibit or restrict transactions involving certain persons and certain designated countries or territories. Our failure to successfully comply with applicable trade restrictions may expose us to legal, business or reputational harm. Investigations of alleged violations can be expensive and disruptive.

For example, the United States continues to expand economic sanctions targeting Russian financial institutions in response to Russia’s military action against Ukraine. Such sanctions on Russian financial institutions may interfere with our ability to make payment to Russian CROs in US dollars and may force us to choose another settlement currency, limit or stop our collaboration with Russian CROs. We are currently engaging a Russian CRO for conducting one clinical trial in Russia.

We endeavor to conduct our activities in compliance with applicable trade restrictions. However, we cannot guarantee that our existing compliance policies and procedures will be effective in preventing violations, which could adversely affect our business, reputation, financial condition and results of operations. Further, we cannot predict the nature, scope or effect of future regulatory requirements, including changes that may impose additional restrictions on our international operations.

***We may face force majeure risks, including the recent COVID-19 outbreak.***

Our operations may be under threat of numerous natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire, or drought, the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome, or SARS, Ebola, Zika, COVID-19, or other events, such as power, water or fuel shortages, failures, malfunction, and breakdown of information management systems, unexpected maintenance, or technical problems, or are susceptible to unforeseen catastrophic events such as potential wars or terrorist attacks. Serious natural disasters may result in loss of lives, injury, destruction of assets, and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network, and destroy our markets. For example, our business could be adversely impacted by the ongoing geopolitical tensions related to Russia’s actions in Ukraine, resulting sanctions imposed by the United States and other countries and retaliatory actions taken by Russia in response to such sanctions; or other catastrophic events. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial condition, and results of operations.

The occurrence of a disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our business and operations. These factors could cause delay of clinical trials, regulatory submissions, and required approvals of our drug candidates, and could cause us to incur additional costs. For example, since the end of December 2019, the outbreak of COVID-19 has affected many people globally, caused temporary suspension of productions and shortage of labor and raw materials in affected regions, and disrupted local and international travel and economy. The exacerbation, continuance or reoccurrence of COVID-19 has already caused and may continue to cause an adverse and prolonged impact on the economic, geopolitical, and social conditions in China and other affected countries. The existing clinical trials and the commencement of new clinical trials could be substantially delayed or prevented by any delay or failure in patient recruitment or enrollment in our or our collaborators' trials as a result of elevated public health safety measures. If our employees or employees of our business partners are suspected of being infected with an epidemic disease, our operations may be disrupted if we or our business partners must quarantine some or all of the affected employees or disinfect the operating facilities.

***The market opportunities for our drug candidates can be smaller than we estimate or the approvals that we obtain may be based on a narrower definition of the patient population.***

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

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

***Our future success depends on our ability to retain key executives and to attract, train, retain, and motivate qualified and highly skilled personnel especially R&D and clinical related staff.***

We are heavily dependent on the expertise of our senior management and other key employees and consultants, as well as our scientific teams. Although we have formal employment agreements with each of our executive officers, these agreements do not prevent our executives from terminating their employment with us at any time. In addition, we do not maintain key-person insurance for any of our executives or other key personnel.

Recruiting and retaining qualified management, scientific, technical, clinical, manufacturing, and sales and marketing personnel in the future will also be critical to our success. The loss of the services of our executive officers or other key employees and consultants could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy.

Furthermore, replacing executive officers, key employees, experienced R&D staff, or consultants may be difficult and take an extended period of time due to the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, obtain regulatory approvals of and commercialize drugs. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain, or motivate these key personnel on acceptable terms given the competition among numerous pharmaceutical and biopharmaceutical companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. To compete effectively, we may need to offer higher compensation and other benefits.

***If we or our suppliers, CROs or CMOs fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs.***

We are subject to various environmental, health and safety laws and regulations, including but not limited to the treatment and discharge of pollutants into the environment and the use of toxic and hazardous

chemicals in the process of our business operations. In addition, our construction projects can only be put into operation after the relevant administrative authorities in charge of environmental protection and health and safety have examined and approved the relevant facilities in certain jurisdictions. We cannot guarantee that we will be able to obtain all the regulatory approvals or complete all the required procedure for our construction projects in a timely manner, or at all. Delays or failures in obtaining all the requisite regulatory approvals or completing all the required procedure for our construction projects may affect our business operation. Furthermore, we may be required to incur substantial costs to comply with current or future environmental, health and safety laws and regulations. These current or future laws and regulations may impair our research, development, or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties, or other sanctions.

While we attempt to comply with such laws and regulations, we cannot fully eliminate the risk of accidental contamination, biological or chemical hazards or personal injury at our or third-parties' facilities during the process of discovery, testing, development and manufacturing of biopharmaceuticals. In the event of such accident, we could be held liable for damages and clean-up costs which, to the extent not covered by existing insurance or indemnification. Other adverse effects could result from such liability, including reputational damage. We or our collaborators may also be forced to close or suspend operations at certain of the affected facilities temporarily, or permanently due to any accidental contamination, biological or chemical hazards or personal injury. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us.

***Our employees, management, service providers, independent contractors, principal investigators, consultants, commercial partners, vendors, CROs, and CMOs may engage in misconduct or other improper activities.***

We are exposed to the risk of fraud, misconduct or other illegal activities by our employees, management, service providers, independent contractors, principal investigators, consultants, commercial partners, vendors, CROs and CMOs. Misconduct by these parties could include intentional, reckless and/or negligent conduct that fails to:

- comply with the laws of the FDA, NMPA, EMA, and other comparable regulatory authorities;
- provide true, complete and accurate information to the FDA, NMPA, EMA, and other comparable regulatory authorities;
- comply with manufacturing standards that we have established in the future;
- comply with laws in the U.S., Europe, China, and similar fraudulent misconduct laws in other applicable jurisdictions; or
- report financial information or data accurately or to disclose unauthorized activities to us.

If we obtain approval of any of our drug candidates and begin commercializing those drugs in the U.S., Europe, China, or other applicable jurisdictions, our potential exposure under the laws of such jurisdictions will increase considerably and our costs associated with compliance with such laws are also likely to increase. These laws may impact, among other things, our current activities with principal investigators and research patients, as well as future sales, marketing, and educational programs. In particular, the promotion, sales and marketing of healthcare items and services, as well as certain business arrangements in the healthcare industry, are subject to extensive laws and regulations designed to prevent fraud, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing, and promotion, structuring and commissions, certain customer incentive programs, and other business arrangements generally. Misconduct by these parties could also involve individually identifiable information, including, without limitation, the improper use of information obtained in the course of clinical trials, or illegal misappropriation of drug product, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal, and administrative penalties,

damages, monetary fines, possible exclusion from the NRDL, contractual damages, reputational harm, diminished profits, and future earnings and curtailment of our operations.

In addition, our employees, management, directors, independent contractors, commercial partners, and vendors may be subject to legal, regulatory, and administrative proceedings. The existence of legal, regulatory, and administrative proceedings against any of our employees, management, directors, independent contractors, commercial partners, and vendors, even if they do not involve our company, may harm our reputation, and adversely affect our business and operations.

***We may be involved in lawsuits, claims, administrative proceedings, or other legal proceedings against us, which could adversely affect our business, financial condition, results of operations, and reputation.***

From time to time, we may be involved in lawsuits, claims, administrative proceedings, or other legal proceedings arising in the ordinary course of business or pursuant to governmental or regulatory enforcement activity. In addition, as we are under the progress of inspection and acceptance of one of our completed construction projects, we are subject to risks of administrative penalty if we delay or fail to obtain relevant approvals. Litigation and governmental proceedings can be expensive, lengthy, and disruptive to normal business operations, and can require extensive management attention and resources, regardless of their merit. Furthermore, any litigation, legal disputes, claims, or administrative proceedings which are initially not of material importance may escalate and become important to us due to a variety of factors, such as the facts and circumstances of the cases, the likelihood of loss, the monetary amount at stake, and the parties involved.

Additionally, our insurance might not cover claims brought against us, provide sufficient payments to cover all of the costs to resolve one or more such claims, or continue to be available on terms acceptable to us. In particular, any claim could result in unanticipated liability to us if the claim is outside the scope of the indemnification arrangement we have with third parties, they do not abide by the indemnification arrangement as required, or the liability exceeds the amount of any applicable indemnification limits or available insurance coverage. While we intend to defend the aforementioned matters vigorously, we cannot predict the results of complex legal proceedings and an unfavorable resolution of a lawsuit or proceeding could materially adversely affect our business, results of operations, financial condition, and reputation.

***Our reputation is key to our business success. Negative publicity may adversely affect our reputation, business, and growth prospects.***

Our reputation and business prospects could be adversely affected by any negative publicity concerning us, our affiliates, our employees, or any entity that shares the “Adlai Nortye” name, even if untrue. Therefore, we cannot assure you that negative publicity about us or any of our affiliates or any entity that shares the “Adlai Nortye” name would not damage our brand image or have a material adverse effect on our business, results of operations and financial condition. In addition, referrals and word of mouth have significantly contributed to our ability to establishing new partnerships. As a result, any negative publicity about us or any of our affiliates or any entity that shares the “Adlai Nortye” name could adversely affect our ability to maintain our existing collaboration arrangements or attract new partners. A recent example of negative publicity relates to a blog published in August 2021, alleging us paying RMB2.87 million bribes for our Series C financing purposes. Although the local police concluded that the bribery allegation had no factual basis and issued a Notice of Dismissal of Accusation, and the blog post was removed after we issued a warning letter to the blogger for potential defamation, we still suffered reputational damages associated with this blog post. We cannot assure you that similar events or negative publicity will not repeat in the future.

***Our business operations and current or future relationships with healthcare professionals, principal investigators, consultants, customers and third-party payors in the United States and elsewhere may be subject, directly or indirectly, to applicable anti-kickback, fraud and abuse, false claims, physician payment transparency and other healthcare laws and regulations.***

Healthcare providers, physicians, and others play a primary role in recommending and prescribing any products for which we obtain regulatory approvals. If we obtain the FDA, NMPA, EMA, PMDA, or other comparable regulatory authorities’ approval for any of our drug candidates and begin commercializing those drug products in the U.S., China, Europe, Japan or other applicable jurisdictions, our operations may be

subject to various fraud and abuse laws of such jurisdictions, including, without limitation, the PRC Anti-Unfair Competition Law, the PRC Criminal Law, the Federal Anti-Kickback Statute, the Federal False Claims Act, and transparency laws and regulations with respect to drug pricing and transfers of value made to physicians and other licensed healthcare professionals. These laws may impact, among other things, our proposed sales, marketing, and education programs. In the U.S., such laws include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons or entities from knowingly and willfully soliciting, offering, receiving or providing any remuneration (including any kickback, bribe or certain rebates), directly or indirectly, overtly or covertly, in cash or in kind, in return for, either the referral of an individual or the purchase, lease, or order, or arranging for or recommending the purchase, lease, or order of any good, facility, item or service, for which payment may be made, in whole or in part, under a federal healthcare program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it in order to have committed a violation;
- the federal false claims laws, including the civil False Claims Act, and civil monetary penalties laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, to the federal government, claims for payment or approval that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or from knowingly making or causing to be made a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act;
- the federal Health Insurance Portability and Accountability Act of 1996, which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement, in connection with the delivery of, or payment for, healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;
- the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program (with certain exceptions) to report annually to the Centers for Medicare & Medicaid Services, information related to payments and other “transfers of value” made to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain non-physician practitioners (physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, anesthesiology assistants and certified nurse-midwives), and teaching hospitals and other healthcare providers, as well as ownership and investment interests held by such healthcare professionals and their immediate family members; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payors, including private insurers; some state laws require biotechnology companies to comply with the biotechnology industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government and may require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; some state laws that require biotechnology companies to report information on the pricing of certain drug products; and some state and local laws that require the registration or pharmaceutical sales representatives; and state medical privacy laws.

Efforts to ensure that our current and future business arrangements with third parties will comply with applicable healthcare and privacy laws and regulations will involve ongoing substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant penalties, including civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, exclusion from participation in government-funded

healthcare programs, such as Medicare and Medicaid, integrity oversight and reporting obligations, contractual damages, reputational harm, diminished profits and future earnings and the curtailment or restructuring of our operations. Defending against any such actions can be costly and time-consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired. Further, if any of the physicians or other healthcare providers or entities with whom we expect to do business are found not to be in compliance with applicable laws or regulations, they may be subject to significant criminal, civil or administrative sanctions, including exclusions from government-funded healthcare programs.

If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil, or administrative sanctions, including exclusions from government-funded healthcare programs.

***If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses.***

We are subject to anti-bribery laws in China that generally prohibit companies and their intermediaries from making payments to government officials for the purpose of obtaining or retaining business or securing any other improper advantage. In addition, although currently our primary operating business is in China, we are subject to the Foreign Corrupt Practices Act or the FCPA. The FCPA generally prohibits us from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Although we have policies and procedures designed to ensure that we, our employees, and our agents comply with anti-bribery laws, there is no assurance that such policies or procedures will prevent our agents, employees, and intermediaries from engaging in bribery activities.

Failure to comply with anti-bribery laws could disrupt our business and lead to severe criminal and civil penalties, including imprisonment, criminal and civil fines, loss of our export licenses, suspension of our ability to do business with the government, denial of government reimbursement for our products and/or exclusion from participation in government healthcare programs. Other remedial measures could include further changes or enhancements to our procedures, policies, and controls and potential personnel changes and/or disciplinary actions, any of which could have a material adverse effect on our business, financial condition, results of operations, and liquidity.

***Recently enacted and future legislation in the United States and other countries may affect the prices we may obtain for our drug candidates and increase the difficulty and cost for us to obtain marketing approval of and commercialize our drug candidates.***

In the U.S. and many other countries, rising healthcare costs have been a concern for governments, patients and the health insurance sector, which resulted in a number of changes to laws and regulations, and may result in further legislative and regulatory action regarding the healthcare and health insurance systems that could affect our ability to profitably sell any drug candidates for which we obtain marketing approval.

For example, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, was enacted in the U.S. in March 2010 with the stated goals of containing healthcare costs, improving quality and expanding access to healthcare, and includes measures to change health care delivery, increase the number of individuals with insurance, ensure access to certain basic health care services, and contain the rising cost of care.

In addition, other federal health reform measures have been proposed and adopted in the U.S. For example, as a result of the Budget Control Act of 2011, providers are subject to Medicare payment reductions through 2031, unless additional Congressional action is taken. Further, the American Taxpayer Relief Act of 2012 reduced Medicare payments to several providers and increased the statute of limitations period for the government to recover overpayments from providers from three to five years. The Medicare Access and CHIP Reauthorization Act of 2015 also introduced a quality payment program under which certain individual Medicare providers will be subject to certain incentives or penalties based on new program quality standards. Payment adjustments for the Medicare quality payment program began in 2019. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors.



Further, there has been heightened governmental scrutiny in the U.S. of pharmaceutical pricing practices in light of the rising cost of prescription drugs. Such scrutiny has resulted in several recent congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient assistance programs, and reform government program reimbursement methodologies for products. Most recently, the Inflation Reduction Act of 2022, or IRA, included a number of significant drug pricing reforms, which include the establishment of a drug price negotiation program within the U.S. Department of Health and Human Services, or HHS (beginning in 2026) that requires manufacturers to charge a negotiated “maximum fair price” for certain selected drugs or pay an excise tax for noncompliance, the establishment of rebate payment requirements on manufacturers under Medicare Parts B and D to penalize price increases that outpace inflation (first due in 2023), and a redesign of the Part D benefit, as part of which manufacturers are required to provide discounts on Part D drugs (beginning in 2025). The IRA permits the HHS Secretary to implement many of these provisions through guidance, as opposed to regulation, for the initial years. Additional drug pricing proposals could appear in future legislation. Further, it is possible that additional governmental action is taken in response to the COVID-19 pandemic.

At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. Legally mandated price controls on payment amounts by third-party payors or other restrictions could harm our business, results of operations, financial condition and prospects. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. This could reduce the ultimate demand for our product candidates, if approved, or put pressure on our product pricing, which could negatively affect our business, results of operations, financial condition and prospects.

These new laws and other healthcare reform measures that may be adopted in the future may result in additional reductions in Medicare and other healthcare funding, more rigorous coverage criteria, new payment methodologies and additional downward pressure on the price that we receive for any approved product. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability or commercialize our drug candidates, if approved.

***We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.***

We maintain insurance policies that are required under PRC laws and regulations as well as insurance based on our assessment of our operational needs and industry practice. Our principal insurance policies cover losses arising from liabilities in our human clinical trials for the development of our clinical-stage drug candidates in the United States, United Kingdom, Poland, and France. We have elected not to maintain certain types of insurances, such as business interruption insurance or key-man insurance. Our insurance coverage may be insufficient to cover any claim for product liability, damage to our fixed assets or employee injuries. Any liability or damage to, or caused by, our facilities or our personnel beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources and may negatively impact our drug development and overall operations.

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

Notwithstanding the implementation of security measures, our internal computer systems, and those of our partners and other contractors and consultants may be vulnerable to damage from computer viruses and unauthorized access.

In the ordinary course of our business, we collect and store sensitive data, and manage and maintain our applications and data utilizing on-site systems and outsourced vendors. These applications and data encompass a wide variety of business-critical information including research and development information,

commercial information, and business and financial information. Shutdowns, or service disruptions at us or vendors that provide information systems, networks, or other services to us could have an adverse impact on us and our business, including loss of data and damage to equipment and data. In addition, system redundancy may be ineffective or inadequate, and our disaster recovery planning may not be sufficient to cover all eventualities. Significant events could result in a disruption of our operations, damage to our reputation or a loss of revenues.

In addition, we could be subject to risks caused by misappropriation, misuse, leakage, falsification, or intentional or accidental release or loss of information maintained in the information systems and networks of us and our vendors. Moreover, outside parties may attempt to penetrate our systems or those of our vendors or fraudulently induce our personnel or the personnel of our vendors to disclose sensitive information in order to gain access to our data and/or systems. Like other companies, we may experience threats to our data and systems, including malicious codes and viruses, phishing, and other cyberattacks. If a material breach of our information technology systems or those of our vendors occurs, the market perception of the effectiveness of our security measures could be harmed, our reputation and credibility could be damaged, and significant amounts of money and other resources could be required to expend on the repair or replacement of information systems or networks. In addition, we could be subject to regulatory actions and/or claims made by individuals and groups in private litigation involving privacy issues related to data collection and use practices, and other data privacy laws and regulations. The development and maintenance of systems and controls for preventing, identifying, and mitigating threats are costly and requires ongoing monitoring and updating. Moreover, despite our efforts, the possibility of these events occurring cannot be eliminated entirely.

***Cyber-security incidents, including data security breaches or computer viruses, could harm our business by disrupting our delivery of services, damaging our reputation or exposing us to liability.***

We receive, process, store and transmit, often electronically, the data of our clinical trial and others, much of which is confidential. Unauthorized access to our computer systems or stored data could result in the theft, including cyber-theft, or improper disclosure of confidential information, and the deletion or modification of records could cause interruptions in our operations. These cyber-security risks increase when we transmit information from one location to another, including over the internet or other electronic networks. Despite the security measures we have implemented, our facilities, systems and procedures, and those of our third-party service providers, may be vulnerable to security breaches, acts of vandalism, software viruses, misplaced or lost data, programming or human errors or other similar events which may disrupt our operations. Any security breach involving the misappropriation, loss or other unauthorized disclosure or use of confidential information, whether by us or a third party, could (i) subject us to civil and criminal penalties, (ii) have a negative impact on our reputation, or (iii) expose us to liability to third parties or government authorities. We are not aware of such breaches to date. Any of these developments could have a material adverse effect on our business, financial condition and results of operations.

***We are subject to changing law and regulations regarding regulatory matters, corporate governance, and public disclosure that have increased both our costs and the risk of non-compliance.***

The oncology drug market is subject to influence of relevant regulations. Recently, there is a trend of enhanced regulations. On November 19, 2021, the Center for Drug Evaluation issue the Clinical Value-Oriented Anti-tumor Drug Clinical Research and Development Guidelines with the purpose to better address the needs of patients and to promote the clinical value-oriented R&D of anti-tumor drugs. Such regulations expose our R&D of oncology drugs to higher requirements. According to the Guidelines, when clinical trials of innovative drugs are designed to choose controlled drugs, the best supportive treatment should be preferred over placebo. Also, if an indication already has the current best drug recommendation in the treatment guidelines, the new drug should be compared with the existing drug.

The Guidelines aim to select more high-quality first-in-class drugs. As AN2025 has the potential to be the first treatment globally for recurrent or metastatic HNSCC patients after disease progression with anti-PD-1/PD-L1 therapy, this new focus of regulatory policies promoting value-oriented research and development activities in China is in line with our development strategies and may further facilitate our clinical trials and studies. To the best of our knowledge, we are currently in compliance with the relevant requirements in the Guidelines. However, we cannot assure you that there will be no adverse regulatory changes in the

implementation of Guidelines in the PRC, or other regulatory changes in the PRC that will have a negative impact on our business going forward.

Moreover, because these laws, regulations, and standards are subject to disparate interpretations, their application in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty regarding compliance matters and additional costs necessitated by ongoing revisions to our disclosure and governance practices. If we fail to address and comply with these regulations and any subsequent changes, we may be subject to penalties and our business may be harmed.

***Changes in U.S. and international policies, particularly with regard to China, may adversely impact our business and operating results.***

Any tensions and political concerns between China and the relevant foreign countries or regions may adversely affect our business, financial condition, results of operations, cash flows, and prospects. The U.S. government has recently made statements and taken certain actions that may lead to potential changes to the U.S. and international policies with regard to China. It is unknown whether and to what extent other new laws or regulations will be adopted, or the effect that any such actions would have on us or our industry. While we have not started commercialization of drug candidates, any unfavorable international government policies, such as capital controls or tariffs, may affect the demand for our future approved drug products, the competitive position of our future approved drug products, the hiring of scientists and other research and development personnel, the use and transfer of clinical data, and import or export of raw materials in relation to drug development, or prevent us from selling our future approved drug products in certain countries. If any new legislation and/or regulations are implemented, or in particular, if the U.S. government takes retaliatory actions due to the recent U.S.-China tension, such changes could have an adverse effect on our business, financial condition, and results of operations.

It also remains unclear what actions, if any, the U.S. government will take with respect to other existing international trade agreements. If the U.S. were to withdraw from or materially modify certain international trade agreements to which it is a party, especially with respect to intellectual properties transfer, our business, financial condition, and results of operations could be negatively impacted.

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

In the past, local governments in mainland China granted certain financial incentives from time to time to our PRC subsidiaries as part of their efforts to encourage the development of local business. We recorded government grants of US\$2,000, US\$2.1 million and US\$0.1 million for the years ended December 31, 2021, 2022, and three months ended March 31, 2023. The local governments have discretion in deciding the timing, amount, and criteria of government financial incentives and thus we cannot predict with certainty whether or how much financial incentive will be granted to us even if we apply for such funding. We generally do not have the ability to influence local governments in making these decisions. Government authorities may also decide to reduce or eliminate incentives or may amend or terminate the relevant financial incentive policies at any time. In addition, some of the government financial incentives are granted to us on a project basis and subject to the satisfaction of certain conditions, including compliance with the applicable financial incentive agreements and completion of the specific projects therein. We cannot guarantee that we will satisfy all relevant conditions, and if we fail to satisfy any such conditions, we may be deprived of the relevant incentives. We cannot assure you of the continued availability of the government incentives currently enjoyed by us.

***Risks relating to our operation in the People's Republic of China***

***The approval, filing, or other procedures of the CSRC or other PRC regulatory authorities may be required in connection with this offering under PRC laws, regulations, and rules.***

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law, which calls for, among others, enhanced administration and supervision of overseas-listed China-based

companies, proposes to revise the relevant regulation governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

On February 17, 2023, the China Securities Regulatory Commission, or the CSRC, released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, and five supporting guidelines, which took effect on March 31, 2023. Pursuant to the Trial Measures, domestic companies that seek to list overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC. Where a domestic company seeks to conduct indirect overseas offerings and listings, the issuer shall designate a major domestic operating entity. This entity shall act as the domestic responsible entity and be responsible for filing with the CSRC. If a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge, and other directly liable persons may also be subject to administrative penalties, such as warnings and fines. See “Regulations — Regulations on M&A Rules and Overseas Listings.”

As advised by our PRC legal counsel, according to the relevant PRC laws and regulations as of the date of this registration statement, our offering will be deemed as an indirect overseas listing by a domestic company by the CSRC. We shall fulfill the filing procedure with the CSRC in accordance with the Trial Measures.

We have been actively preparing the necessary documents required for filing with the CSRC, in order to fully comply with the required filing procedures pursuant to the Trial Measures. On April 20, 2023, we submitted initial filing documents to the CSRC, which are now under the review of the CSRC. However, since the Trial Measures was newly promulgated, the interpretation, application and enforcement of Trial Measures remain unclear. If the filing procedure with the CSRC under the Trial Measures is required for any future offerings or any other capital raising activities, it is uncertain whether it would be possible for us to complete the filing, or how long it will take us to do so. Failure to complete the required filing may result in an investigation by the relevant authorities, as well as fines or penalties, and could lead to an order prohibiting us from conducting an offering. These risks have the potential to cause a material adverse change in our operations and the value of our ordinary shares. Moreover, they could significantly limit or completely hinder our ability to offer or continue to offer securities to investors, or cause such securities to significantly decline in value or become worthless.

On February 24, 2023, the CSRC jointly with other relevant governmental authorities, promulgated the Confidentiality and Archives Management Provisions, which took effect on March 31, 2023. According to the Confidentiality and Archives Management Provisions, domestic companies, whether offering and listing securities overseas directly or indirectly, must strictly abide the applicable laws and regulations when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. If such documents or materials contain any state secrets or government authorities work secrets, domestic companies must obtain the approval from competent governmental authorities according to the applicable laws, and file with the secrecy administrative department at the same level with the approving governmental authority. Furthermore, the Confidentiality and Archives Management Provisions provide that securities companies and securities service providers shall fulfill the applicable legal procedures when providing overseas regulatory institutions and other relevant institutions and individuals with documents or materials containing any state secrets or government authorities work secrets or other documents or materials that, if divulged, will jeopardize national security or public interest. Since the Confidentiality and Archives Management Provisions were promulgated recently, substantial uncertainties still exist with respect to the interpretation and implementation of such provisions and how they will affect us.

If it is determined that we are subject to the approval of the CSRC for this Offering, we may fail to obtain such approval, filing or meet such requirements in a timely manner or at all, or completion could be rescinded. Any failure to obtain or delay in obtaining such approval, filing or completing such procedures for this Offering, or a rescission of any such approval or filing obtained by us, would subject us to sanctions by the CSRC or other PRC regulatory authorities. These regulatory authorities may impose fines and penalties on our operations in China, limit our ability to pay dividends outside of China, limit our operating privileges in

China, delay or restrict the repatriation of the Offering or future capital raising activities into China, or take other actions that could materially and adversely affect our business, financial condition, results of operations and prospects, as well as this offering and the listing of the ADSs.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this Offering or future capital raising activities before settlement and delivery of the ADS we are offering hereby. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures for this Offering or future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Such procedures for obtaining the waiver remain unclear. Any uncertainties or negative publicity regarding such approval, filing or other requirements could materially and adversely affect our business, prospects, financial condition, reputation, and this offering and the listing of the ADSs.

***The impact of the CAC's increasing oversight over data security remains highly uncertain, particularly for companies with substantial China operations seeking to list on a foreign stock exchange.***

In January 2022, the CAC amended Measures of Cybersecurity Review, or the Revised CAC Measures, which came into effect on February 15, 2022. Pursuant to the Revised CAC Measures, critical information infrastructure operators procuring network products and services, and online platform operators (as opposed to “data processors” in the Draft Management Regulation) carrying out data processing activities which affect or may affect national security, shall conduct a cybersecurity review pursuant to the provisions therein. In addition, online platform operators possessing personal information of more than one million users seeking to be listed in foreign country must apply for a cybersecurity review.

As of the date of this prospectus, we have not received any notice from any PRC regulatory authority identifying us as a “critical information infrastructure operator,” “online platform operator” or “data processor,” or requiring us to go through the cybersecurity review procedures pursuant to the Revised CAC Measures and the Draft Management Regulations. According to the Revised CAC Measures, we do not expect ourselves to become subject to cybersecurity review by the CAC for this offering, given that: (i) the data we handle in our business operations, either by its nature or in scale, do not normally trigger significant concerns over PRC national security and (ii) we have not processed, and do not anticipate to process in the foreseeable future, personal information of more than one million users or persons. Based on the above and the information currently available, we believe the impact of the CAC’s increasing oversight over data security on our business is immaterial as of the date of this prospectus.

However, there remains uncertainty as to how the Revised CAC Measures will be interpreted or implemented and whether the PRC regulatory authorities may adopt new laws, regulations, rules, or detailed implementation and interpretation in relation, or in addition to the Revised CAC Measures. While we intend to closely monitor the evolving laws and regulations in this area and take all reasonable measures to mitigate compliance risks, we cannot guarantee that our business and operations will not be adversely affected by the potential impact of the Revised CAC Measures or other laws and regulations related to privacy, data protection and information security.

***We may be influenced by changes in the political and economic policies of the PRC government.***

A very substantial portion of our assets and operations are currently located in mainland China. Accordingly, we may be influenced to a significant degree by political and social conditions in China generally. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China’s economic growth through allocating resources, controlling

payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. While the Chinese economy has experienced significant growth over past decades, growth has been uneven, both geographically and among various sectors of the economy. Any adverse changes in economic conditions in China, in the policies of the Chinese government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and results of operations, lead to a reduction in demand for our future products and adversely affect our competitive position.

***Uncertainties with respect to the PRC legal system, including uncertainties regarding the enforcement of laws, and sudden or unexpected changes in laws and regulations in China with little advance notice, could materially and adversely affect us.***

Our operations in mainland China are governed by PRC laws and regulations. Our operating subsidiary in the PRC, Hangzhou Adlai, is a foreign-invested enterprise, or FIE, and is subject to laws and regulations applicable to foreign investment in China and, in particular, laws applicable to FIEs. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but do not have binding authority. There are substantial uncertainties regarding the interpretation and application of PRC laws and regulations including, but not limited to, the laws and regulations governing our business and the enforcement and performance of our business arrangements in certain circumstances. The laws and regulations are sometimes vague and may be subject to future changes, and their official interpretation and enforcement could be unpredictable, with little advance notice. The effectiveness and interpretation of newly enacted laws or regulations, including amendments to existing laws and regulations, may be delayed, and our business may be affected if we rely on laws and regulations which are subsequently adopted or interpreted in a manner different from our current understanding of these laws and regulations. New laws and regulations that affect existing and proposed future businesses may also be applied retroactively. We cannot predict what effect the interpretation of existing or new PRC laws or regulations may have on our business.

Since late 1970s, the PRC government has been developing a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past several decades has significantly enhanced the protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system, and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, and because of the limited volume of published decisions and their nonbinding nature, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules, some of which may not be published on a timely basis or at all, and some of which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may also impede our ability to enforce the contracts we have entered into. As a result, these uncertainties could materially and adversely affect our business and results of operations.

***The PRC government has significant authority to exert influence on our operations in mainland China.***

The PRC government has significant authority to exert influence on our operations in mainland China. Therefore, uncertainties in the PRC legal system and the interpretation and enforcement of PRC laws and regulations could limit the legal protection available to you and us, hinder our ability to offer or continue to offer the ADSs, result in a material adverse effect on our business operations, and damage our reputation, which might further cause the ADSs to significantly decline in value or become worthless. Changes in China's economic, political or social conditions, or government policies could materially and adversely affect our business, financial condition, and results of operations.

The economic, political and social conditions in the PRC differ from those in more developed countries in many respects, including structure, government involvement, level of development, growth rate, control of

foreign exchange, capital reinvestment, allocation of resources, rate of inflation and trade balance position. Before the adoption of its reform and opening up policies in 1978, the PRC was primarily a planned economy. In recent years, the PRC government has been reforming the PRC economic system and government structure. For example, the PRC government has implemented economic reform and measures emphasizing the utilization of market forces in the development of the PRC economy in the past three decades. These reforms have resulted in significant economic growth and social prospects. Economic reform measures, however, may be adjusted, modified or applied inconsistently from industry to industry or across different regions of the country.

We cannot predict whether the resulting changes will have any adverse effect on our current or future business, financial condition or results of operations. Despite these economic reforms and measures, the PRC government continues to play a significant role in regulating industrial development, allocation of natural and other resources, production, pricing and management of currency, and there can be no assurance that the PRC government will continue to pursue a policy of economic reform or that the direction of reform will continue to be market friendly. Our ability to successfully expand business operations in the PRC depends on a number of factors, including macro-economic and other market conditions. Demand for our future products in the Chinese market and our business, financial condition and results of operations may be materially and adversely affected by the following factors:

- political instability or changes in social conditions of the PRC;
- changes in laws, regulations, and administrative directives or the interpretation thereof;
- measures which may be introduced to control inflation or deflation; and
- changes in the rate or method of taxation.

These factors are affected by a number of variables which are beyond our control.

***Recent negative publicity surrounding China-based companies listed in the United States may negatively impact the trading price of the ADSs.***

We believe that recent negative publicity surrounding companies with operations in China that are listed in the United States have negatively impacted the stock prices of these companies. Certain politicians in the United States have publicly warned investors to shun China-based companies listed in the United States. The SEC and the PCAOB, also issued a joint statement on April 21, 2020, reiterating the disclosure, financial reporting and other risks involved in the investments in companies that are based in emerging markets as well as the limited remedies available to investors who might take legal action against such companies.

Furthermore, various equity-based research organizations have recently published reports on China-based companies after examining their corporate governance practices, related party transactions, sales practices and financial statements, and these reports have led to special investigations and listing suspensions on U.S. national exchanges. Any similar scrutiny on us, regardless of its lack of merit, could cause the market price of the ADSs to fall, divert management resources and energy, cause us to incur expenses in defending ourselves against rumors, and increase the premiums we pay for director and officer insurance.

***The ADSs may be delisted under the HFCAA if the PCAOB is unable to inspect auditors or their affiliates that are located in mainland China. The delisting of the ADSs, or the threat of such delisting, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors of the benefits of such inspections.***

The HFCAA was enacted on December 18, 2020. The HFCAA states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over the counter trading market in the U.S.

Our auditor, the independent registered public accounting firm that issued the audit report in the prospectus, as auditor of companies that are traded publicly in the United States and as a firm registered with the PCAOB is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Our auditor, which is based in New York,

is currently subject to inspection by the PCAOB at least every two years. However, our auditor's China affiliate is located in, and organized under the laws of, the PRC, which is a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities.

On March 18, 2021, the SEC adopted on an interim basis rules disclosure requirements for companies with PCAOB member auditors whom the PCAOB has determined that it cannot inspect their operations within a foreign jurisdiction, or the Covered Issuers. Covered Issuers are required to disclose in their annual reports on Form 20-F: (i) that, during the period covered by the form, the registered public accounting firm has prepared an audit report for the issuer; (ii) the percentage of the shares of the issuer owned by governmental entities in the foreign jurisdiction in which the issuer is incorporated or otherwise organized; (iii) whether governmental entities in the applicable foreign jurisdiction with respect to that registered public accounting firm have a controlling financial interest with respect to the issuer; (iv) the name of each official of the Chinese Communist Party who is a member of the board of directors of the issuer or the operating entity with respect to the issuer; and (v) whether the articles of incorporation of the issuer (or equivalent organizing document) contains any charter of the Chinese Communist Party, including the text of any such charter. Furthermore, on June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, or the AHFCAA, which would amend the HFCAA and require the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three. On September 22, 2021, the PCAOB adopted rules governing its procedures for making determinations as to its inability to inspect or investigate registered firms headquartered in a particular foreign jurisdiction or which has an office in a foreign jurisdiction, or a PCAOB-Identified Firm. Promptly after the effective date of this rule, the PCAOB will make determinations under the HFCAA to the extent such determinations are appropriate. Thereafter, the PCAOB will consider, at least annually, whether changes in facts and circumstances support any additional determinations. The PCAOB will make additional determinations as and when appropriate, to allow the SEC on a timely basis to identify covered issuers pursuant to the SEC rules. The rule became effective when the SEC approved the rule on November 4, 2021. On December 2, 2021, the SEC finalized its rules regarding disclosure by Covered Issuers. In addition, the release discussed the procedures the SEC will follow in implementing trading prohibitions for Covered Issuers. A foreign company would have to be designated a Covered Issuer three years in a row to be subject to a trading prohibition on that basis. The trading suspension would prohibit trading of the Covered Issuer's securities on any exchange or in the over-the-counter markets.

The trading prohibition will be terminated if the Covered Issuer certifies to the SEC that the issuer has retained a registered public accounting firm that the PCAOB has inspected to the satisfaction of the SEC and files financial statements that include an audit report signed by the non-PCAOB-Identified Firm. The SEC is not required to engage in rulemaking to implement the trading prohibition provisions of the HFCAA. Neither the Act nor the SEC's release create an obligation for an exchange to delist the Covered Issuer, but the SEC noted that under existing listing rules of the exchanges, a trading prohibition would be grounds for delisting. On December 16, 2021, the PCAOB issued a report on its determinations that it is unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong because of positions taken by PRC authorities in those jurisdictions.

On August 26, 2022, the PCAOB entered into a Statement of Protocol with the China Securities Regulatory Commission and the Ministry of Finance of the PRC and, as summarized in the "Statement on Agreement Governing Inspections and Investigations of Audit Firms Based in China and Hong Kong" published on the U.S. Securities and Exchange Commission's official website, the parties agreed to the following: (i) in accordance with the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation; (ii) the PCAOB shall have direct access to interview or take testimony from all personnel of the audit firms whose issuer engagements are being inspected or investigated; (iii) the PCAOB shall have the unfettered ability to transfer information to the SEC, in accordance with the Sarbanes-Oxley Act; and (iv) the PCAOB inspectors shall have access to complete audit work papers without any redactions, with view-only procedures for certain targeted pieces of information such as personally identifiable information. On December 15, 2022, the PCAOB issued a report that vacated its December 16, 2021 determination and removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. On December 29, 2022, legislation entitled "Consolidated Appropriations Act, 2023" (the "Consolidated Appropriations Act"), was signed into law by President Joseph Biden of the United States. The



Consolidated Appropriations Act contained, among other things, an identical provision to the AHFCAA, which reduces the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two.

The auditor of our PRC-based subsidiaries is located in mainland China and the auditor is an affiliate of our New York based auditor that signs our audit report. Given the current question as to how “retain” should be understood for purposes of the HFCA Act, we cannot assure you that we will not be identified by the SEC as an issuer that has retained an auditor that has a branch or office that is located in a foreign jurisdiction that the PCAOB determines it is unable to inspect or investigate completely because of a position taken by an authority in that foreign jurisdiction as a result of the fact that the auditor of our China affiliates is located in, and organized under the laws of, the PRC. In addition, there can be no assurance that, if we have a “non-inspection” year, we will be able to take remedial measures in response thereto. If any such event were to occur, trading in our securities could in the future be prohibited under the HFCAA, so we cannot assure you that we will be able to maintain the listing of the ADSs on the Nasdaq or that you will be allowed to trade the ADSs in the United States on the “over-the-counter” markets or otherwise. Should the ADSs not be listed or tradeable in the United States, the value of the ADSs could be materially affected.

This lack of PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in the ADSs are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm’s China affiliate’s audit procedures or quality control procedures as compared to auditor outside of China that are subject to PCAOB inspections, which could cause investors and potential investors in the ADSs to lose confidence in our audit procedures, reported financial information and the quality of our financial statements.

***PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC subsidiaries and thereby prevent us from funding our business.***

As an offshore holding company with PRC subsidiaries, we may transfer funds to our PRC subsidiaries by means of loans or capital contributions. Any loans to our operating subsidiary in the PRC, Hangzhou Adlai, which is a foreign-invested enterprise, cannot exceed statutory limits based on the difference between the amount of our investments and registered capital in such subsidiary, and shall be registered with SAFE, the PRC State Administration of Foreign Exchange, or its local counterparts. Furthermore, at this stage, any capital increase contributions we make to Hangzhou Adlai, which is a foreign-invested enterprise, shall be registered with the SAMR or its local counterparts, and reported to the Ministry of Commerce or its local counterparts. In addition, the PRC government also restricts the convertibility of foreign currencies into RMB and use of the proceeds. Furthermore, SAFE promulgated a series of rules and regulations, including Notice on Reforming the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, the Circular on Reforming and Regulating Policies on the Management of Foreign Exchange Settlement of Capital Accounts, and the Circular to Further Facilitating Cross-border Trade and Investment, to further regulate the all foreign-invested companies to use RMB converted from foreign currency-denominated capital for equity investments in China.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we may not be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our PRC subsidiaries. If we fail to receive such registrations or approvals, our ability to provide loans or capital to increase contributions to our PRC subsidiaries may be negatively affected, which could adversely affect their liquidity and our ability to fund and expand their business.

***Our business may be negatively affected by the potential obligations to make additional social insurance and housing fund contributions.***

We are required by PRC labor laws and regulations to make registrations for social insurance and housing funds, and to pay various statutory employee benefits, including pensions insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing funds, to designated

government agencies for the benefit of our employees. The relevant government agencies may examine whether we are in compliance with the relevant labor laws and regulations. Failure to make full payment of the requisite statutory employee benefits and any potential non-compliance may subject us to late payment fees, fines, and/or other penalties. If the relevant PRC authorities determine that we shall make supplemental social insurance and housing fund contributions or that we are subject to fines and legal sanctions in relation to our failure to make social insurance and housing fund contributions in full for our employees, our business, financial condition, and results of operations may be adversely affected.

***It may be difficult for overseas regulators to conduct investigations or collect evidence within the PRC.***

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross-border supervision and administration, such cooperation with the securities regulatory authorities in the United States may not be efficient in the absence of a mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC; no organization or individual is allowed to provide documents and information related to securities business activities to overseas securities regulators without the consent of the securities regulatory authority under the State Council and the relevant competent department under the State Council; and according to the Data Security Law, no organization or individual within the territory of the PRC may provide foreign judicial or law enforcement authorities with data stored within the territory of the PRC without the approval of the competent authorities of the PRC. While detailed interpretation of or implementation rules under these regulations have yet to be promulgated, the inability of an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests.

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

We are a holding company, and we may rely principally on dividends and other distributions on equity paid by our PRC subsidiaries for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, our operating subsidiary in the PRC, Hangzhou Adlai, as a wholly foreign-owned enterprise in the PRC, may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise, such as Hangzhou Adlai, is required to set aside at least 10% of its accumulated after-tax profits after making up the previous year's accumulated losses each year, if any, to fund statutory reserve funds, until the aggregate amount of such fund reaches 50% of its registered capital. It may allocate a portion of its after-tax profits based on PRC accounting standards to discretionary reserve funds according to its shareholder's decision. These statutory reserve funds and discretionary reserve funds are not distributable as cash dividends.

In addition, the PRC Enterprise Income Tax Law, and its implementation rules provide that withholding tax rate of 10% will be applicable to dividends payable by PRC companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

***We may be deemed to be a PRC resident enterprise under the Enterprise Income Tax Law, and be subject to the PRC taxation on our worldwide income, which may significantly increase our income tax expenses and materially decrease our profitability.***

Under the PRC Enterprise Income Tax Law, enterprises established outside of China whose “de facto management bodies” are located in China are considered to be “resident enterprises” and will generally be subject to a uniform 25% corporate income tax on their global income (excluding dividends received from “resident enterprises”). In addition, a circular issued by State Administration of Taxation, or the SAT, on April 22, 2009 and amended on January 29, 2014 sets out certain standards for determining whether the “de facto management body” of an offshore enterprise funded by Chinese enterprises as controlling shareholders is located in China. Although this circular applies only to offshore enterprises funded by Chinese enterprises as controlling shareholders, rather than those funded by Chinese or foreign individuals or foreign enterprises as controlling shareholders, the determining criteria set forth in the circular may reflect SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of how they are funded. Although our company is not funded by Chinese enterprises as controlling shareholders, substantial uncertainties remain as to whether our company or any of our other non-PRC entities will be deemed a PRC resident enterprise for the Enterprise Income Tax purposes. If we or any of our subsidiaries registered outside the PRC are to be deemed a “resident enterprise” under the PRC Enterprise Income Tax Law, our income tax expenses may increase significantly, and our profitability could decrease materially.

***We face uncertainties in the PRC with respect to indirect transfer of equity interests in our PRC subsidiaries.***

The indirect transfer of equity interest in PRC enterprises by a non-resident enterprise, is potentially subject to income tax in China at a rate of 10% on the gain if such transfer is considered not to have a commercial purpose and is carried out for tax avoidance. We also face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries or investments. Our company may be subject to filing obligations or taxed if our company is transferor in such transactions, and may be subject to withholding obligations if our company is transferee in such transaction. For transfer of shares in our company by investors that are non-PRC resident enterprises, our PRC subsidiaries may be requested to assist in investors’ tax filing in China. As a result, we may be required to expend valuable resources to comply with SAT Circular 7 and SAT Circular 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these publications, or to establish that our company should not be taxed under these publications, which may have a material adverse effect on our financial condition and results of operations.

***Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.***

Under the applicable regulations and SAFE rules, PRC citizens who participate in an employee stock ownership plan or a stock option plan in an overseas publicly listed company are required to register with SAFE and complete certain other procedures. Pursuant to the rules related to stock options by SAFE, if a PRC resident participates in any stock incentive plan of an overseas publicly listed company, a qualified PRC domestic agent must, among other things, file on behalf of such participant an application with SAFE to conduct the SAFE registration with respect to such stock incentive plan and obtain approval for an annual allowance with respect to the purchase of foreign exchange in connection with the exercise or sale of stock options or stock such participant holds. Such participating PRC residents’ foreign exchange income received from the sale of stock and dividends distributed by the overseas publicly listed company must be fully remitted into a PRC collective foreign currency account opened and managed by the PRC agent before distribution to such participants. We and our PRC resident employees who have been granted stock options or other share-based incentives of ours will be subject to these rules when our company becomes an overseas listed company upon the completion of this offering. If we or our PRC resident participants fail to comply with these regulations, we and/or our PRC resident participants may be subject to fines and legal sanctions. In addition, SAT has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options and/or are granted restricted shares in the future will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file

documents related to employee share options and/or restricted shares with tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

***Conversion of RMB to and from other currency may be subject to governmental control in China***

Currently, the RMB cannot be freely converted into any foreign currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of China. Shortages in the availability of foreign currency may restrict the ability of our PRC subsidiaries to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency dominated obligations. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments, and expenditures from trade-related transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, for most capital account items, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of bank loans denominated in foreign currencies. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currency to satisfy our currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of the ADSs.

**Risks relating to the ADSs**

***An active trading market for our ordinary shares or the ADSs may not develop and the trading price of the ADSs may be volatile regardless of our operating performance, which could result in substantial losses to you.***

Prior to this initial public offering, there has been no public market for our ordinary shares or the ADSs. We intend to apply for the listing of the ADSs on the Nasdaq Stock Market. Our ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an active trading market for the ADSs does not develop after this offering, the market price and liquidity of the ADSs will be materially and adversely affected.

The trading price of the ADSs may be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial trading price declines. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other companies with substantial operations in China may also negatively affect the attitudes of investors towards similar companies in general, including us, regardless of whether we have conducted any inappropriate activities.

A potential investor has indicated an interest to purchase up to US\$50.0 million of ADSs in this offering, which represents no more than % of the total ADSs in this offering. However, because the indication of interest is not a binding agreement or commitment to purchase, such investor may determine to purchase more, fewer or no ADSs in this offering, and we and the underwriters are under no obligation to sell ADSs to them. If such investor is allocated a portion or all of, or more than, the ADSs in which it has indicated an interest in purchasing in this offering, its election to purchase any of such ADSs could reduce the level of trading activities and the liquidity of the ADSs.

In addition to market and industry factors, the price and trading volume for the ADSs may be volatile for factors specific to our own operations, including the following:

- the commencement, enrollment or results of our planned and future clinical trials;
- positive or negative results from, or delays in, testing and clinical trials by us, collaborators or competitors;

- the loss of any of our key scientific or management personnel;
- regulatory or legal developments in the United States, China, and other countries;
- the success of competitive products or technologies;
- adverse actions taken by regulatory agencies with respect to our clinical trials or manufacturers;
- changes in the structure of healthcare payment systems;
- changes to our relationships with collaborators, manufacturers or suppliers;
- announcements concerning our competitors or the pharmaceutical industry in general;
- changes in financial estimates or recommendations by securities analysts;
- potential acquisitions, financing, collaborations or other corporate transactions;
- the trading volume of the ADSs on the Nasdaq;
- sales of the ADSs or ordinary shares by us, members of our senior management and directors or our shareholders or the anticipation that such sales may occur in the future;
- general economic, political, and market conditions and overall fluctuations in the financial markets in the United States or China; and
- stock market price and volume fluctuations of comparable companies and, in particular, those that operate in the biopharmaceutical industry.

In addition, the share price of a number of companies involved in initial public offerings, particularly among companies with relatively smaller public floats, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Such rapid and substantial price volatility, including any share price run-up, may be unrelated to our actual or expected operating performance and financial condition or prospects, making it difficult for prospective investors to assess the rapidly changing value of the ADSs. This volatility may prevent you from being able to sell your securities at or above the price you paid for your securities. If the market price of the ADSs after this offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment.

***Our dual-class share structure with different voting rights will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.***

We expect to have a dual-class share structure after the completion of this offering such that our ordinary shares will consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to 15 votes per share based on our proposed dual-class share structure. We will sell Class A ordinary shares represented by the ADSs in this offering. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.

Upon the completion of this offering, our founder, Mr. Yang Lu will beneficially own all of our issued Class B ordinary shares. These Class B ordinary shares will constitute approximately % of our total issued and outstanding share capital immediately after the completion of this offering and % of the aggregate voting power of our total issued and outstanding share capital due to the disparate voting powers associated with our dual-class share structure, assuming the underwriters do not exercise their over-allotment option. As a result of the dual-class share structure and the concentration of ownership, the holder of our Class B ordinary shares will have considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. They may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will

limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

***Our dual-class voting structure may render the ADSs representing our Class A ordinary shares ineligible for inclusion in certain stock market indices, and thus adversely affect the trading price and liquidity of the ADSs.***

We cannot predict whether our dual-class share structure with different voting rights will result in a lower or more volatile market price of the ADSs, adverse publicity, or other adverse consequences. Certain index providers have announced restrictions on including companies with multi-class share structures in certain of their indices. For example, S&P Dow Jones and FTSE Russell have changed their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. As a result, our dual-class voting structure may prevent the inclusion of the ADSs representing our Class A ordinary shares in such indices, which could adversely affect the trading price and liquidity of the ADSs representing our Class A ordinary shares. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structure and our dual-class structure may cause shareholder advisory firms to publish negative commentary about our corporate governance, in which case the market price and liquidity of the ADSs could be adversely affected.

***Because we do not have a regular dividend policy yet, you may need to rely on price appreciation of the ADSs for return on your investment.***

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium account, and provided always that in no circumstances may a dividend be paid out of share premium if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Even if our board of directors decides to declare and pay dividends, the timing, amount, and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions, and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in the ADSs and you may even lose your entire investment in the ADSs.

***Because our initial public offering price is substantially higher than our net tangible book value per share, you will experience immediate and substantial dilution.***

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by existing shareholders for their Class A ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of US\$            per ADS, representing the difference between (i) our pro forma as adjusted net tangible book value per ADS as of December 31, 2021, after giving effect to this offering and the concurrent private placement, and (ii) the initial public offering price per share of US\$            per ADS. In addition, you may experience further dilution to the extent that our Class A ordinary shares are issued upon the exercise of share options. Substantially all of the Class A ordinary shares issuable upon the exercise of currently outstanding share options will be issued at a purchase price on a per ADS basis that is less than the initial public offering price per ADS in this offering. See “Dilution” for a more complete description of how the value of your investment in the ADSs will be diluted upon the completion of this offering and the concurrent private placement.

***If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding the ADSs, the market price for the ADSs and trading volume could decline.***

The trading market for the ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade the ADSs, the market price for the ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

***Our post-offering memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.***

We will adopt an amended and restated memorandum and articles of association that will become effective immediately prior to completion of this offering. Our new memorandum and articles of association contain provisions that may discourage, delay or prevent a change of control of our company, including a provision that entitles each Class B ordinary share to 15 votes in respect of all matters subject to a shareholders' vote and a provision that authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors may determine, to the extent of available authorized but unissued shares. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction.

***Techniques employed by short sellers may drive down the market price of the ADSs.***

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's best interests for the price of the stock to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a stock short. These short attacks have, in the past, led to selling of shares in the market.

Public companies, including those having a substantial portion of their operations in China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which it can proceed against the relevant short seller by principles of freedom of speech, applicable state law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations and stockholders' equity, and any investment in the ADSs could be greatly reduced or rendered worthless.

***The sale or availability for sale, or perceived sale or availability for sale, of substantial amounts of the ADSs could adversely affect their market price.***

Sales of substantial amounts of the ADSs in the public market after the completion of this offering, or the perception that these sales could occur, could adversely affect the market price of the ADSs and could materially impair our ability to raise capital through equity offerings in the future. The ADSs sold in this offering will be freely tradable without restriction or further registration under the Securities Act of 1933, as

amended, or the Securities Act, and shares held by our existing shareholders may also be sold in the public market in the future subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. There will be ADSs (equivalent to Class A ordinary shares) outstanding immediately after this offering, we and each of our officers, directors who beneficially own our shares, holders of share-based awards, approximately 63.9% of our existing shareholders (representing over 77.7% of our total outstanding and issued shares on an as-converted basis prior to this offering) and Nippon Kayaku have agreed not to sell any of our ordinary shares or the ADSs or similar securities for 180 days after the date of the underwriting agreement without the prior written consent of the representatives of the underwriters, subject to certain exceptions. However, the underwriters may release these securities from these restrictions at any time, subject to applicable regulations of the Financial Industry Regulatory Authority, or FINRA. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of the ADSs. See “Underwriting” and “Shares Eligible for Future Sale” for a more detailed description of the restrictions on selling our securities after this offering.

***ADS holders do not have the same rights as our shareholders.***

ADS holders do not have the same rights as our shareholders. For example, ADS holders may not attend shareholders’ meetings or directly exercise the voting rights attaching to the Class A ordinary shares underlying their ADSs. ADS holders may vote only by instructing the depositary to vote on their behalf. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders’ meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our articles of association or similar documents, to vote or to have its agents vote the deposited common shares as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so. Except by instructing the depositary as described above, you will not be able to exercise voting rights unless you surrender the ADSs and withdraw the Class A ordinary shares. However, you may not know about the meeting enough in advance to withdraw the Class A ordinary shares. We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your Class A ordinary shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise voting rights and there may be nothing you can do if your Class A ordinary shares are not voted as you requested. In addition, ADS holders have no right to call a shareholders’ meeting.

***Owners or holders of the ADSs have limited recourse if we or the depositary fail to meet our respective obligations under the deposit agreement.***

The deposit agreement expressly limits the obligations and liability of us and the depositary. For example, the depositary is not liable if any of us or our respective controlling persons or agents is prevented or forbidden from, or subjected to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement and any ADS, by reason of any provision of any present or future law or regulation of the United States or any state thereof, the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of the possible criminal or civil penalties or restraint, or by reason of any provision, present or future, of our memorandum and articles of association or any provision of or governing any deposited securities, or by reason of any act of God or war or other circumstances beyond its control (including, without limitation, nationalization, expropriation, currency restrictions, work stoppage, strikes, civil unrest, revolutions, rebellions, explosions, and computer failure). See “Description of American Depositary Shares” for more information. In addition, the depositary and any of its agents also disclaim any liability for (i) any failure to carry out any instructions to vote, the manner in which any vote is cast or the effect of any vote or failure to determine that any distribution or action may be lawful or reasonably practicable or for allowing any rights to lapse in accordance with the provisions of the deposit agreement, (ii) the failure or timeliness of any notice from us, the content of any information submitted to it by us for distribution to you or for any inaccuracy of any translation thereof, (iii) any investment risk associated with the acquisition of an interest in the deposited



securities, the validity or worth of the deposited securities or the credit-worthiness of any third party, (iv) any tax consequences that may result from ownership of ADSs, ordinary shares or deposited securities, or (v) any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary, provided that in connection with the issue out of which such potential liability arises the depositary performed its obligations without gross negligence or willful misconduct while it acted as depositary. These provisions of the deposit agreement will limit the ability of owners or holders of the ADSs to obtain recourse if we or the depositary fail to meet our respective obligations under the deposit agreement.

***You must rely on the judgment of our management as to the use of the net proceeds from this offering and the concurrent private placement, and such use may not produce income or increase the price of our ordinary shares and/or ADSs.***

Our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not improve our efforts to achieve or maintain profitability or increase the ADS price. The net proceeds from this offering and the concurrent private placement may be placed in investments that do not produce income or that lose value.

***You may experience dilution of your holdings due to the inability to participate in rights offerings.***

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

***As a holder of ADSs, you may not receive distributions on the Class A ordinary shares represented by the ADSs or any value for them if it is illegal or impractical to make them available to holders of ADSs.***

Under the terms of the deposit agreement, the Depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on the Class A ordinary shares or other deposited securities after deducting its fees and expenses and any taxes or other governmental charges. However, in accordance with the limitations set forth in the deposit agreement, it may be unlawful or impractical to make a distribution other than cash available to holders of ADSs. We have no obligation to take any other action to permit the distribution of the ADSs, Class A ordinary shares, rights or anything else to holders of the ADSs. This means that, as a holder of ADSs, you may not receive the distributions we make on the Class A ordinary shares or any value from them if it is unlawful or impractical to make them available to you. These restrictions may have a material adverse effect on the value of your ADSs.

***You may be subject to limitations on transfer of your ADSs.***

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems it expedient in connection with the performance of its duties. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of the ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason. In addition, ADS holders may not be able to cancel their ADSs and withdraw the underlying Class A ordinary shares when they owe money for fees, taxes and similar charges.

***You may experience difficulties in effecting service of legal process, enforcing foreign judgments, or bringing actions in China against us or our management named in the prospectus based on foreign laws.***

We are a company incorporated under the laws of the Cayman Islands and, to date, conduct the majority of our operations in China and a substantial portion of our assets are located in mainland China. In addition, many of our directors and executive officers reside within China for a significant portion of the time. As a result, it may be difficult for you to effect service of process upon us or those persons inside China. It may also be difficult for you to enforce in U.S. courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors residing in China. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States.

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

***You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.***

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by, among other things, our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands, or the Companies Act, and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under the Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, the Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands companies like us have no general rights under the Cayman Islands law to inspect corporate records, or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our post-offering memorandum and articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. We may in the future rely on home country practice with respect to our corporate governance after we complete this offering. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of our board of directors or our controlling

shareholders than they would as public shareholders of a company incorporated in the United States. For a discussion of significant differences between the provisions of the Companies Act and the laws applicable to companies incorporated in the United States and their shareholders, see “Description of Share Capital — Differences in corporate law.”

***We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to U.S. domestic public companies.***

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time;
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and
- certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the Nasdaq Stock Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

***As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards.***

The Nasdaq permits a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the Nasdaq corporate governance listing standards. For instance, we are not required to:

- have a majority of the board be independent (although all of the members of the audit committee must be independent under the Exchange Act);
- have a compensation committee or a nominations or corporate governance committee consisting entirely of independent directors; or
- have regularly scheduled executive sessions with only independent directors each year.

We may rely on home country practice with respect to our corporate governance after we complete this offering. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

***We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.***

As a company with less than US\$1.07 billion in revenues for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. Therefore, we have elected to take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies and acknowledge

such election is irrevocable pursuant to Section 107 of the JOBS Act. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, in the assessment of the emerging growth company's internal control over financial reporting and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies. As a result, if we elect not to comply with such reporting and other requirements, in particular the auditor attestation requirements, our investors may not have access to certain information they may deem important.

The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our results of operations and financial statements may not be comparable to the results of operations and financial statements of other companies that have adopted the new or revised accounting standards. If we cease to be an emerging growth company, we will no longer be able to take advantage of these exemptions or the extended transition period for complying with new or revised accounting standards.

***The deposit agreement provides that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall have exclusive jurisdiction over any suit, action or proceeding arising out of or relating in any way to the ADSs or the deposit agreement, which could limit the ability of owners and holders of the ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary, and potentially others.***

The deposit agreement provides that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall have exclusive jurisdiction over any suit, action or proceeding against or involving us or the depositary, arising out of or relating in any way to the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs. The enforceability of similar federal court choice of forum provisions has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. If a court were to find the federal choice of forum provision contained in the deposit agreement to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection provision in the deposit agreement may limit a security-holder's ability to bring a claim against us, our directors and officers, the depositary, and potentially others in his or her preferred judicial forum, and this limitation may result in increased costs for investors to bring lawsuits and discourage such lawsuits. Owners and holders of the ADSs will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder pursuant to the exclusive forum provision in the deposit agreement. In addition, the forum selection provision of the deposit agreement does not affect the right of an ADS holder or the depositary to require any claim against us, including a federal securities law claim, to be submitted to arbitration or to commence an action in any court in aid of that arbitration provision, or to enter judgment upon or enforce any arbitration award.

***ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.***

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim that they may have against us or the depositary arising out of or relating to our Class A ordinary shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by

the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has nonexclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently, and voluntarily waives the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other owners or holders of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depository. If a lawsuit is brought against us or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. The deposit agreement also provides that ADSs holders and the depository have the right to elect to have any claim against us arising out of or relating to our Class A ordinary shares, ADSs, ADRs or the deposit agreement settled by arbitration in New York, New York rather than in a court of law, and to have any judgment rendered by the arbitrators entered in any court having jurisdiction. The arbitral tribunal in any such arbitration would not have the authority to award any consequential, special, or punitive damages or other damages not measured by the prevailing party's actual damages and may not make any ruling, finding or award that does not conform to the provisions of the deposit agreement. The deposit agreement does not give us the right to require that any claim, whether brought by us or against us, be arbitrated. The optional arbitration provision does not apply to claims under federal securities laws or claims other than in connection with this offering.

No condition, stipulation, or provision of the deposit agreement or ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depository of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

***The deposit agreement may be amended or terminated without your consent.***

We and the depository may amend or terminate the deposit agreement without your consent. Such amendment or termination may be done in favor of our company. Holders of the ADSs, subject to the terms of the deposit agreement, will receive notice in the event of an amendment that prejudices a substantial existing right or a termination. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. The deposit agreement may be terminated at any time upon a prior written notice. Upon the termination of the deposit agreement, our company will be discharged from all obligations under the deposit agreement, except for our obligations to the depository thereunder. See "Description of American Depositary Shares" for more information.

***Our post-offering memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.***

Our memorandum and articles of association contain certain provisions that could limit the ability of others to acquire control of our company and a provision that grants authority to our board of directors to establish from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series. These provisions could have the effect of depriving our shareholders of the opportunity to sell their shares at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

***We will be a “controlled company” within the meaning of the Nasdaq Stock Market listing rules and, as a result, may rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.***

We will be a “controlled company” as defined under the Nasdaq Stock Market listing rules because Mr. Yang Lu, our founder, will continue to control more than 50% of our total voting power immediately after the completion of this offering and the concurrent private placement. Pursuant to our post-offering memorandum and articles of association, an ordinary resolution to be passed at a shareholders’ meeting requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the outstanding and issued ordinary shares cast at a meeting. A special resolution will be required for important matters such as making changes to our post-offering memorandum and articles of association. As a result, Mr. Yang Lu will have the ability to control or significantly influence the outcome of matters requiring approval by shareholders. In addition, for so long as we remain a controlled company under that definition, we are permitted to elect to rely on, and may rely on, certain exemptions from corporate governance rules, including an exemption from the rule that a majority of our board of directors must be independent directors. We may also rely on the exemption available for foreign private issuers to follow our home country governance practices. See “— Risks Related to the ADSs — As a foreign private issuer, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the Nasdaq corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq corporate governance listing standards” As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.

***We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. investors in ADSs or ordinary shares.***

Based on current estimates of our gross income and the value of our gross assets (including goodwill) and the manner in which we conduct our business, we do not expect to be a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes for the taxable year ending December 31, 2023. However, because PFIC status depends on the composition of a company’s income and assets and the market value of its assets from time to time, there can be no assurance that we will not be a PFIC for any taxable year.

A non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (after taking into account the income and assets of subsidiaries in which it owns at least a 25% interest by value), (i) at least 75% of its gross income is “passive” income, such as interest and income from financial investments (the “income test”) or (ii) at least 50% of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce or are held to produce passive income (the “asset test”). For purposes of the asset test, any cash, and cash equivalents (such as bank deposits) will count as passive assets, and goodwill should be treated as an active asset to the extent associated with activities that produce or intended to produce active income. In determining the average percentage value of our gross assets, the aggregate value of our assets will generally be deemed to be equal to our market capitalization (determined by the sum of the aggregate value of our outstanding equity) plus our liabilities. With certain exceptions, we do not currently generate any income from our primary business, and our gross income is currently comprised primarily of interest and other investment income (which is passive) and governmental grants and the option grant fee from Nippon Kayaku (the “Option Grant Fee”) (which are both likely to be active income). Therefore, our PFIC status under the income test for any taxable year in which we do not generate significant income from our primary business, including the current taxable year, will likely depend on the relative amounts of governmental grants and the Option Grant Fee against the amounts of interest and other passive income we earn. The receipt of governmental grants is subject to various conditions and there can be no assurance that we will continue to receive governmental grants in future taxable years or as to the amount of governmental grants that we will receive in any taxable year. Additionally, the Option Grant Fee is not a reoccurring payment in future taxable years and is subject to repayment if certain conditions under the Nippon Kayaku Agreement are not satisfied. We cannot assure you that such conditions under the Nippon Kayaku Agreement will be satisfied and that the option grant fee will not be subject to repayment to Nippon Kayaku. Further, we will hold a substantial amount of cash and cash equivalents following the offering and while we continue to do so, our PFIC status for any taxable year will depend on the value of our goodwill. The value of

our goodwill may be determined, in large part, by reference to the market price of our ADSs, which is likely to be volatile given the nature of our business and the current market conditions. Therefore, we could be a PFIC for any future taxable year if our market capitalization were to decrease significantly while we hold substantial cash and cash equivalents, or if the gross income that we and our subsidiaries earn from investing the portion of cash raised in this offering and the concurrent private placement is substantial in comparison with the gross income from our business operation. Accordingly, we cannot assure you that we will not become a PFIC for the current or any future taxable year.

If we were treated as a PFIC for any taxable year, then U.S. investors could be subject to adverse U.S. federal income tax consequences (regardless of whether we continue to be a PFIC), including increased tax liability on disposition gains and certain “excess distributions” and additional reporting requirements. See “Taxation — United States federal income tax considerations — Passive foreign investment company” for further information. U.S. investors should consult their tax advisers regarding our PFIC status for any taxable year and the potential application of the PFIC rules to an investment in ADSs or ordinary shares including the availability and the advisability of making certain elections under the PFIC rules.

***We expect to incur increased costs as a result of being a public company, and will incur further increased costs after we cease to qualify as an “emerging growth company.”***

We will become a public company after this offering, and expect to incur significant legal, accounting, and other expenses that we would not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the Nasdaq Stock Market, impose various requirements on the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. Especially after we are no longer an emerging growth company, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we need to increase the number of independent directors and adopt policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company’s securities. If we were involved in a class action suit, it could divert a significant amount of our management’s attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages.

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business.” Known and unknown risks, uncertainties, and other factors, including those listed under “Risk Factors,” may cause our actual results, performance, or achievements to be materially different from those expressed or implied by the forward-looking statements.

You can identify some of these forward-looking statements by words or phrases, such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “is/are likely to,” “potential,” “continue” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy, and financial needs. These forward-looking statements include statements relating to:

- our business strategies and plans to achieve these strategies;
- the timing, progress, and results of preclinical studies, and clinical trials for drug candidates we may develop;
- the possibility to obtain the relevant requisite regulatory approvals of our drug candidates;
- the feasibility to successfully commercialize our drug candidates in a timely manner;
- changes in competitive conditions and the feasibility to compete under these conditions;
- the size of the market opportunity for our drug candidates, including our estimates of the number of patients who suffer from the diseases we are targeting;
- the likelihood to maintain the collaboration with licensors, and establish or maintain future collaborations or strategic relationships;
- the feasibility to obtain, and negotiate favorable terms of, any collaboration, licensing or other arrangements that may be necessary or desirable to develop, manufacture or commercialize our drug candidates;
- changes to the political and regulatory environment in the industry and markets in which we operate;
- effects of the global financial markets and economic crisis;
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management, and overall market trends;
- our expectations regarding the period during which we will qualify as an emerging growth company under the JOBS Act; and
- our anticipated use of our existing resources and the proceeds from this offering and the concurrent private placement.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” “Regulation,” and other sections in this prospectus. You should read thoroughly this prospectus and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This prospectus contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. Our industry may not grow at the rate projected by market data, or at all. Failure of this market to grow at the projected rate may have a material and adverse effect on our business and the market price of



the ADSs. In addition, the rapidly evolving nature of this industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we refer to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US\$ , or approximately US\$ if the underwriters exercise their option to purchase additional ADSs, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us, as well as net proceeds of US\$ million from the concurrent private placement. These estimates are based upon an assumed initial public offering price of US\$ per ADS, which is the midpoint of the price range shown on the front page of this prospectus. A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$ per ADS would increase (decrease) the net proceeds to us from this offering by US\$ , assuming the number of ADSs offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The primary purposes of this offering are to create a public market for our Class A ordinary shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives, and obtain additional capital. We plan to use the net proceeds of this offering and the concurrent private placement as follows:

- approximately US\$ million for expansion of the ongoing and future R&D activities, including planned preclinical studies, clinical trials, and future commercialization of our drug candidates;
  - to fund the ongoing registrational trial for AN2025 (buparlisib) and the milestone payments in connection with development of AN2025;
  - to fund the commercial launch, if approved, of AN2025;
  - to fund the ongoing Phase Ib trial for AN0025 (palupiprant) in the United States and France;
  - to fund the ongoing Phase I trial both in the United States and China for AN4005;
  - to fund the ongoing Phase I trial in the United States for the triple combination of AN2025, AN0025, and atezolizumab; and
  - to fund the discovery and IND enabling studies of pre-clinical drugs;
- approximately US\$ million for expansion of our drug portfolio through a combination of internal R&D activities and external business development efforts; and
- approximately US\$ million for our general working capital and general corporate purposes.

Based on our current operating plan, we believe that the net proceeds from this offering, together with our existing cash and cash equivalents, will enable us to fund our planned operating expenses and capital expenditures through the next 12 months. The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering and the concurrent private placement. Our management, however, will have broad discretion in the application of our net proceeds from this offering and the concurrent private placement, and investors will be relying on the judgment of our management regarding the application of these proceeds. See “Risk Factors — Risks relating to the ADSs — You must rely on the judgment of our management as to the use of the net proceeds from this offering and the concurrent private placement, and such use may not produce income or increase the price of our ordinary shares and/or ADSs.”

We intend to invest the net proceeds in short- and intermediate-term interest-bearing obligations, investment-grade instruments, certificates of deposit or guaranteed obligations of the U.S. government, pending their use as described above.

In using the proceeds of this offering and the concurrent private placement, we are permitted under PRC laws and regulations as an offshore holding company to provide funding to our PRC subsidiaries only through loans or capital contributions, subject to satisfaction of applicable government registration and approval requirements. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, or at all. See “Risk Factors — Risks relating to our operation in the People’s Republic of China — PRC regulation of loans to, and direct investments in, PRC entities by offshore holding companies may delay or prevent us from making loans or additional capital contributions to our PRC operating subsidiaries and thereby prevent us from funding our business.”

**DIVIDEND POLICY**

We have not set any regular dividend policy yet, and our board of directors has discretion as to whether and when to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Under Cayman Islands law, a Cayman Islands exempted company may pay a dividend out of either profit, retained earnings or share premium, provided that in no circumstances may a dividend be paid if that would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board decides to pay dividends, the form, frequency, and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, and other factors that the Board may deem relevant.

We are a holding company incorporated in the Cayman Islands. For our cash requirements, including any payment of dividends to our shareholders, we rely upon payments from our operating entities. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See “Regulation — PRC laws and regulations — Regulations relating to foreign exchange control” and “Regulation — PRC laws and regulations — Regulations relating to dividend distribution.”

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the Class A ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Description of American Depositary Shares.” Cash dividends on our ordinary shares, if any, will be paid in U.S. Dollars.

## CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2023:

- on an actual basis;
- on a pro forma basis to reflect (i) the automatic conversion and the re-designation of all of the issued and outstanding preferred shares on a one-for-one basis into ordinary shares immediately prior to the completion of this offering; (ii) the re-designation of 16,990,000 ordinary shares into Class B ordinary shares on a one-for-one basis immediately prior to the completion of this offering; and (iii) the re-designation of all of the remaining ordinary shares into Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering; and
- on a pro forma as adjusted basis to reflect (i) the automatic conversion and the re-designation of all of the issued and outstanding preferred shares on a one-for-one basis into ordinary shares immediately prior to the completion of this offering; (ii) the re-designation of 16,990,000 ordinary shares into Class B ordinary shares on a one-for-one basis immediately prior to the completion of this offering; and (iii) the re-designation of all of the remaining ordinary shares into Class A ordinary shares on a one-for-one basis immediately prior to the completion of this offering; and (iv) the issuance and sale of Class A ordinary shares in the form of ADSs by us in this offering and the issuance and sale of Class A ordinary shares by us in the concurrent private placement at an assumed initial public offering price of US\$ per ADS, the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	As of March 31, 2023		
	Actual	Pro Forma	Pro forma As adjusted
	US\$	US\$	US\$
<b>(in thousands, except for shares and par value data)</b>			
<b>Preferred shares liabilities</b>			
Series B convertible redeemable preferred shares (par value of US\$0.0001 per share; 13,607,896 shares authorized, issued and outstanding on an actual basis; and nil outstanding on a pro forma and pro forma as adjusted basis as of March 31, 2023)	90,384	—	
Series C convertible redeemable preferred shares (par value of US\$0.0001 per share; 14,653,013 shares authorized, issued and outstanding on an actual basis; and nil outstanding on a pro forma and pro forma as adjusted basis as of March 31, 2023)	97,132	—	
Series D convertible redeemable preferred shares (par value of US\$0.0001 per share; 14,722,505 shares authorized, issued and outstanding on an actual basis; and nil outstanding on a pro forma and pro forma as adjusted basis as of March 31, 2023)	102,852	—	
<b>Total preferred shares liabilities</b>	<b>290,368</b>	<b>—</b>	
Ordinary shares (par value of \$0.0001 per share; 442,456,586 shares authorized; 40,440,000 shares issued and outstanding on an actual basis, and nil outstanding on a pro forma basis or pro forma as adjusted basis as of March 31, 2023)	4	—	
Class A Ordinary shares (par value of \$0.0001 per share; nil outstanding at an actual basis, and 80,093,414 shares at pro forma basis as of March 31, 2023)	—	8	

	As of March 31, 2023		
	Actual	Pro Forma	Pro forma As adjusted
	US\$	US\$	US\$
	(in thousands, except for shares and par value data)		
Class B Ordinary shares (par value of \$0.0001 per share; nil outstanding at an actual basis, and 16,990,000 shares at pro forma basis as of March 31, 2023)	—	2	
Additional paid-in capital	6,415	307,757	
Series A convertible preferred shares	10,980	—	
Share option reserve	14,817	14,817	
Exchange fluctuation reserve	(3,877)	(3,877)	
Accumulated loss	(283,242)	(283,242)	
<b>Total shareholders' (deficit) equity</b>	<b>(254,903)</b>	<b>35,465</b>	
<b>Total capitalization</b>	<b>35,465</b>	<b>35,465</b>	

The information above is illustrative only and our capitalization following the completion of this offering and the concurrent private placement will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per ADS, the midpoint of the estimated price range shown on the cover page of this prospectus, would increase (decrease) the amount of cash and cash equivalents, additional paid-in capital, total shareholders' deficits and total capitalization on a pro forma as adjusted basis by approximately \$ million, assuming the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of ADSs offered by us would increase (decrease) cash and cash equivalents, total shareholders' deficits and total capitalization on a pro forma as adjusted basis by approximately \$ million, assuming the assumed initial public offering price remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

## DILUTION

If you invest in the ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of March 31, 2023 was approximately US\$            million, representing US\$            per ordinary share on a pro forma basis and US\$            per ADS. Net tangible book value represents the amount of our total consolidated tangible assets less total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share after giving effect to the additional proceeds we will receive from this offering and the concurrent private placement, from the assumed initial public offering price of US\$            per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Because the Class A ordinary shares and Class B ordinary shares have the same dividend and other rights, except for voting and conversion rights, the dilution is presented based on all issued and outstanding ordinary shares, including Class A ordinary shares and Class B ordinary shares.

Without taking into account any other changes in pro forma net tangible book value after March 31, 2023, other than to give effect to our sale of the ADSs offered in this offering and our sale of Class A ordinary shares in the concurrent private placement at the assumed initial public offering price of US\$            per ADS, which is the midpoint of the estimated initial public offering price range, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of March 31, 2023 would have been US\$            , or US\$            per ordinary share and US\$            per ADS. This represents an immediate increase in net tangible book value of US\$            per ordinary share and US\$            per ADS to the existing shareholders and an immediate dilution in net tangible book value of US\$            per ordinary share and US\$            per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Assumed initial public offering price	US\$	US\$
Net tangible book value as of March 31, 2023	US\$	US\$
Pro forma net tangible book value after giving effect to the conversion of our preferred shares	US\$	US\$
Pro forma as adjusted net tangible book value after giving effect to the conversion of our preferred shares and this offering and the concurrent private placement	US\$	US\$
Amount of dilution in net tangible book value to new investors in this offering	US\$	US\$

A US\$1.00 increase (decrease) in the assumed initial public offering price of US\$            per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to this offering and the concurrent private placement by US\$            , the pro forma as adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering and the concurrent private placement by US\$            per ordinary share and US\$            per ADS, and the dilution in pro forma as adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by US\$            per ordinary share and US\$            per ADS, assuming no change to the number of ADSs offered by us as set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on a pro forma as adjusted basis as of March 31, 2023, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The total number of ordinary shares does not include Class A ordinary shares underlying the ADSs issuable upon the exercise of the over-allot option granted to the underwriters.

	Ordinary shares purchased		Total consideration		Average price per ordinary share	Average price per ADS
	Number	Percent	Amount	Percent		
Existing shareholders			US\$			
New investors			US\$			
Concurrent private placement investor						
Total			US\$			

The pro forma as adjusted information discussed above is illustrative only. Our net tangible book value following the completion of this offering and the concurrent private placement is subject to adjustment based on the actual initial public offering price of the ADSs and other terms of this offering determined at pricing.

## CORPORATE HISTORY AND STRUCTURE

### Our corporate history

We are a global clinical-stage biotechnology company focused on the discovery and development of innovative cancer therapies for patients across the spectrum of tumor types.

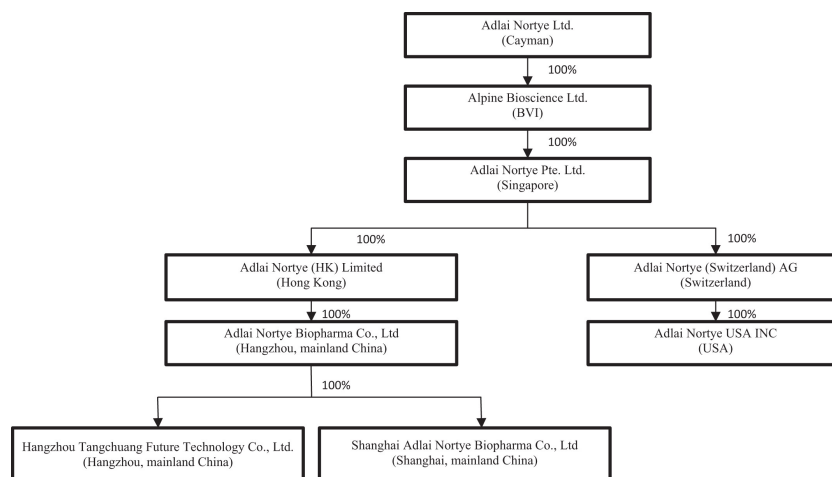
We commenced our business in mainland China in 2004 through Adlai Nortye Biopharma Co., Ltd., which we refer to as our operating subsidiary in the PRC. We initially focused primarily on generic pharmaceuticals and polypeptide intermediate, until 2016 when our founders, Mr. Yang Lu and Mr. Donghui Yang, led our strategic transition to become a R&D-driven pharmaceutical company, focusing on the discovery and development of innovative cancer therapies.

Our ultimate holding company was incorporated in the Cayman Islands in May 2018 to facilitate offshore financing activities, and our daily operations are conducted primarily through our operating subsidiaries in the United States and mainland China. Between January 2018 and June 2022, Alpine Bioscience Ltd., Adlai Nortye Pte. Ltd., Adlai Nortye (HK) Limited, and Adlai Nortye (Switzerland) AG were incorporated in the British Virgin Islands, Singapore, Hong Kong, and Switzerland as our intermediary holding entities. In March 2019, Adlai Nortye (HK) Limited acquired entire equity interests in the Adlai Nortye Biopharma Co., Ltd. from its then shareholders and Adlai Nortye Biopharma Co., Ltd. became a wholly owned subsidiary of our ultimate holding company.

In order to conduct clinical trials in the U.S., Adlai Nortye USA INC was incorporated under the laws of the State of Delaware in the U.S. in January 2018. In June 2022, as a part of a reorganization, Adlai Nortye (Switzerland) AG acquired all its shares and Adlai Nortye USA INC become a wholly owned subsidiary of our ultimate holding company.

### Our corporate structure

The chart below sets forth our corporate structure and identifies our subsidiaries and their subsidiaries, as of the date of this prospectus:





## 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 “Summary Consolidated Financial and Operating Data,” and our financial statements and the related notes appearing elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. You should read the “Risk factors” and “Cautionary note regarding forward-looking statements” sections of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.*

### Overview

We are a global clinical-stage biotechnology company focused on the discovery and development of innovative cancer therapies for patients across the spectrum of tumor types. Our mission is to transform deadly cancer into a chronic and eventually curable disease. We are now developing multiple innovative antitumor drug candidates by leveraging our deep knowledge in cancer biology, as well as significant global R&D and clinical execution capabilities. These drug candidates are currently undergoing clinical trials, and in many cases, in collaboration with multinational pharmaceutical companies, to fully realize their commercialization potential on a global scale. Our combination therapy strategy is directed towards systematically activating the immune system through a combination of multiple drugs, aiming to enhance the clinical benefit by achieving superior efficacy and safety while overcoming drug resistance.

We have identified and developed a robust pipeline of six drug candidates. Currently, our pipeline includes three clinical-stage drug candidates, buparlisib (AN2025), palupiprant (AN0025), and AN4005, as well as three preclinical candidates. Our most advanced program is AN2025, a pan-phosphoinositide 3-kinase (“PI3K”) inhibitor that is designed to act against solid tumors. We believe that AN2025, if approved, has the potential to be first-to-market, and is currently the only drug candidate in active Phase III clinical trial targeting recurrent or metastatic HNSCC patients after progression on prior anti-PD-1/PD-L1 therapy, potentially addressing a global unmet medical need. We are also collaborating with MSD International GmbH, or MSD, to evaluate AN0025, a small molecule prostaglandin E receptor 4 (“EP4”) antagonist, in combination with Keytruda or pembrolizumab, in a Phase Ib clinical trial for five different types of advanced solid tumors after progression with anti-PD-1/PD-L1 therapy or standard of care treatment. In addition, a Phase I clinical trial has been initiated for a combination therapy consisting of AN2025, AN0025, and Tecentriq or atezolizumab targeting a variety of PIK3CA mutant solid tumors. AN4005, which is currently being studied in a Phase I clinical trial, is an internally discovered, oral small molecule PD-L1 inhibitor in development to induce and stabilize PD-L1 dimerization and thereby disrupt the interaction between PD-1 and PD-L1.

We have assembled a management team and a scientific advisory board with industry leaders and influential scientists, who provide international and strategic guidance to our R&D, business development, and operational teams. In addition to building our own R&D capabilities, we continue to seek and secure partnerships with leading multi-national pharmaceutical companies such as Eisai and Novartis to fully realize the potential of our pipeline programs. We believe our partnerships validate our clinical expertise and reflect belief in our ability to deliver on our development and commercialization capabilities across a versatile pipeline.

Since our inception, our operations have focused on organizing and staffing our company, business planning, raising capital, establishing our intellectual property portfolio and conducting preclinical studies and clinical trials. We do not have any drug candidates approved for sale and have not generated any revenue from product sales. We have financed operations through a combination of equity financings and payments from our collaborators. We use the capital we have raised to fund operations and investing activities across research for technology creation, drug discovery and clinical development programs, infrastructure, creation of our portfolio of intellectual property, and administrative support.

Since our founding, we have incurred significant operating losses. Our net losses were US\$56.7 million, US\$58.8 million, and US\$15.0 million for the years ended December 31, 2021, 2022, and three months ended March 31, 2023, respectively. We expect to continue to incur significant expenses and operating losses for the

foreseeable future. In addition, we anticipate that our expenses will increase significantly in connection with our ongoing activities as we:

- continue or expand our research or development of our programs in preclinical development;
- continue or expand the scope of our clinical trials for our drug candidates;
- initiate additional preclinical studies or clinical or other trials for our drug candidates, including under our collaboration agreements;
- continue to invest in our R&D platforms to conduct research to identify novel technologies;
- add additional infrastructure to our quality control, quality assurance, legal, compliance and other groups to support our operations as we progress our drug candidates toward commercialization;
- attract and retain skilled personnel;
- create additional infrastructure to support our operations as a public company and our product development and planned future commercialization efforts, including expansion of sites in the United States and Europe;
- seek marketing approvals and reimbursement for our drug candidates;
- establish a sales, marketing and distribution infrastructure to commercialize any products for which we may obtain marketing approval;
- seek to identify and validate additional drug candidates;
- acquire or in-license other drug candidates and technologies;
- make milestone or other payments under any in-license agreements;
- maintain, protect, defend, enforce and expand our intellectual property portfolio; and
- experience any delays or encounter issues with any of the above.

We do not expect to generate revenue from the sale of our drug candidates unless and until we successfully complete clinical development and obtain regulatory approval for such drug candidates. If we seek to obtain regulatory approval for any of our drug candidates, we expect to incur significant commercialization expenses.

As a result, we will need substantial additional funding to support our continued operations and pursue our growth strategy. Until we can generate significant revenue from product sales, if ever, we expect to finance our operations through a combination of public or private equity offerings and debt financings, government funding arrangements, collaborations and marketing, or distribution and licensing arrangements. We may be unable to raise additional funds or enter into such other arrangements on favorable terms, or at all. If we fail to raise capital or enter into such arrangements as and when needed, we may have to significantly delay, scale back or discontinue the development and commercialization of one or more of our programs.

Because of the numerous risks and uncertainties associated with pharmaceutical development, we are unable to predict the timing or amount of increased expenses or when or if we will be able to achieve or maintain profitability. Even if we are able to generate revenues from the sale of our products, we may not become profitable. If we fail to become profitable or are unable to sustain profitability on a continuing basis, then we may be unable to continue our operations at planned levels and may be forced to reduce our operations.

#### **Key components of our results of operations**

##### ***Revenue***

To date, we have not generated any revenue from product sales. In 2021, our revenue of US\$45.7 million consisted of the revenue from the sale of intellectual property pursuant to the collaboration agreement with Biotime. Revenue was recognized when we sold the rights to the intellectual property and after there was no future performance obligation to be performed. For more details, see “Business — License and collaboration agreements — Collaboration with Biotime.” Our ability to generate product revenue and to become profitable will depend upon our ability to successfully develop, obtain regulatory approval and commercialize our drug

candidates. Because of the numerous risks and uncertainties associated with product development and regulatory approval, we are unable to predict the amount, timing or ability to obtain product revenue.

#### ***Administrative expenses***

Administrative expenses primarily include payroll, share-based compensation expenses, and other related expenses for employees involved in general corporate functions including finance, legal and human resources, rental and depreciation expenses related to facilities and equipment used by these functions, professional service expenses and other general corporate related expenses.

We expect our administrative expenses to increase in the future to support our continued research and development activities and, if any of our drug candidates receive marketing approval, commercialization activities. We also anticipate increased expenses related to professional fees, including audit, legal, regulatory and tax-related services, associated with maintaining compliance with Nasdaq listing and SEC requirements, director and officer insurance premiums, and investor relations costs associated with operating as a public company.

#### ***Research and development expenses***

Research and development expenses consist primarily of costs incurred in connection with our research activities and include: (i) cost of personnel engaged in research and development activities, including salaries, benefits and share-based compensation expenses, if any; (ii) costs of funding research performed by third parties including laboratory, CRO, and other investigator and vendor expenses related to the execution of preclinical and clinical trials; (iii) costs related to production of preclinical and clinical materials; (iv) licensing fees for maintaining licenses under our third-party licensing agreements; (v) facility costs including rent, depreciation and maintenance expense; and (vi) expenses related to regulatory activities, including filing fees paid to regulatory agencies.

Research and development costs are expensed as incurred. Costs for certain activities, such as manufacturing and preclinical studies and clinical trials, are generally recognized based on an evaluation of the progress to completion of specific tasks using information and data provided to us by our vendors and investigators.

Research and development activities are central to our business model. Drug candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect our research and development expenses to increase over the next several years as our existing clinical programs progress and as we seek to initiate clinical trials of additional drug candidates. We also expect to incur increased research and development expenses as we selectively identify and develop additional drug candidates. However, it is difficult to determine with certainty the duration and completion costs of our current or future preclinical programs and clinical trials of our drug candidates.

The duration, costs and timing of clinical trials and development of our drug candidates will depend on a variety of factors that include, but are not limited to, the following:

- successful enrollment in and completion of clinical trials;
- establishing an appropriate safety profile;
- establishing commercial manufacturing capabilities or making arrangements with third-party manufacturers;
- receipt of marketing approvals from applicable regulatory authorities;
- commercializing the drug candidates, if approved, whether alone or in collaboration with others;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our drug candidates;
- continued acceptable safety profiles of products following approval; and
- retention of key research and development personnel.

A change in the outcome of any of these variables with respect to the development of any of our drug candidates would significantly change the costs, timing and viability associated with the development of that drug candidate.

**Other income and gains**

Other income and gains primarily consist of government subsidies that we receive from local government in the PRC.

**Fair value changes on financial liabilities at FVTPL**

Fair value changes on financial liabilities at FVTPL consists primarily of the non-cash items incurred in connection with changes in the fair value of our preferred share liabilities that we issued to certain investors.

**Taxation****Cayman Islands and British Virgin Islands**

Under the current laws of the Cayman Islands and the British Virgin Islands, the Company and its subsidiaries are not subject to tax on income or capital gains.

**The United States**

Under the current laws of the United States of America, the subsidiary which operates in the United States America is subject to federal tax at a rate of 21% and state tax at a rate of 9% in New Jersey.

**Hong Kong**

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the period presented. The first HKD2,000 thousands of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

**Mainland China**

The provision for corporate income tax in Mainland China is based on a statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008. Certain other subsidiaries qualified as “High and New Technology Enterprise” and “Small and Medium-sized Technological Enterprises”, for details of their preferential tax treatments, see Note 6 to our consolidated financial statements for a detailed discussion.

**Singapore**

The subsidiary incorporated in Singapore is subject to Singapore corporate income tax effectively at the rate of 4.25%-17.00% on any estimated assessable profits arising in Singapore during the period presented. In the first three years since the establishment of the Singapore subsidiary, the first SGD100 of assessable profits of this subsidiary are taxed at an effective tax rate of 4.25% and the next SGD100 of assessable profits are taxed at an effective tax rate of 8.5%, and the remaining assessable profits are taxed at 17%.

**Switzerland**

The subsidiary incorporated in Switzerland is subject to a total corporate income tax rate of 11.9%, including 8.5% federal, and Zug cantonal and communal tax, during the period presented on the estimated assessable profits of the Swiss subsidiary. If the main business is operated in other cantons, the total corporate income tax, including federal, cantonal, and communal tax, could be up to 21.6%.

## Results of operations

The following table summarizes key components of our results of operations for the years/periods indicated:

	For the Year Ended December 31,		For Three Months Ended March 31,	
	2021	2022	2022	2023
	US\$	US\$	US\$	US\$
	(in thousands)			
<b>Selected consolidated statements of operations and comprehensive loss:</b>				
Revenue	45,726	—	—	—
Other operating income, net	183	259	104	194
Administrative expenses	(12,450)	(13,039)	(2,494)	(2,149)
Research and development expenses	(42,105)	(54,490)	(8,899)	(13,308)
<b>Total operating loss</b>	<b>(8,646)</b>	<b>(67,270)</b>	<b>(11,289)</b>	<b>(15,263)</b>
Other income and gains	213	2,079	92	258
Other expenses	(70)	(1,395)	(1)	—
Investment income	32	550	65	64
Fair value gain on financial assets at FVTPL	40	484	222	—
Fair value (loss)/gain on financial liabilities at FVTPL	(46,910)	7,195	—	—
Finance costs	(1,337)	(433)	(157)	(80)
<b>Loss before tax</b>	<b>(56,678)</b>	<b>(58,790)</b>	<b>(11,068)</b>	<b>(15,021)</b>
Income tax expense	—	—	—	—
<b>Loss for the year/period</b>	<b>(56,678)</b>	<b>(58,790)</b>	<b>(11,068)</b>	<b>(15,021)</b>
Attributable to:				
Ordinary equity holders of the parent	(56,678)	(58,790)	(11,068)	(15,021)

## Comparison of three months ended March 31, 2023 and 2022

### Administrative expenses

Our administrative expenses decreased by 13.8%, from US\$2.5 million for the three months ended March 31, 2022 to US\$2.1 million for the three months ended March 31, 2023, primarily attributable to a decrease in share-based compensation expenses resulting from the vesting schedule of certain stock options in 2023.

### Research and development expenses

Our research and development expenses increased significantly from US\$8.9 million for the three months ended March 31, 2022 to US\$13.3 million for the three months ended March 31, 2023. This increase was primarily due to (i) an increase in payroll and other related costs of personnel, primarily due to increased share-based compensation and expansion of the R&D staff and (ii) an increase in CRO service fees as we advanced some of our existing drug candidates into more advanced clinical development stages.

### Other income and gains

Our other income and gains increased significantly from US\$92,000 for the three months ended March 31, 2022 to US\$0.3 million for the three months ended March 31, 2023, primarily due to foreign exchange gains as result of fluctuations in the exchange rate.

**Finance costs**

Our finance costs decreased by 49.0% from US\$0.2 million for the three months ended March 31, 2022 to US\$0.1 million for the three months ended March 31, 2023, primarily due to lower loan balance and reduced interest payments on lease liabilities.

**Loss for the period**

For the reasons described above, our loss for the period increased by 35.7%, from US\$11.1 million for the three months ended March 31, 2022 to US\$15.0 million for the three months ended March 31, 2023.

**Comparison of twelve months ended December 31, 2022 and 2021****Revenue**

We did not generate any revenue in 2022.

**Administrative expenses**

Our administrative expenses increased by 4.7%, from US\$12.5 million in 2021 to US\$13.0 million in 2022, primarily attributable to (i) an increase in employee compensation due to an increase in the number of employees and (ii) an increase in share-based compensation expenses from additional options granted to new employees in 2022.

**Research and development expenses**

Our research and development expenses increased by 29.4%, from US\$42.1 million in 2021 to US\$54.5 million in 2022. This increase was primarily due to (i) an increase in payroll and other related costs of personnel, primarily due to increased share-based compensation and expansion of the R&D staff; (ii) an increase in the CRO service fees as we advanced some of our existing drug candidates into more advanced clinical development stages; and (iii) an increase in the cost of materials and consumables used for our discovery projects and preclinical studies.

**Other income and gains**

Our other income and gains increased significantly, from US\$0.2 million in 2021 to US\$2.1 million in 2022, primarily due to additional government grants received in 2022.

**Fair value changes on financial liabilities at FVTPL**

We had fair value loss on financial liabilities at FVTPL of US\$46.9 million in 2021 and fair value gain on financial liabilities at FVTPL of US\$7.2 million in 2022. This change was primarily due to the increased likelihood of the shares being listed publicly, which reduced the liquidation value.

**Finance costs**

Our finance costs decreased by 67.6% from US\$1.3 million in 2021 to US\$0.4 million in 2022, primarily due to a decrease of private financing related expenses.

**Loss for the year**

For the reasons described above, our loss for the year increased by 3.7%, from US\$56.7 million in 2021 to US\$58.8 million in 2022.

**Liquidity and capital resources**

Since 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 activities and administrative costs associated with our operations. We incurred net loss of US\$56.7 million, US\$58.8, and US\$15.0 million for

the years ended December 31, 2021, 2022, and three months ended March 31, 2023. We used US\$3.0 million, US\$43.2 million, and US\$10.0 million in cash for our operating activities for the years ended December 31, 2021, 2022 and three months ended March 31, 2023, respectively. Historically, we have financed our operations primarily through proceeds from the issuance and sale of preferred shares, warrants in private placement transactions, and bank borrowings. For more information of our equity financing, see “Description of Share Capital — History of share capital.”

Currently, our primary source of liquidity are cash and cash equivalents. As of March 31, 2023, we had US\$59.8 million in cash and cash equivalents. Our cash and cash equivalents consist primarily of bank deposits.

Based on our current operating plan, we believe that our current cash and cash equivalents and proceeds from this offering and the concurrent private placement will be sufficient to meet our current and anticipated working capital requirements and capital expenditures for at least the next 12 months. In that time, we expect that our expenses will increase substantially as we fund new and ongoing research and development activities and working capital needs. The assumptions on which our estimates are based may prove to be wrong, and we may use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development and commercialization of our drug candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures necessary to complete the development and commercialization of our drug candidates.

The following table sets forth a summary of our cash flows for the years/periods presented:

	For the Year Ended December 31,		For the Three Months Ended March 31,	
	2021	2022	2022	2023
	US\$	US\$	US\$	US\$
	(in thousands)			
Net cash used in operating activities	(3,034)	(43,223)	(11,988)	(10,007)
Net cash (used in)/generated from investing activities	(54,857)	28,376	4,063	21,328
Net cash from/(used in) financing activities	97,200	(6,780)	(5,378)	5,495
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>39,309</b>	<b>(21,627)</b>	<b>(13,303)</b>	<b>16,816</b>
Cash and cash equivalents at the beginning of the year/period	24,261	64,131	64,131	42,758
Effect of foreign exchange rate changes, net	561	254	162	265
<b>Cash and cash equivalents at the end of the year/period</b>	<b>64,131</b>	<b>42,758</b>	<b>50,990</b>	<b>59,839</b>

#### *Operating activities*

For the three months ended March 31, 2023, we had US\$10.0 million net cash used in operating activities. The difference with US\$15.0 million of loss before tax on accrual basis was mainly the result of adding back non-cash items such as US\$1.1 million of equity-settled share-based payment expenses. For the three months ended March 31, 2023, US\$3.3 million of cash was released from working capital mainly due to (i) our trade payables increasing by US\$2.3 million, which was attributed to the progress of R&D activities and (ii) our other payables and accruals increasing by US\$0.6 million.

In 2022, we had US\$43.2 million net cash used in operating activities. The difference with US\$58.8 million of loss before tax on accrual basis was mainly the result of adding back non-cash items such as US\$6.1 million of equity-settled share-based payment expenses and US\$1.1 million of depreciation of right-of-use assets. In 2022, US\$15.2 million of cash was released from working capital mainly due to (i) our trade payables increasing by US\$10.1 million as a result of certain drug candidates entered into more advanced clinical development stage and (ii) our prepayments, other receivables and other assets decreasing by US\$4.3 million.

In 2021, we had US\$3.0 million net cash used in operating activities. The difference with US\$56.7 million of loss before tax on accrual basis was mainly the result of adding back non-cash items such as US\$46.9 million of fair value loss on financial liabilities at FVTPL and US\$3.4 million of equity-settled share-based payment expenses. In 2021, US\$0.3 million of cash was released from working capital.

***Investing activities***

For the three months ended March 31, 2023, our net cash provided from investing activities was US\$21.3 million, primarily as a result of disposal of financial assets at FVTPL.

In 2022, our net cash generated from investing activities was US\$28.3 million, primarily as a result of disposal of financial assets at FVTPL.

In 2021, our net cash used in investing activities was US\$54.9 million, primarily as a result of purchase of financial assets at FVTPL of US\$81.2 million, partially offset by disposal of financial assets at FVTPL of US\$27.5 million.

***Financing activities***

For the three months ended March 31, 2023, our net cash from financing activities was US\$5.5 million, primarily as a result of addition of bank and other borrowings of US\$7.3 million, which was partially offset by repayment of bank and other borrowings of US\$1.4 million.

In 2022, our net cash used in financing activities was US\$6.8 million, primarily due to repayment of bank and other borrowings of US\$13.3 million, partially offset by the addition of bank and other borrowings of US\$7.9 million.

In 2021, our net cash generated from financing activities was US\$97.2 million, primarily due to (i) US\$97.4 million of proceeds from issuance of financial instruments and (ii) US\$12.4 million of addition of bank and other borrowings, partially offset by US\$10.4 million repayment of bank and other borrowings.

***Operating capital requirements***

We do not expect to generate any revenue from product sales unless and until we successfully complete development and obtain regulatory approval for one or more of our drug candidates, which we expect will take a number of years. As a result, until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through equity offerings, debt financings or other capital sources, including potential collaborations, licenses and other similar arrangements.

However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including investors in this offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through additional collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or drug candidates or to grant licenses on terms that may not be favorable to us. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies. If we are unable to raise capital, we will need to delay, reduce or terminate planned activities to reduce costs.

Because of the numerous risks and uncertainties associated with research, development and commercialization of pharmaceutical products, we are unable to estimate the exact amount of our operating capital requirements. Our future funding requirements will depend on many factors, including, but not limited to:

- the timing, receipt and amount of sales of any future approved or cleared products, if any;
- the scope, progress, results and costs of researching and developing our existing drug candidates or any future drug candidates, and conducting preclinical studies and clinical trials;
- the timing of, and the costs involved in, obtaining regulatory approvals or clearances for our existing drug candidates or any future drug candidates;



- the time and costs involved in obtaining regulatory approval for our drug candidates and any delays we may encounter as a result of evolving regulatory requirements or adverse results with respect to any of these drug candidates;
- the number and characteristics of any additional drug candidates we develop or acquire;
- the cost of manufacturing our drug candidates and any products we successfully commercialize, including costs associated with developing our manufacturing capabilities;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the extent to which we acquire or in-license other drug candidates or technologies;
- our ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of any such agreements that we may enter into;
- the expenses needed to attract and retain skilled personnel and senior management; and
- the costs associated with being a public company.

Furthermore, our operating plans may change, and we may need additional funds to meet operational needs and capital requirements for clinical trials and other research and development activities. Because of the numerous risks and uncertainties associated with the development and commercialization of our drug candidates, we are unable to estimate the amounts of increased capital outlays and operating expenditures associated with our current and anticipated product development programs.

#### Capital expenditures

We made capital expenditures of US\$1.1 million, US\$1.2 million, and US\$22,000 in 2021, 2022, and three months ended March 31, 2023 respectively. Our capital expenditures were primarily for the purchase of property, plant and equipment and the purchase of intangible assets.

#### Contractual obligations and commitments

The following table sets forth material cash requirements from our contractual obligations as of March 31, 2023:

	<u>Less than 1 year</u>	<u>1 to 3 years</u>	<u>3 to 5 years</u>	<u>Total</u>
	(in thousands)			
Lease liabilities	\$1,050	\$945	—	\$1,995

#### Off-balance sheet commitments and arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any unconsolidated third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholders' equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity, or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

#### Quantitative and qualitative disclosures about market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will vary due to changes in market prices. The type of market risk that primarily impacts us is foreign currency risk.

#### Foreign currency risk

We are subject to currency risk as our income and expenditures are denominated in U.S. dollar and Renminbi. As such, we are exposed to exchange rate fluctuations between these currencies. We currently plan

to utilize our financial resources denominated in Renminbi to fund our expenditure in China, and we do not hedge this exposure. If we increase our operation in China, especially if we roll out additional clinical trials in China, we expect to have significant increases in expenses denominated in Renminbi, while we would expect our near-term revenue, after the commercialization of our product candidates, and the proceeds from our financial activities to remain denominated in U.S. dollars.

We prepare and publish our consolidated financial statements in U.S. dollars. Revenue and expenses incurred in Renminbi will be translated into U.S. dollars when they are reported in our consolidated financial statements. As a result, any substantial future appreciation or decline of the Renminbi against U.S. dollar could have a material effect on our financial performance. For example, CNY/USD has fluctuated from 6.3561 at the beginning of 2022 to 7.0060 as of the date of this prospectus. Assuming Renminbi weakens by 10% against U.S. dollar, our cash and cash equivalents as of March 31, 2023 would decrease by US\$4.8 million, or 8.1%.

#### **Liquidity risk**

We monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the operations and mitigate the effects of fluctuations in cash flows.

#### **Internal control over financial reporting**

Prior to this offering, we have been a private company with limited reporting and accounting personnel and other resources with which to address our internal control over financial reporting. In connection with the audits of our consolidated financial statements included in this prospectus, we and our independent registered public accounting firm identified material weaknesses. As defined in the standards established by the PCAOB, a “material weakness” is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis.

Our internal control over financial reporting was not effective due to (i) inadequate segregation of duties and effective risk assessment; (ii) lack of personnel adequately trained in IFRS including income taxes (for the year ended December 31, 2021); and (iii) insufficient written policies and procedures for accounting and financial reporting with respect to the requirements and application of both IFRS and SEC guidelines for reporting and compliance. During the audit for the year ended December 31, 2021, we revised accounting records after initial accounting records were received and provided multiple versions of trial balances and financial statements. These inefficiencies created rework and required incremental and unplanned audit time. As we continued to implement a number of measures to address the material weakness, we recognized significant improvement during the audit for the year ended December 31, 2022.

We will continue to implement the following measures to address the material weaknesses and deficiencies that have been identified including: (i) hiring additional accounting and financial reporting personnel with IFRS and SEC reporting experience, (ii) expanding the capabilities of existing accounting and financial reporting personnel through continuous training and education in the accounting and reporting requirements under IFRS, and SEC rules and regulations, (iii) developing, communicating and implementing an accounting policy manual for our accounting and financial reporting personnel for recurring transactions and period-end closing processes, and (iv) establishing effective monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our company’s consolidated financial statements and related disclosures.

The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to devote significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligation. However, we cannot assure you that all these measures will be sufficient to remediate our material weakness in a timely manner, or at all. See “Risk Factors — Risks related to our business — If we fail to implement and maintain an effective system of internal controls to remediate our material weaknesses over financial reporting, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence in our company and the market price of the ADSs may be materially and adversely affected.”

**Change in auditor**

We engaged Ernst & Young, or E&Y, in December 2018 to audit our consolidated financial statements for the two years ended December 31, 2019 and 2020 and the five months ended May 31, 2020 and 2021, to facilitate our previous attempt to access the Hong Kong capital market. We dismissed E&Y in June 2022.

As part of our new plan to seek an initial public offering in the United States, in August 2022, we engaged Mazars USA LLP, or Mazars, which is located in the United States and can be subject to inspection by the PCAOB, as our independent auditor to audit our consolidated financial statements for the three years ended December 31, 2020, 2021, and 2022. The change of independent auditor was approved by our board of directors.

We and E&Y agreed on a draft report relating to the financial statements for the two years ended December 31, 2019 and 2020 and the five months ended May 31, 2020 and 2021, which does not contain an adverse opinion or a disclaimer of opinion, and is not qualified or modified as to uncertainty, audit scope, or accounting principles. This report however was not ultimately signed or delivered as we suspended our plan for the Hong Kong IPO. During E&Y's engagement and up to the interim period before E&Y's dismissal, there had been no disagreements between E&Y and us on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, and there had been no "reportable events" as defined under Item 16F(a)(1)(v) of Form 20-F that would require disclosure.

We provided a copy of this disclosure to E&Y, and requested it to furnish us with a letter addressed to the SEC stating whether it agrees with the above statements, and if not, stating the respects in which it does not agree. Although we sent the draft disclosure to E&Y, and requested E&Y to submit a letter addressed to the SEC confirming the above statement, as of the date of this submission, E&Y has neither prepared nor submitted a letter confirming or denying the above statement, and has not otherwise confirmed or denied the above statement.

During 2020, 2021, and 2022, and any subsequent interim period prior to the engagement of Mazars in August 2022, neither we nor any person on our behalf consulted with Mazars regarding either (i) the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements and no written or oral advice provided by Mazars was an important factor considered by us in reaching a decision as to any accounting, auditing or financial reporting issue, or (ii) any matter that was the subject of a disagreement or reportable event as defined in the Form 20-F.

**Critical accounting policies, judgments and estimates**

Our consolidated financial statements are prepared in accordance with IFRS as issued by the IASB. The preparation of our consolidated financial statements requires us to make estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, costs and expenses. We base our estimates and assumptions on historical experience and other factors that we believe to be reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates. Our most critical accounting policies are summarized below. See note 2.4 to our consolidated financial statements beginning on page F-1 of this prospectus for a description of our other significant accounting policies.

**Research and development costs**

All research costs are charged to expense as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when we can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, our intention to complete and our ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and our ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

**Share-based payments**

We operate a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including directors) receive

remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments, or equity settled transactions.

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 19 of our consolidated financial statements included elsewhere in this prospectus.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the relevant periods until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of our best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

#### ***Fair value of financial liabilities measured at FVTPL***

The fair value of the financial liabilities, including convertible redeemable preferred shares, convertible loans, forwards and warrants, are measured at FVTPL and determined using the valuation techniques, including the discounted cash flow method and the back-solve method. Such valuation requires us to make estimates of the key assumptions including the risk-free interest rate, discount for lack of marketability and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 15 of our consolidated financial statements included elsewhere in this prospectus.

#### ***Fair value of share-based payment***

The fair value of the awarded shares is determined at the grant dates by the binomial option-pricing model. Significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield, are made by management. Further details are included in note 19 of our consolidated financial statements included elsewhere in this prospectus.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation and accounting for financial liabilities at FVTPL and equity awards.

#### ***Impairment of non-financial assets (other than goodwill)***

We assess whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the relevant periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

#### ***Deferred tax assets***

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to

determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 6 of our consolidated financial statements included elsewhere in this prospectus.

***Leases — estimating the incremental borrowing rate***

The Group cannot readily determine the interest rate implicit in a lease; therefore, it uses an incremental borrowing rate, or IBR, to measure lease liabilities. The IBR is the rate of interest that we would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

**Recent accounting pronouncements**

A list of recently issued accounting pronouncements that are relevant to us is included in note 2.2 of our consolidated financial statements included elsewhere in this prospectus.

## BUSINESS

### Overview

We are a global clinical-stage biotechnology company focused on the discovery and development of innovative cancer therapies for patients across the spectrum of tumor types. Our mission is to transform deadly cancer into a chronic and eventually curable disease. We are now developing multiple innovative antitumor drug candidates by leveraging our deep knowledge in cancer biology, as well as significant global R&D and clinical execution capabilities. These drug candidates are currently undergoing clinical trials, and in many cases, in collaboration with multinational pharmaceutical companies to fully realize their commercialization potential on a global scale. Our combination therapy strategy is directed towards systematically activating the immune system through a combination of multiple drugs, aiming to enhance the clinical benefit by achieving superior efficacy and safety while overcoming drug resistance.

We have identified and developed a robust pipeline of six drug candidates. Currently, our pipeline includes three clinical-stage drug candidates, buparlisib (AN2025), palupiprant (AN0025), and AN4005, as well as three preclinical candidates. Our most advanced program is our lead product AN2025, a pan-phosphoinositide 3-kinase (“PI3K”) inhibitor that is designed to act against solid tumors. AN2025 is currently undergoing a Phase III, multi-regional, randomized, open-label clinical trial for the treatment of recurrent or metastatic HNSCC after anti-programmed death-1 (“PD-1”) or its ligand (“PD-L1”) treatment in more than 180 sites in 18 jurisdictions covering North America, Europe, Asia, and South America. We believe that AN2025, if approved, has the potential to be first-to-market, and is currently the only drug candidate in active Phase III clinical trial targeting recurrent or metastatic HNSCC patients after progression on prior anti-PD-1/PD-L1 therapy, potentially addressing a global unmet medical need.

We are collaborating with MSD International GmbH, or MSD, to evaluate AN0025, a small molecule prostaglandin E receptor 4 (“EP4”) antagonist. It is currently being developed to modulate the tumor microenvironment in combination with Keytruda or pembrolizumab, in a Phase Ib clinical trial for the treatment of recurrent non-small cell lung cancer (“NSCLC”) and urothelial cancer after anti-PD-1/PD-L1 treatments, recurrent triple-negative breast cancer (“TNBC”), microsatellite stable colorectal cancer (“MSS CRC”) and cervical cancer after standard of care treatments in the U.S. and France. In addition, a Phase I clinical trial has been initiated for a combination therapy consisting of AN2025, AN0025, and Tecentriq or atezolizumab targeting a variety of PIK3CA mutant solid tumors. This triple combination is expected to target the PI3K mediated tumorigenesis while inhibiting the immunosuppressive tumor microenvironment through multiple non-overlapping mechanisms, leading to synergistic action for tumor regression. AN4005, which is currently being studied in a Phase I clinical trial in the U.S. and China, is an internally discovered oral small molecule PD-L1 inhibitor in development to induce and stabilize PD-L1 dimerization and thereby disrupt the interaction between PD-1 and PD-L1.

Additionally, we continue to advance three in-house preclinical programs which we believe have high global commercial viability. Our preclinical candidates include: AN8025, a multifunctional antibody as T cell and antigen-presenting cell (“APC”) modulator; AN1025, an oral small molecule degrader of  $\beta$ -catenin; and AN6025, an oral small molecule hematopoietic progenitor kinase 1 (“HPK1”) degrader. We anticipate submitting the IND for AN8025 in the second half of 2024.

We believe the next frontier in cancer immunotherapy lies in the category of combination therapies. Our drug candidates combine an immune checkpoint inhibitor with two or more additional cancer therapies in effort to elicit synergistic anti-cancer effects and improved tolerability relative to monotherapies. As we endeavor to engender complementary and synergistic results across our portfolio, our primary consideration is the potential interaction with our other pipeline candidates and/or currently available treatments. We strive to develop innovative antitumor candidates focusing on druggability as well as combinational strength to be leveraged in the next wave of immuno-oncology treatments, ultimately helping to shape the next-generation of cancer therapy.

Through our multi-national R&D centers established in New Jersey and Hangzhou, we execute on our global vision for drug development innovation. The geographic span of our R&D footprint empowers us to more effectively identify and develop novel early-stage programs, as well as recruit top R&D talent from the U.S. and China. We have assembled a management team and a scientific advisory board with industry leaders

and influential scientists, who provide international and strategic guidance to our R&D, business development and operational teams. In addition to building our own R&D capabilities, we continue to seek and secure partnerships with leading multi-national pharmaceutical companies such as Eisai Co., Ltd. or Eisai and Novartis Pharma AG or Novartis, to fully realize the potential of our pipeline programs. We believe our partnerships validate our clinical expertise and reflect belief in our ability to deliver on our development and commercialization capabilities across a versatile pipeline.

### Our pipeline

We are advancing a robust pipeline of innovative drug candidates in various stages of development. The following chart provides an overview of the status of our drug candidates:

	Product	MOA	Indication	Discovery	IND Enabling	Phase 1a	Phase 1b	Phase 2	Phase 3	Upcoming Milestone	Partner	Licensors
Clinical Stage	AN2025 (buparfenib)	pan-PI3K	HNSCC 2/3L (+paclitaxel)	[Progress bar: Discovery to Phase 3]					Complete enrollment in Q3 2023; NDA submission to the FDA seeking potential accelerated approval in H2 2024		NOVARTIS	
			PIK3CA mutant solid tumors 2/3L (+Tacestrig+AN0025)	[Progress bar: Discovery to Phase 2]					RP2D determination in H2 2023	Roche		
	AN0025 (palupiprant)	EP4	TNBC, NSCLC, bladder cancer, MSS CRC and cervical cancer 2/3L (+Keytruda®)	[Progress bar: Discovery to Phase 2]					POC clinical results in H2 2023	MSD	Eisai	
	AN4005	Small Molecule PD-L1	Advanced tumors	[Progress bar: Discovery to Phase 2]					RP2D determination in H2 2023			
Preclinical Stage	AN8025	Multi-functional T cell/APC modulator	Advanced tumors	[Progress bar: Discovery to Phase 1a]					IND submission in H2 2024			
	AN1025	β-catenin degrader	Advanced tumors	[Progress bar: Discovery to Phase 1a]					IND enabling studies			
	AN8025	HPK1 degrader	Advanced tumors	[Progress bar: Discovery to Phase 1a]					IND enabling studies			

Abbreviations: MOA = Mechanism of Action; NDA = New Drug Application; TNBC = Triple Negative Breast Cancer; NSCLC = Non-Small Cell Lung Cancer; MSS CRC = Microsatellite Stable Colorectal Cancer; RP2D = Recommended Phase 2 Dose; IND = Investigational New Drug; PCC = Preclinical Candidate.

#### AN2025: a pan-PI3K inhibitor aimed at becoming the vanguard for recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy

Our lead product AN2025, the most clinically advanced drug candidate in our pipeline, is a pan-PI3K inhibitor currently undergoing a global Phase III trial. In-licensed from Novartis, we have the exclusive global rights to develop and commercialize AN2025. It is currently the only drug candidate we are aware of in active registrational clinical trial for the treatment of recurrent or metastatic HNSCC after disease progression with anti-PD-1/PD-L1 therapy. Although anti-PD-1/PD-L1 therapy is becoming first line treatment in patients with recurrent or metastatic HNSCC since its U.S. Food and Drug Administration (“FDA”) approval in 2019, the current treatments are unable to meet the needs of HNSCC patients progressed on prior anti-PD-1/PD-L1 treatment. We believe that AN2025, if approved, has potential to be the first product globally with such label to address this unmet medical need and capture the sizable addressable market.

AN2025 is a widely studied molecule with Novartis alone having sponsored 40 clinical trials on over 4,200 patients across a variety of cancers. These studies include a Phase II trial that demonstrated that the combination of AN2025 with paclitaxel achieved a superior median overall survival (“mOS”), and significant improvements in median progression-free survival (“mPFS”) and overall response rate (“ORR”) compared to the control group in recurrent or metastatic HNSCC after disease progression with platinum based chemotherapy. In July 2016, AN2025 was granted Fast Track designation by the FDA for the treatment of recurrent or metastatic HNSCC with disease progression on or after platinum-based therapy. For the Phase III trial, we expect to enroll 483 patients in more than 180 sites around the world, spanning over 18 markets in North America, Europe, Asia, and South America. Leveraging the benefit of using ORR data from the planned Phase III interim analysis, we expect to submit the NDA to the FDA seeking a potential accelerated approval in the second half of 2024, followed by further marketing approval applications to National Medical Products Administration (“NMPA”), European Medicines Agency (“EMA”), Pharmaceuticals and Medical Devices Agency (“PMDA”) and other authorities.

#### AN0025: a tumor microenvironment modulator

AN0025, in-licensed from Eisai, is a small molecule EP4 antagonist designed to modulate the tumor microenvironment. It is designed to block the prostaglandin E2 (“PGE2”)-EP4 signaling pathway to inhibit

PGE2-mediated immunosuppression in cancer patients. In the CT26 murine colon cancer model, for those which are not responsive to anti-PD-1/PD-L1 therapy, AN0025 combined with an anti-PD-1 antibody treatment demonstrated stronger antitumor activity compared to each standalone compound. In June 2020, we initiated a Phase Ib clinical trial to evaluate the combination of AN0025 and pembrolizumab for the treatment of recurrent NSCLC and urothelial cancer after anti-PD-1/PD-L1 treatments, as well as recurrent TNBC, MSS CRC and cervical cancer after standard of care treatments. As of March 31, 2023, we were in the dose expansion stage having enrolled 58 patients in the U.S. and France, and expect to obtain top-line results in the second half of 2023. We aim to identify specific cancer types sensitive to this combination based on the results and will proactively communicate with the regulatory authorities for the design of Phase II/III registrational trials.

***Triple combination of AN2025, AN0025 and atezolizumab: an example of our combination therapy strategy***

To fully explore the potential of AN2025 and AN0025, we initiated a study of the triple combination of AN2025, AN0025 and atezolizumab, an anti-PD-L1 antibody. This study exemplifies our combination therapy strategy to achieve synergistic effects from both targeted therapy and immunotherapy perspectives. AN2025 targets not only PI3K mediated tumorigenesis (e.g., via inhibition of PI3K $\alpha$  / PIK3CA mutants) but also the immunosuppression of the tumor microenvironment (e.g., via inhibition of PI3K $\delta$  and PI3K $\gamma$ ). Leveraging the complementary and synergistic antitumor effects of our drug candidates in combination therapies, AN2025 is designed to mechanistically complement and synergize with the combination of anti-PD-1/PD-L1 antibody and AN0025 to form an improved treatment regimen for patients with multiple advanced solid tumors. In different tumor-bearing mouse models, we have consistently observed significantly stronger antitumor activity in the triple combination of AN2025, AN0025 and atezolizumab compared with the doublet combinations. In July 2021, we initiated a Phase I clinical trial to evaluate the triple combination of AN2025, AN0025, and atezolizumab, for a variety of PIK3CA mutant solid tumors. In September 2022, subsequent to the doublet arm dose-ranging studies, we initiated a dose-ranging study for the triple combination, and we expect to identify the recommended Phase II dose (“RP2D”) in the second half of 2023.

***AN4005: a backbone of our future oral combination therapies***

AN4005, a drug candidate discovered in-house, is an oral small-molecule PD-L1 inhibitor designed to induce and stabilize PD-L1 dimerization and thereby disrupt the interaction between PD-1 and PD-L1. Compared to the crowded development of anti-PD-1/PD-L1 antibodies, with multiple brands already available to patients and many potential candidates in clinical trials, small-molecule PD-L1 inhibitors are underdeveloped and do not have a drug approved in any jurisdiction globally, despite advantages such as shorter half-life that may allow for dose titration and schedule modifications to minimize immune-related AEs and lower production costs. In our preclinical studies, AN4005 was well tolerated and exhibited excellent tumor growth inhibition (“TGI”) to an extent comparable to an approved anti-PD-L1 antibody, and promoted an adaptive immune response for antitumor activities. We received allowance to proceed under INDs from the FDA and NMPA for the treatment of advanced tumors in June 2021 and December 2021, respectively, dosed the first patient in January 2022, and expect to identify the RP2D from the Phase I clinical trial in the second half of 2023.

***Our preclinical programs***

We continue actively advancing three in-house preclinical programs which we believe have high global commercial viability. Our preclinical candidates include: AN8025, a multifunctional antibody as T cell and APC modulator; AN1025, an oral small molecule degrader of  $\beta$ -catenin; and AN6025, an oral small molecule HPK1 degrader. We anticipate submitting the IND for AN8025 in the second half of 2024.

***Our company history and team***

We rebranded in 2016 as Adlai Nortye Biopharma and began development activities focusing on the discovery and development of innovative cancer therapies, after originally incorporating in 2004. We have assembled an experienced management team consisting of successful entrepreneurs and industry veterans. Largely, our success stems from management’s leadership and industry expertise, covering the full spectrum of



the cancer therapy development process, from design and execution of preclinical and clinical studies through the regulatory process and commercialization.

Our management team has more than 100 cumulative years of industry experience and a proven track record of innovative drug R&D, clinical development and commercialization. Our founder, chief executive officer, and chairman of our board of directors, Mr. Yang Lu is a successful entrepreneur who brings expertise across the domains of business development, operations, and management. Our president, chief medical officer and chief executive officer of our U.S. subsidiary, Dr. Lars Erik Birgerson, has extensive experience as a senior leader with numerous well-known companies in the biopharmaceutical industry, including Roche Pharmaceuticals, Genentech, and Bristol-Myers Squibb (“BMS”). Our senior vice president and global head of clinical operations, Dr. Kaiyang Tang, has deep experience in global clinical operations and regulatory affairs in the pharmaceutical industry, and has served as a clinical leader in a number of companies, including Generon (Shanghai) Corporation Ltd. and Hutchison MediPharma Ltd, a company triple listed on the Nasdaq, Hong Kong Stock Exchange, and Alternative Investment Market. Our senior vice president and global head of regulatory affairs, Dr. Victoria Elizabeth Demby has over 20 years of industry experience and has served in various senior positions for several multinational pharmaceutical companies such as GSK, MSD, and BMS.

Since our inception, we have received strong support from our shareholders, including financial investors as well as several industry-leading strategic investors. This investor base is, and we expect will continue to be, aligned with our vision and strategy going forward.

### Our strengths

We believe our competitive advantage is underpinned by the following competitive strengths:

- **Multi-modality pipeline with several innovative drug candidates targeting a range of tumor indications.** We plan to continue to leverage our expertise in drug discovery and our proficiency in executing promising collaborations and partnerships to bring innovative drugs to patients across the cancer type spectrum. Our candidates utilize a multitude of different mechanisms of action, enabling us to employ our assets on a standalone basis or in combination across tumor types and treatment combinations.
- **Robust Phase II data laying a concrete foundation for potential registration.** In a Phase II clinical trial of our lead asset, AN2025, for the treatment of recurrent or metastatic HNSCC on or after disease progression with platinum-based chemotherapy, the clinical data showed that the combination of AN2025 with paclitaxel achieved an mOS of over 10 months (vs. 6.5 months in the placebo plus paclitaxel group), an mPFS of 4.6 months (vs. 3.5 months in the placebo plus paclitaxel group), and a 39.2% ORR (vs. 13.9% in the placebo plus paclitaxel group). These data also showed that when AN2025 was combined with paclitaxel, grade 3-4 adverse events (“AEs”) (82% in the AN2025 plus paclitaxel group vs. 72% in the placebo group), serious adverse events (“SAEs”) (57% in the AN2025 plus paclitaxel group vs. 47% in the placebo group) or on-treatment deaths (20% in the AN2025 plus paclitaxel group vs. 22% in the placebo group) is comparable to paclitaxel alone. The most frequent SAEs for AN2025 plus paclitaxel combination were pneumonia (7.89% vs. 7.69% in the placebo group), and diarrhea (5.26% vs. 0.00% in the placebo group). The most frequent SAEs for AN2025 plus paclitaxel combination that occurred less in the placebo group were diarrhea (5.26% vs. 0.00%), hyperglycaemia (3.95% vs. 0.00%), and general physical health deterioration (3.95% vs. 0.00%). See “Business — Our differentiated oncology portfolio — Buparlisib (AN2025): a pan-PI3K inhibitor aimed at becoming the vanguard for recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy” for a complete list of SAEs of AN2025 plus paclitaxel combination. In addition, the Phase II clinical trial was designed to be a thoroughly placebo-controlled double-arm study, which provides us with further confidence in the success of the ongoing Phase III clinical trial.
- **Targeting unmet medical need with large total addressable markets.** AN2025 is designed to address globally urgent unmet medical demands for effective treatments of HNSCC after anti-PD-1/PD-L1 treatment. In seven major markets (the U.S., the U.K., Germany, France, Italy, Spain, and Japan), it is estimated that by 2028 there can be more than 50,000 recurrent or metastatic HNSCC patients experiencing progression after anti-PD-1/PD-L1 therapy. As the only drug candidate currently in

Phase III clinical trial for the treatment of recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy of which we are aware, we believe that AN2025, if approved, has potential to be the first product globally to address this unmet need and capture the sizable addressable market.

- **Strong R&D capabilities.** Spanning the full spectrum from target identification to clinical development, our in-house drug discovery platforms deploy a suite of powerful and specialized techniques. They consist of two platforms, PAINT-2D™ and ANEAT-Id™. PAINT-2D™ provides us with a “one-stop” function for early-stage development of immuno-oncology therapies. ANEAT-Id™ is a highly efficient and robust yeast display system dedicated to therapeutic antibody discovery and development.
- **Sustainable patent portfolio in our key jurisdictions.** As of March 31, 2023, we owned or had the exclusive rights to (i) 162 granted patents and 89 pending patent applications in jurisdictions such as the U.S., European Patent Office (“EPO”), mainland China, Japan, South Korea, Canada, Australia, Taiwan, Mexico and Brazil, and (ii) 14 patent applications under the Patent Cooperation Treaty, or PCT, that have not been nationalized. Granted patents and pending patent applications cover the key inventions for our pipeline candidates in clinical trials under IND, as well as our key technologies. Protection over potential approved use of core matters of AN2025 and AN0025 can expire in 2032 and 2036, respectively, both taking into account of the possible 5-year patent term extensions in jurisdictions where patent term extension is available, including but not limited to the U.S., Europe, China and Japan.
- **Seasoned industry veterans and strong shareholder support.** We believe our team, with a proven track record of innovative drug R&D, clinical development, and commercialization knowledge, as well as rich expertise in business development and operational execution, can successfully drive our drug candidates to approval and clinical use on a global scale. Additionally, we are supported by the strategic guidance of a visionary scientific advisory board with members from both academia and the pharmaceutical industry. We have also received continued support from our shareholders including financial investors and several industry-leading strategic investors.

#### **Our vision & strategy**

We strive to become a global leader in the next wave of immuno-oncology therapies employing a combination therapy strategy. Our mission is to transform deadly cancer into a chronic and eventually curable disease. We intend to execute the following strategies to achieve this goal:

- **Advance the development of and pursue regulatory approval for our lead drug candidate AN2025.** We have advanced AN2025, in combination with paclitaxel for the treatment of recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy into a Phase III clinical trial. We expect to enroll 483 patients across 180 sites in North America, Europe, Asia, and South America, and to submit an NDA to the FDA for a potential accelerated approval in the second half of 2024 leveraging the ORR data from the Phase III interim analysis, followed by further marketing approval applications to the NMPA, EMA, PMDA and other authorities.
- **Continue advancing pipeline products through in-house development and strategic partnerships to maximize value.** As we evaluate assets, we place a strong emphasis on first-in-class potential, combinational synergies with our current pipeline or other available therapies, as well as global development and commercialization rights. We intend to continue to develop our novel drug candidates by leveraging our proprietary R&D platforms, our strong early and clinical stage drug discovery expertise, as well as through the support of our various global collaborators. We intend to continue building upon our existing partnership success, exploring new opportunities through strategic collaborations and potentially co-development arrangements, ultimately maximizing the clinical and commercial value of our drug candidates.
- **Utilize manufacturing partnerships to maximize economies of scale.** We currently work with qualified contract manufacturing organizations, or CMOs, to manufacture drug candidates for preclinical and clinical supply. In the near future, we plan to continue outsourcing the manufacturing of our drug candidates, including commercial-scale manufacturing of our approved drugs, to industry-leading, highly reputable, and qualified CMOs/contract development and manufacturing organizations, or

CDMOs globally. We have historically adopted and planned to continue to implement robust procedures to ensure that production qualifications, facilities, and processes of our CMOs/CDMOs comply with applicable regulatory requirements as well as our own internal guidelines and quality standards. We may also engage additional qualified CMOs/CDMOs in the future to ensure sufficient supply of drug candidates for our clinical trials as well as for commercial sale of our approved drugs.

- **Assemble a world-class marketing team to accelerate the adoption of emerging next-wave immuno-oncology treatments.** We aim to capture market share in the U.S. and gradually enter other significant markets including Europe, China, and Japan. To ensure maximum commercial value of our late-stage drug candidates globally, we intend to form our core in-house commercial leadership team by recruiting senior-level sales and marketing personnel to support commercialization of our drug candidates in the U.S. We may also consider strategic collaboration opportunities for the commercialization of our drug candidates in other countries in Europe and Asia. In particular, we may selectively out-license, establish joint ventures, or consider other forms of commercialization partnerships with leading biopharmaceutical companies.
- **Seek and nurture top talent to fuel our innovation and ingenuity.** We place a high priority on selecting and retaining top talent. Our R&D centers in New Jersey and Hangzhou provide access to a global talent pool of highly skilled scientists and physicians. To support our continued growth, we plan to continue investing in recruiting and retaining top talent for our various operations around the world, including drug discovery, chemistry, manufacturing and controls (“CMC”), clinical development, regulatory affairs, and sales and marketing.

#### **Scientific background — cancer therapies: immunotherapy, combination therapy, and others.**

Cancer is a disease in which some of the body’s cells grow uncontrollable and potentially spread to other parts of the body. As the understanding of the human body’s functioning has evolved, it has become clear that cancer is caused by genetic abnormalities that lead to changes in cells’ function, primarily how they grow and divide. Three types of genetic changes principally contribute to cancer: the upregulation of genes that promote cancer; the downregulation of genes that suppress cancer; and the dysregulation of genes that repair DNA damage. Conventional cancer treatments commonly used include radiation therapy, chemotherapy, and surgery.

Although still a first-line treatment for some types of cancer, often chemotherapy cannot effectively control progression of advanced cancer and causes side effects significantly affecting the quality of patients’ lives, which necessitates research and development of new therapies for cancer treatments. After a long process of historical development, the field of cancer treatment has advanced rapidly in recent decades, leading to more advanced treatment options represented by targeted therapies, and more recently, immunotherapies. These therapies aim to improve patient outcomes while mitigating systemic adverse effects. Targeted therapy and immunotherapy, through targeting specific oncogenic pathways and leveraging patients’ immune systems respectively, can benefit patients in terms of improved efficacy, reduced symptoms, or better quality of life.

Targeted therapy is a form of cancer treatment that encompasses chemical drugs and biological products, and targets proteins that regulate cancer cells’ growth, division, and spread. As small molecules, chemical drugs can enter cells easily and are usually designed to target tumor-specific proteins inside cancer cells. Biological products, especially antibodies, identify targets on the surface of cancer cells and consequently are designed to directly identify and fight cancer cells, carry anti-tumor chemical toxins to the cancer cells, or mark cancer cells to facilitate easy targeting and destruction by the immune system.

Immunotherapy is a type of cancer treatment that helps the immune system fight cancer. The human immune system can recognize and attack foreign substances and protect its own cells from those attacks. However, cancer cells escape attack in various ways. For example, cancer cell may “pretend” to be healthy cells by completing a “handshake” with immune cells called T cells. Another way is through building a tumor microenvironment that silences the immune system. Immune checkpoint inhibitors, mostly biological products such as anti-PD-1/PD-L1 antibodies, can block the “handshake” between cancer cells and T cells, thereby enabling T cells to recognize and attack cancer cells as foreign objects. Drugs that target tumor microenvironments are designed to reverse the tumor-associated immunosuppressive state. The tumor microenvironment is a complex ecosystem, which includes immune cells, the extracellular matrix, blood vessels,

and other cells such as fibroblasts. Therefore, drugs targeting tumor microenvironments are designed to function in different ways, such as reducing immunosuppressive cells surrounding a tumor or suppressing generation of blood vessels.

Cancer development and progression is a complex process that can involve multiple levels of cell functional disorders. Combination therapy that addresses disorders through different mechanisms is considered a promising next generation cancer treatment. Many studies have shown that immunotherapeutic combinations can significantly boost response rates in cancer patients as compared to monotherapies. An increasing number of studies are testing combinations with previously failed monotherapy drug candidates or shelved drugs. Moreover, scientists believe that targeted therapy can be potentiated by combination with immunotherapy, because the combination will make cancer cells more susceptible to the immune system and thus potentially yield both higher response rates and longer treatment benefit.

Despite the promising future of combination therapy, there are challenges to overcome, especially escalated safety issues observed in many previously failed combinations. Therefore, deep understanding of cancer biology and strong R&D and preclinical and clinical design and execution capabilities are needed to develop the right pairing, sequencing, timing, and dosage of therapies.

### **Our differentiated oncology portfolio**

#### ***Buparlisib (AN2025): a pan-PI3K inhibitor aimed at becoming the vanguard for recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy***

##### *Overview*

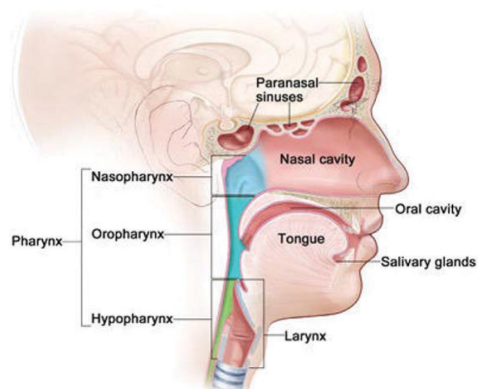
Our lead drug candidate, buparlisib, or AN2025, is a global registrational trial-stage pan-PI3K inhibitor, which specifically targets the PI3K signaling pathway and reverses the immunosuppressive tumor microenvironment through inhibition of class I PI3Ks. We have the exclusive global rights to develop and commercialize AN2025 through in-licensing agreement with Novartis. For more details, see “— License and collaboration agreements — Collaboration with Novartis”. Novartis has conducted 40 clinical trials on over 4,200 patients across a variety of tumor types and a multi-center Phase II clinical trial of AN2025 demonstrated strong antitumor activity and a manageable safety profile in combination with paclitaxel in the treatment of recurrent or metastatic HNSCC on or after disease progression with platinum based chemotherapy. In July 2016, AN2025 was granted Fast Track designation by the FDA for the treatment of recurrent or metastatic HNSCC with disease progression on or after platinum-based therapy. We are now advancing AN2025 in combination with paclitaxel for the treatment of recurrent or metastatic HNSCC after anti-PD-1/PD-L1 therapy in a Phase III clinical trial, in which we expect to enroll a total of 483 patients in more than 180 sites around the world, spanning over 18 significant markets in North America, Europe, Asia, and South America. We expect to complete the patient enrollment in the third quarter of 2023, and submit an NDA to the FDA for the potential accelerated approval using the ORR readout in the second half of 2024, followed by further marketing approval applications to the NMPA, EMA, PMDA, and other authorities. To the best of our knowledge, AN2025 is currently the only drug candidate in Phase III clinical development for the treatment of recurrent or metastatic HNSCC after disease progression with anti-PD-1/PD-L1 therapy. We believe that AN2025, if approved, has the potential to be the first drug product with such label globally to address this unmet medical need and capture the sizable addressable market.

##### *Background on HNSCC*

Head and neck cancers are defined as any cancer that begins in cells of the oral cavity, pharynx, nose, sinuses, or salivary glands. The overwhelming majority (>90%) of head and neck cancers are squamous cell carcinomas (“HNSCC”). HNSCC is one of the most morbid, mortal, and genetically diverse malignancies. Studies show that HNSCC can be caused by various risk factors including tobacco consumption, alcohol abuse, viral infections (e.g., HPV or Epstein-Barr virus), and other carcinogens such as radiation exposures and occupational exposures to wood dust, nickel dust, or formaldehyde. Most patients present with locally advanced disease with a high risk of recurrence, and approximately 10% of HNSCC patients present with metastatic disease. Platinum-based chemotherapy was the standard regimen that dominated the treatment of first-line recurrent or metastatic HNSCC for 30 years with a mOS of less than 9 months. Despite initial

responses to chemotherapy, many patients experience recurrence, which can later progress into advanced stages of these diseases with debilitating symptoms impacting their quality of life.

#### An illustration of head and neck cancer regions



Source: National Institutes of Health

Targeted therapy was the first major alternative treatment for first-line recurrent or metastatic HNSCC. In 2011, cetuximab, a chimeric monoclonal antibody that targets EGFR, in combination with platinum-based therapy plus fluorouracil was approved as a first-line treatment for HNSCC by the FDA. Compared to chemotherapy alone, this treatment regimen has an improved efficacy with a higher response rate of about 36% and extends mOS to 10.1 months. In the next few years, immunotherapy became the most popular area of cancer research and was accepted by medical authorities for its durable response and long-term survival, which largely changed the therapeutic landscape of cancer. Currently, there are two anti-PD-1 antibodies, i.e., pembrolizumab (Keytruda) and nivolumab (Opdivo) approved by the FDA for the treatment of recurrent or metastatic HNSCC. Pembrolizumab was the first immune checkpoint inhibitor approved for the treatment of HNSCC. It was first approved in the U.S. and Europe for second-line treatment of recurrent or metastatic HNSCC in 2016, and later approved for first-line treatment in 2019. Pembrolizumab alone or in combination with chemotherapy significantly prolonged mOS to around 14 months, tripled the five-year survival rate compared to cetuximab in combination with chemotherapy, and also exhibited a favorable safety profile. As a result, it became the mainstream drug for first-line treatment of HNSCC in major developed countries in the U.S., Europe, and Japan.

However, it is observed that most recurrent or metastatic HNSCC patients do not respond to immunotherapy (manifested by a response rate of ~23%) and about 85% patients experience disease progression after immunotherapy. At present, these patients can only use chemotherapies, cetuximab, or combined chemotherapy drugs that were marketed in this therapeutic field before the advent of immunotherapy, notwithstanding that these treatment options have never been verified by registrational clinical trials on efficacy in progressed HNSCC patients. Presently, there is an unmet medical need for more effective therapies for recurrent or metastatic HNSCC patients after anti-PD-1/PD-L1 treatment approved by medical authorities.

#### *Mechanism of action*

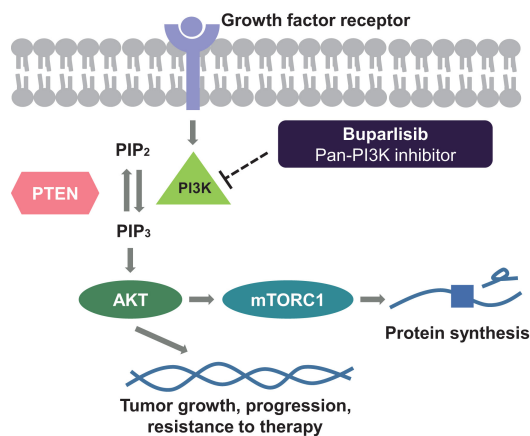
PI3K regulates many physiologic cellular functions, including protein synthesis and glucose metabolism, cell survival growth, proliferation, cell migration, and angiogenesis. It is a family of phospholipid kinase, which is categorized into three classes based on structure, function, and substrate specificity. Class I PI3Ks are widely implicated in cancer. They function as heterodimers consisting of one catalytic subunit selecting from p110 $\alpha$ , p110 $\beta$ , p110 $\delta$ , and p110 $\gamma$ , and one regulatory subunit selecting from p85 $\alpha$  (or its splice variants p55 $\alpha$  and p50 $\alpha$ ), p85 $\beta$ , p55 $\gamma$ , p101, and p84. Between the two subunits, the catalytic subunit plays the central role of

performing the action of PI3K, which is to convert PIP2 to PIP3, and the regulatory subunit regulates the catalytic subunit's activation in response to the absence or presence of upstream stimulation by growth factors. Depending on the catalytic subunit, class I PI3K is categorized into four isoforms PI3K $\alpha$ , PI3K $\beta$ , PI3K $\delta$ , and PI3K $\gamma$ .

Upon activation (e.g., by growth factor stimulation) of the PI3K signaling pathway, PI3K converts PIP2 to PIP3, a lipid second messenger that binds to the pleckstrin homology domain of target proteins and recruits them to the inner surface of the plasma membrane. The best understood PI3K target is AKT/PKB, a serine/threonine kinase, which functions as a “molecular hub” to regulate diverse cellular functions such as cell proliferation, growth, metabolism, survival, and angiogenesis. PI3K signaling can be negatively regulated by action of dual specificity protein phosphatases, also known as 3-PI phosphatases. The prototype member of this family of phosphatases is the tumor suppressor phosphatase and tensin homologue (“PTEN”), which has the potential to attenuate the downstream signaling of multiple PI3K complexes.

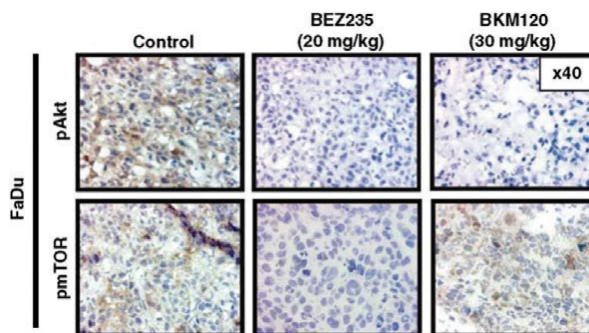
Evidence suggests that constitutive PI3K activation is a critical step in mediating the transforming potential and growth stimulating activity of various oncogenes and tumor suppressors, which contribute to the onset and growth of many solid tumors as well as tumors of the hematopoietic system. Activation of the PI3K signaling pathway will lead to the subsequent activation of downstream pathways, including the PI3K/AKT/mTOR signaling pathway. The PI3K/AKT/mTOR pathway is an important intracellular signaling network that regulates cellular metabolism, proliferation, and survival. Abnormal activation of the PI3K/AKT/mTOR pathway has been identified as an important step in the initiation and maintenance of tumors and a key regulator of angiogenesis and upregulated metabolic activities in tumor cells. Activation of the PI3K pathway frequently occurs in HNSCC, through a number of mechanisms including PIK3CA or PTEN molecular alterations, overexpression of EGFR, or in association with HPV infection.

Our lead product AN2025 is designed to specifically inhibit PI3K $\alpha$  isoform (and PI3K $\beta$  to a lesser extent) in the PI3K/AKT signaling pathway in an adenosine triphosphate (ATP)-competitive manner, inhibiting the production of the PIP3 and the subsequent activation of the PI3K signaling pathway, including the PI3K/AKT/mTOR signaling pathway. As a pan-PI3K inhibitor, it also targets PI3K $\delta$  and PI3K $\gamma$ , which play important roles in the immune system, empowering it to be a partner for combination therapies. For details, see “— Triple combination of AN2025, AN0025, and Tecentriq, or atezolizumab”.



#### Summary of preclinical results

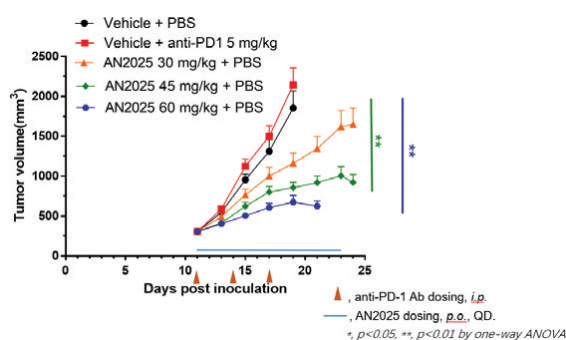
In a study conducted on mice transfected with FaDu cells, an HNSCC cell line, AN2025 (previously known as BKM120) showed down regulation of AKT in tumor in the animals treated with doses equivalent to patient's maximum tolerated dose (“MTD”), to an extent more significant than BEZ235 (also known as dactolisib, another PI3K inhibitor developed by Novartis).



Source: <https://doi.org/10.1158/0008-5472.CAN-11-2263>

In an animal study we conducted before the initiation of our Phase III clinical trial, AN2025 showed an encouraging outcome for the treatment of anti-PD-1 antibody refractory tumors. In anti-PD-1 antibody refractory tumor bearing mice, single agent treatment with AN2025 significantly inhibited tumor growth in a dose range consistent with doses equivalent to patient's MTD. This animal model result suggests AN2025 could potentially address anti-PD-1 antibody refractory tumors.

#### Activity of AN2025 in anti-PD-1 antibody refractory CT26 mice model



#### Summary of clinical trial results

##### Phase Ia trial in patients with advanced solid tumors by Novartis

**Trial design.** This trial was a Phase Ia, multi-center, open-label dose escalation study of AN2025 in patients with advanced solid tumors. A total of 83 patients enrolled in five clinical sites in the U.S., Canada, Spain, and Netherlands. The study was designed to consist of two stages. One was the dose escalation phase, during which patients were assigned to cohorts over six dose levels: 12.5 mg/day, 25 mg/day, 50 mg/day, 80 mg/day, 100 mg/day, and 150 mg/day. At the end of the dose escalation phase where the MTD was declared, the next stage, an MTD expansion phase, was initiated enrolling additional patients with advanced solid tumors. The primary objective of this study was to determine the MTD of AN2025 as a monotherapy. The secondary objectives included assess the safety, tolerability, pharmacokinetic (“PK”) portfolio, pharmacodynamics (“PD”), and preliminary evidence of efficacy of AN2025.

**Trial status.** This trial was completed in August 2012.

**Safety data.** All patients reported at least one AE, with the most commonly reported ( $\geq 30\%$ ) AEs being nausea (45.8%), decreased appetite (42.2%), asthenia (37.3%), diarrhea (36.1%), hyperglycemia (33.7%),

rash (31.3%), and constipation (30.1%). The AE profile of patients treated at the determined MTD (100 mg/day) was similar to the overall AE profile, with the most commonly reported AEs being nausea (27 patients, 49.1%), asthenia (26 patients, 47.3%), diarrhea (25 patients, 45.5%), decreased appetite (22 patients, 40.0%), hyperglycemia (19 patients, 34.5%), rash (18 patients, 32.7%), and constipation (18 patients, 32.7%). Overall, 68.7% of patients experienced at least one grade 3–4 AE. In patients treated at MTD of 100mg/day, the incidence of grade 3–4 AE was 65.5%.

Of all patients treated with AN2025, 36 (43.4%) experienced SAE, including four patients in the 50 mg/day dose group (80%), four patients in the 80 mg/day group (36.4%) and 23 patients in the 100 mg/day group (41.8%), four patients in the 150 mg/day group (100%) and 1 patient in the TEC 100mg/day group (20%). Eleven patients experienced SAEs suspected to be drug-related including one patient in the 80 mg/day dose group (9.1%), and seven patients in the 100 mg/day group (12.7%), and three patients in the 150 mg/day group (75.0%). The most frequent SAEs suspected to be treatment-related were hyperglycemia, diarrhea and fatigue. 29 (34.9%) patients died during the study, with 13 (15.7%) deaths occurring on treatment or up to 28 days after end of treatment. None of the deaths were considered by the investigator to be related to the study treatment.

#### Summary of deaths and AEs of patients being treated with AN2025

Category	12.5 mg N=1 n (%)	25 mg N=2 n (%)	50 mg N=5 n (%)	80 mg N=11 n (%)	100 mg N=55 n (%)	150 mg N=4 n (%)	TEC 100 mg N=5 n (%)	All patients N=83 n (%)
All deaths	0	0	3 (60.0)	3 (27.3)	21 (38.2)	1 (25.0)	1 (20.0)	29 (34.9)
AEs	1 (100)	2 (100)	5 (100)	11 (100)	55 (100)	4 (100)	5 (100)	83 (100)
AEs suspected to be drug- related	1 (100)	2 (100)	4 (80.0)	9 (81.8)	54 (98.2)	4 (100)	3 (60.0)	77 (92.8)
Grade 3-4 AEs	0	1 (50.0)	4 (80.0)	8 (72.7)	36 (65.5)	4 (100)	4 (80.0)	57 (68.7)
Suspected to be drug- related G3-4								
AEs	0	1 (50.0)	0	3 (27.3)	25 (45.5)	3 (75.0)	1 (20.0)	33 (39.8)
SAEs	0	0	4 (80.0)	4 (36.4)	23 (41.8)	4 (100)	1 (20.0)	36 (43.4)
Suspected to be drug- related SAEs	0	0	0	1 (9.1)	7 (12.7)	3 (75.0)	0	11 (13.3)
AEs leading to discontinuation	0	0	1 (20.0)	2 (18.2)	13 (23.6)	1 (25.0)	3 (60.0)	20 (24.1)
AEs, suspected to be drug-related, leading to discontinuation	0	0	0	1 (9.1)	11 (20.0)	1 (25.0)	1 (20.0)	14 (16.9)
AEs requiring dose interruption and/or reduction	1 (100)	1 (50.0)	3 (60.0)	7 (63.6)	42 (76.4)	2 (50.0)	1 (20.0)	57 (68.7)

Abbreviation: TEC=terminal elimination half-life assessment cohort.

Source: Novartis Clinical Trial Results Website

**Efficacy data.** Among 83 patients treated with AN2025, there was one confirmed partial response (“PR”), and 33 patients (39.8%) had a best overall response of stable disease (“SD”). The disease control rate (“DCR”) for patients in the MTD/RP2D cohort was 41.8%.

**Conclusion.** AN2025, at the MTD of 100 mg/day, was well tolerated with preliminary antitumor activity.

#### Phase II trial in patients with recurrent or metastatic HNSCC by Novartis

**Trial design.** The trial was a multi-center, randomized, double-blind, placebo-controlled Phase II study assessing patients with histologically or cytologically-confirmed recurrent or metastatic HNSCC after disease progression on or after one previous platinum-based chemotherapy regimen in the metastatic setting. A total of 158 eligible patients were enrolled from 58 centers across 18 jurisdictions and randomly assigned (1:1) to receive second-line oral AN2025 (n=79, 76 treated with 100 mg once daily) or placebo (n=79, 78 treated with 80 mg/m<sup>2</sup> on days 1, 8, 15 and 22) plus intravenous paclitaxel in 28-day treatment cycles. The primary endpoint of this study was PFS for the patients. Secondary endpoints included safety and PK profile and other efficacy



measurements such as OS, ORR, time to response (“TTR”), DCR, duration of response (“DoR”), and health related quality of life (“HRQoL”).

**Trial status.** This trial was completed in March 2017.

**Demographic and baseline characteristics.** The following table sets forth the age, demographic, and ECOG for the 158 randomized patients.

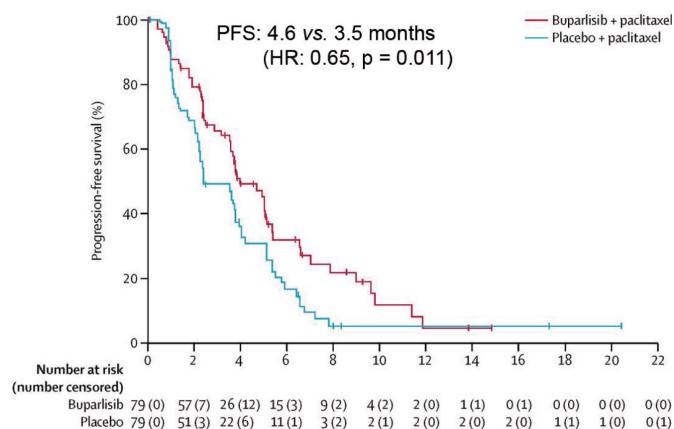
	AN2025 arm N=79	Placebo arm N=79
Median age in years (25 <sup>th</sup> – 75 <sup>th</sup> percentile)	59.0 (53-65)	58.0 (53-65)
Distribution male/female	65/14	68/11
Distribution ECOG at baseline 0/1/2/missing	31/48/0/0	25/53/0/1

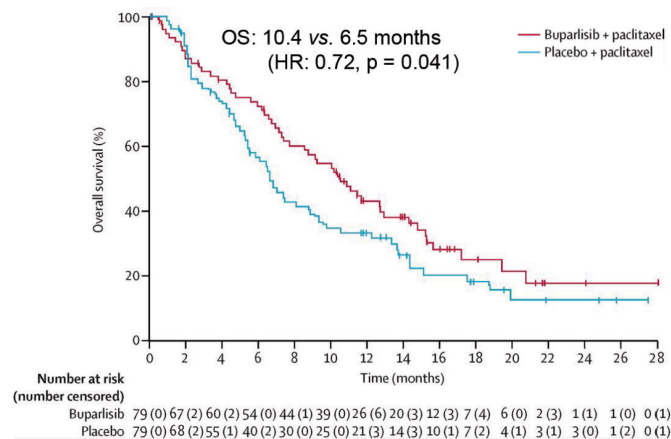
Abbreviation: ECOG=Eastern Cooperative Oncology Group

Source: [http://doi.org/10.1016/S1470-2045\(17\)30064-5](http://doi.org/10.1016/S1470-2045(17)30064-5)

**Efficacy data.** This trial met the primary endpoint of PFS based on the protocol pre-specified criteria. Median PFS in this trial was 4.6 months in the AN2025 in combination with paclitaxel treatment arm and 3.5 months in the placebo in combination with paclitaxel treatment arm. The study also met the key secondary endpoint of OS based on the protocol pre-specified criteria. The median OS showed a 3.9-month difference in favor of the AN2025 arm. The clinical result suggested that adding AN2025 to paclitaxel for the treatment of recurrent or metastatic HNSCC improved the median OS to over 10 months (i.e., 10.4 months compared to 6.5 months in the placebo plus paclitaxel group), a superior outcome in the treatment of recurrent or metastatic HNSCC on or after disease progression with platinum-based chemotherapy. The study also demonstrated a clinically meaningful improvement of an approximately three-fold increase in ORR by local investigator assessment (39.2% vs 13.9%) favoring AN2025 arm. In addition, TTR (~1.0 month) and DCR (~56%) were similar in both study arms; median time to deterioration was 5.6 months in AN2025 arm and 4.2 months in the placebo arm while DoR was 3.06 (2.1–9.6) months in AN2025 arm compared with 4.17 (2.7–5.6) months in the placebo arm.

#### Progression free and overall survival data





Source: [http://doi.org/10.1016/S1470-2045\(17\)30064-5](http://doi.org/10.1016/S1470-2045(17)30064-5)

**Safety data.** Grade 3-4 AEs were reported in 62 (82%) of 76 patients in the AN2025 in combination with paclitaxel treatment arm and 56 (72%) of 78 patients in the placebo in combination with paclitaxel treatment arm. The most common grade 3-4 AEs with AN2025 treatment in combination with paclitaxel were hyperglycemia (22%), anemia (18%), neutropenia (17%), and fatigue (8%).

SAEs (regardless of relation to study treatment) were reported in 43 (57%) of 76 patients in the AN2025 in combination with paclitaxel treatment arm and in 37 (47%) of 78 patients in the placebo in combination with paclitaxel treatment arm. The most frequent SAEs for AN2025 plus paclitaxel combination were pneumonia (7.89% vs. 7.69% in the placebo group), and diarrhea (5.26% vs. 0.00% in the placebo group). The most frequent SAEs for AN2025 plus paclitaxel combination that occurred less in the placebo group were diarrhea (5.26% vs. 0.00%), hyperglycaemia (3.95% vs. 0.00%), and general physical health deterioration (3.95% vs. 0.00%). A summary of SAEs of AN2025 plus paclitaxel combination and placebo plus paclitaxel combination is set out below.

	<b>Buparlisib + Paclitaxel</b> Affected / at Risk (%)	<b>Buparlisib Matching Placebo + Paclitaxel</b> Affected / at Risk (%)
<b>Total</b>	43/76 (56.58)%	37/78 (47.44)%
<b>Blood and lymphatic system disorders</b>		
Anaemia <sup>†1</sup>	3/76 (3.95)%	3/78 (3.85)%
Febrile neutropenia <sup>†1</sup>	1/76 (1.32)%	1/78 (1.28)%
Leukopenia <sup>†1</sup>	1/76 (1.32)%	0/78 (0.00)%
Neutropenia <sup>†1</sup>	2/76 (2.63)%	0/78 (0.00)%
Thrombocytopenia <sup>†1</sup>	1/76 (1.32)%	0/78 (0.00)%
<b>Cardiac disorders</b>		
Cardiac arrest <sup>†1</sup>	1/76 (1.32)%	1/78 (1.28)%
Sinus bradycardia <sup>†1</sup>	0/76 (0.00)%	1/78 (1.28)%
<b>Endocrine disorders</b>		
Hypercalcaemia of malignancy <sup>†1</sup>	0/76 (0.00)%	1/78 (1.28)%
<b>Eye disorders</b>		
Blindness <sup>†1</sup>	0/76 (0.00)%	1/78 (1.28)%
<b>Gastrointestinal disorders</b>		
Abdominal pain <sup>†1</sup>	2/76 (2.63)%	1/78 (1.28)%
Aorto-oesophageal fistula <sup>†1</sup>	1/76 (1.32)%	0/78 (0.00)%
Diarrhoea <sup>†1</sup>	4/76 (5.26)%	0/78 (0.00)%
Dysphagia <sup>†1</sup>	2/76 (2.63)%	3/78 (3.85)%
Gastrointestinal haemorrhage <sup>†1</sup>	1/76 (1.32)%	0/78 (0.00)%

	<b>Buparlisib + Paclitaxel</b>	<b>Buparlisib Matching Placebo + Paclitaxel</b>
	<b>Affected / at Risk (%)</b>	<b>Affected / at Risk (%)</b>
Mouth haemorrhage <sup>†1</sup>	0/76 (0.00%)	2/78 (2.56%)
Nausea <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Oesophageal obstruction <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Oesophagitis <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Oral cavity fistula <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Stomatitis <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Upper gastrointestinal haemorrhage <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Vomiting <sup>†1</sup>	2/76 (2.63%)	0/78 (0.00%)
<b>General disorders</b>		
Asthenia <sup>†1</sup>	2/76 (2.63%)	2/78 (2.56%)
Face oedema <sup>†1</sup>	0/76 (0.00%)	2/78 (2.56%)
Fatigue <sup>†1</sup>	1/76 (1.32%)	4/78 (5.13%)
General physical health deterioration <sup>†1</sup>	3/76 (3.95%)	0/78 (0.00%)
Non-cardiac chest pain <sup>†1</sup>	1/76 (1.32%)	2/78 (2.56%)
Pain <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Pyrexia <sup>†1</sup>	0/76 (0.00%)	2/78 (2.56%)
Systemic inflammatory response syndrome <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
<b>Hepatobiliary disorders</b>		
Hepatic failure <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Jaundice <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Infections and infestations</b>		
Anal abscess <sup>†1</sup>	2/76 (2.63%)	0/78 (0.00%)
Bronchitis <sup>†1</sup>	1/76 (1.32%)	2/78 (2.56%)
Candida sepsis <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Chest wall abscess <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Clostridium difficile colitis <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Erysipelas <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Herpes zoster <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Lower respiratory tract infection <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Lung abscess <sup>†1</sup>	1/76 (1.32%)	1/78 (1.28%)
Lung infection <sup>†1</sup>	2/76 (2.63%)	0/78 (0.00%)
Pneumonia <sup>†1</sup>	6/76 (7.89%)	6/78 (7.69%)
Post procedural infection <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Pulmonary tuberculosis <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Respiratory tract infection <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Sepsis <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Septic shock <sup>†1</sup>	3/76 (3.95%)	1/78 (1.28%)
Urinary tract infection <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Wound infection <sup>†1</sup>	2/76 (2.63%)	0/78 (0.00%)
<b>Injury, poisoning and procedural complications</b>		
Femur fracture <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Post procedural discharge <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Post procedural fistula <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Post procedural haemorrhage <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Spinal compression fracture <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
<b>Investigations</b>		
Blood creatinine increased <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Neutrophil count decreased <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Metabolism and nutrition disorders</b>		
Cachexia <sup>†1</sup>	1/76 (1.32%)	3/78 (3.85%)
Decreased appetite <sup>†1</sup>	3/76 (3.95%)	2/78 (2.56%)
Dehydration <sup>†1</sup>	2/76 (2.63%)	1/78 (1.28%)
Hypercalcaemia <sup>†1</sup>	1/76 (1.32%)	1/78 (1.28%)
Hyperglycaemia <sup>†1</sup>	3/76 (3.95%)	0/78 (0.00%)

	Buparlisib + Paclitaxel	Buparlisib Matching Placebo + Paclitaxel
	Affected / at Risk (%)	Affected / at Risk (%)
Hypocalcaemia <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Hypoglycaemia <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Hypokalaemia <sup>†1</sup>	1/76 (1.32%)	2/78 (2.56%)
Hypomagnesaemia <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Musculoskeletal and connective tissue disorders</b>		
Spinal pain <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Neoplasms benign, malignant and unspecified (incl cysts and polyps)</b>		
Cancer pain <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Malignant neoplasm progression <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Tumour haemorrhage <sup>†1</sup>	3/76 (3.95%)	5/78 (6.41%)
Tumour invasion <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
<b>Nervous system disorders</b>		
Dizziness <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Hypoesthesia <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Intracranial pressure increased <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Ischaemic cerebral infarction <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Neuralgia <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Paraplegia <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Somnolence <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Spinal cord compression <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Syncope <sup>†1</sup>	1/76 (1.32%)	2/78 (2.56%)
<b>Product Issues</b>		
Device connection issue <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Psychiatric disorders</b>		
Acute psychosis <sup>†1</sup>	0/76 (0.00%)	1/78 (1.28%)
Aggression <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Completed suicide <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Mental status changes <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Renal and urinary disorders</b>		
Renal failure <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Respiratory, thoracic and mediastinal disorders</b>		
Acute respiratory failure <sup>†1</sup>	0/76 (0.00%)	2/78 (2.56%)
Dyspnoea <sup>†1</sup>	2/76 (2.63%)	2/78 (2.56%)
Haemoptysis <sup>†1</sup>	1/76 (1.32%)	1/78 (1.28%)
Pneumonia aspiration <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Pneumonitis <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Pneumothorax <sup>†1</sup>	1/76 (1.32%)	2/78 (2.56%)
Pulmonary embolism <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Respiratory arrest <sup>†1</sup>	1/76 (1.32%)	1/78 (1.28%)
Respiratory failure <sup>†1</sup>	1/76 (1.32%)	2/78 (2.56%)
Upper airway obstruction <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Skin and subcutaneous tissue disorders</b>		
Erythema <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
<b>Vascular disorders</b>		
Arterial rupture <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)
Hypotension <sup>†1</sup>	1/76 (1.32%)	1/78 (1.28%)
Phlebitis <sup>†1</sup>	1/76 (1.32%)	0/78 (0.00%)

Notes:

1 Term from vocabulary, MedDRA (19.1)

† Indicates events were collected by systematic assessment

Source: clinicaltrials.gov

The frequency of hyperglycemia was higher with AN2025 versus placebo, suggesting effective PI3K on-target inhibition. Known AEs associated with AN2025, including hyperglycemia and gastrointestinal AEs (e.g., stomatitis, diarrhea, nausea, and vomiting) were managed with established strategies of dose reduction and treatment of symptoms with appropriate concomitant medications. The proportions of patients discontinuing treatment because of AEs were similar in AN2025 and placebo groups, suggesting that AN2025 did not substantially increase paclitaxel toxicity.

There were a total of 110 deaths reported among patients in the safety set with 32 being on-treatment deaths. Among the 32 on-treatment deaths, 15 (20%) patients were in the AN2025 plus paclitaxel group, and 17 patients (22%) were in the placebo plus paclitaxel group. In the AN2025 plus paclitaxel group, nine deaths were due to study indication and six deaths were due to AEs. No on-treatment deaths were suspected by the investigator to be study treatment related.

**Conclusion.** The results of this trial warranted further development of AN2025 in combination with paclitaxel in patients with platinum-pretreated recurrent or metastatic HNSCC. In July 2016, the FDA concluded that AN2025 met the criteria for the “Fast Track” designation and designated the investigation of AN2025 for recurrent or metastatic HNSCC with disease progression on or after platinum-based therapy as a Fast Track development program.

Phase III multi-center clinical trial of AN2025 in combination with paclitaxel for the treatment of patients with recurrent or metastatic HNSCC after anti-PD-1/PD-L1 treatment

The evolving therapeutic landscape of first-line HNSCC led us to pivot treatment background from platinum pre-treated to anti-PD-1/PD-L1 based therapy pre-treated patients for the clinical design of Phase III trial to capture the sizable addressable market. Based on the strong preclinical evidence and encouraging Phase II clinical results, we are currently conducting a global Phase III multi-center clinical trial of AN2025 in combination with paclitaxel for the treatment of patients with recurrent or metastatic HNSCC after anti-PD-1/PD-L1 treatment.

**Trial design.** The study is a randomized, open-label Phase III study to assess the treatment effect of AN2025 in combination with paclitaxel in patients with recurrent and metastatic HNSCC that have progressed after anti-PD-1/PD-L1 treatment.

A total of 483 patients are expected to be enrolled in approximately 180 clinical trial sites in the U.S., Canada, the U.K., Spain, Italy, Germany, France, Poland, Hungary, Belgium, Russia, mainland China, Hong Kong, Taiwan, Japan, South Korea, Australia, and Argentina. Enrolled patients will be randomized in a 2:1 ratio to receive either daily AN2025 (100 mg) in combination with weekly paclitaxel (80 mg/m<sup>2</sup>) or weekly paclitaxel alone in a 21-day treatment cycle. The primary endpoint of this study is OS for the entire (intent-to-treat) population of patients. The interim endpoint of the study is ORR on a subset of patients with at least six-month follow-up at the time the last patient is enrolled. Secondary endpoints include safety profile and other efficacy measurements such as PFS, ORR, DoR, and HRQoL.

**Trial status and future plan.** In 2020, we communicated with the FDA regarding the updated Phase III clinical protocol. Based on the FDA’s feedback, we are currently focusing on recruiting patients with recurrent or metastatic HNSCC after anti-PD-1/PD-L1 treatment instead of patients progressing after platinum-based chemotherapy. The first patient was dosed in April 2021 in this Phase III trial. We expect to complete the patient enrollment in the third quarter of 2023, and submit an NDA to the FDA for the potential accelerated approval using the ORR readout in the second half of 2024, followed by further marketing approval applications to the NMPA, EMA, PMDA and other authorities.

*Market opportunities*

According to Datamonitor Healthcare, the annual incidence of HNSCC is expected to reach 71,267 and 183,193 new cases in the U.S. and in seven major markets (including the U.S., the U.K., Germany, France, Italy, Spain, and Japan) in 2028, respectively. Most patients present with locally advanced disease are of a high risk of recurrence. Around 50–60% of HNSCC patients develop recurrence or metastasis, with a projected incidence of approximately 32,000 in the U.S. and 89,000 in seven major markets, among which approximately 22,000 patients in the U.S. and around 68,000 patients in these seven major markets are expected to be treated

by anti-PD-1/PD-L1 therapy in 2028. Although anti-PD-1/PD-L1 based therapy has become a mainstream drug for first-line treatment of HNSCC in these seven major markets, about 85% of patients would progress after anti-PD-1/PD-L1 treatment. As such, in 2028, recurrent or metastatic HNSCC patients progressing after anti-PD-1/PD-L1 treatment can be more than 50,000 in the seven major markets. Considering the lack of effective therapies validated by registrational clinical studies and the popularization of anti-PD-1/PD-L1 treatment around the world, the market opportunity for HNSCC patient population after anti-PD-1/PD-L1 based treatment should be significant.

#### *Competitive landscape*

Among the investigational drugs targeting the recurrent or metastatic HNSCC patients progressing after anti-PD-1/PD-L1 based therapy, we believe AN2025 is currently the most advanced candidate globally, being the only drug under active development in the Phase III clinical trial. Monalizumab, an anti-NKG2A antibody developed by Innate Pharma S.A./AstraZeneca PLC, in combination with cetuximab, failed to meet the pre-defined efficacy threshold in a predefined futility interim analysis as compared with cetuximab, and thus was terminated in August 2022. Based on our knowledge, current potential competitive candidates in Phase I/II trial include: (1) Duvelisib, a selective PI3K $\delta$ / $\gamma$  inhibitor, developed by Secura Bio, Inc., entered an investigator-initiated Phase II study in combination with docetaxel in September 2021; (2) Ficlatazumab, an anti-HGF antibody developed by Aveo Pharmaceuticals Inc. (“Aveo”), in combination with cetuximab demonstrated ORR of 38% and mPFS of 4.1 months in an interim analysis based on HPV 16- patients. Aveo may initiate the registrational study in the first half of 2023; (3) Tisotumab vedotin, an antibody-drug conjugate developed by Genmab A/S, entered into a Phase II study on locally advanced or metastatic disease in solid tumors including HNSCC with prior platinum and/or anti-PD-1/PD-L1 treatment, and demonstrated ORR of 16% and mOS of 9.4 months in an interim analysis based on 31 patients; (4) Tipifarnib, a farnesyltransferase inhibitor developed by Kura Oncology Inc., is designed for patients with HRAS mutations, which account for only about 4% of HNSCC patients; (5) Lenvatinib, a multi-tyrosine kinase inhibitor developed by MSD and Eisai, is currently being evaluated in a phase II study in combination with pembrolizumab against standard chemotherapy; the study will also assess the efficacy of lenvatinib monotherapy, (6) Cabozantinib, another multi-tyrosine kinase inhibitor developed by Exelixis, Inc., has just entered a Phase II study in combination with nivolumab in August 2022, and (7) Cue-101, a targeted interleukin 2-based immunotherapy developed by Cue Biopharma Inc., demonstrated one PR and six with SD for  $\geq 12$  weeks based on 14 HPV16+ patients in a Phase I dose escalating trial.

#### ***Palupiprant (AN0025): a tumor microenvironment modulator***

##### *Overview*

Palupiprant, or AN0025, is an oral EP4 antagonist with high potency and selectivity. It is designed to block the PGE2-EP4 signaling pathway by preventing the binding of prostaglandin E2 to its EP4 receptor, thereby inhibiting PGE2-mediated immunosuppression in the tumor microenvironment. In-licensed from Eisai in January 2018, we have exclusive rights and license to develop and commercialize AN0025 globally, excluding Japan, Korea, Singapore, Taiwan, India, Thailand, Philippines, Indonesia, Malaysia, Vietnam, Myanmar, Laos, and Cambodia. For more details, see “— License and collaboration agreements — Collaboration with Eisai”. The mechanism of action and preliminary safety profile of AN0025 have been demonstrated in early clinical trials. Based on its mechanism of action, we believe that AN0025 has the potential to be used in combination with multiple therapies including immune checkpoint inhibitors to treat solid tumors. Currently, we are in collaboration with MSD to evaluate the combination of AN0025 and MSD’s pembrolizumab for the treatment of solid tumors as a second or third-line therapy in a Phase Ib study. For more details, see “— License and Collaboration Agreements — Supply agreement with MSD”. As of March 31, 2023, we have enrolled 58 patients in this trial in the U.S. and France and expect to obtain proof of concept clinical results in the second half of 2023.

##### *Mechanism of action*

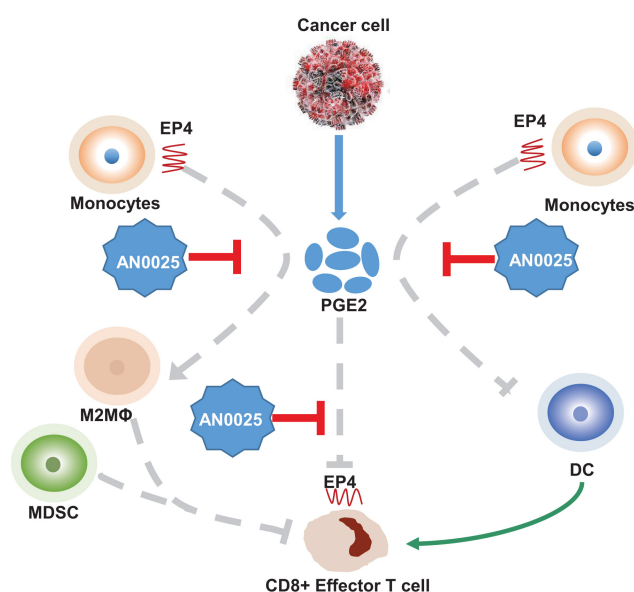
A permissive tumor microenvironment is critical for tumor progression and metastasis. The development of a tumor-favoring microenvironment is a hallmark of cancer progression. As recent studies begin to reveal the mechanisms of how a tumor can successfully embed itself within a network supporting normal cells and

reprogram it into an immunosuppressive tumor microenvironment, targeting alternatively activated tumor associated M2 macrophage, myeloid-derived suppressor cells (“MDSC”) and regulatory T cells (“Tregs”) represents a promising strategy for developing novel cancer immunotherapy. Tackling immunosuppression in tumor microenvironments, EP4 is considered a promising target for developing novel immune-targeting anti-cancer therapies.

Prostaglandins play a key role in mediating inflammatory responses, and their effects on the differentiation of monocytic cells and suppression of T-cell activation are exploited by tumors to maintain an immunosuppressive tumor microenvironment. A key signaling pathway related to the re-shaping of tumor-promoting immunosuppressive microenvironments is the PGE2-mediated pathway.

Upon binding of PGE2 to its receptors, e.g., EP4, PGE2/EP4 signaling pathway produces cAMP and subsequently activates the cAMP/PKA signaling cascade, which has long been regarded as a pathway that negatively regulates T cell and NK cell functions. In addition, this pathway has been well recognized as an essential mediator that not only enhances the differentiation of immunosuppressive cells, such as M2 macrophage (“M2M”) and MDSC, which inhibit the antitumor activity of T cells like CD8<sup>+</sup>, but also compromises the maturation of dendritic cells, a type of APC, in the tumor microenvironment. Early studies have shown that the presence or accumulation of M2M and MDSC in tumors is associated with a poorer prognosis in many types of solid tumors.

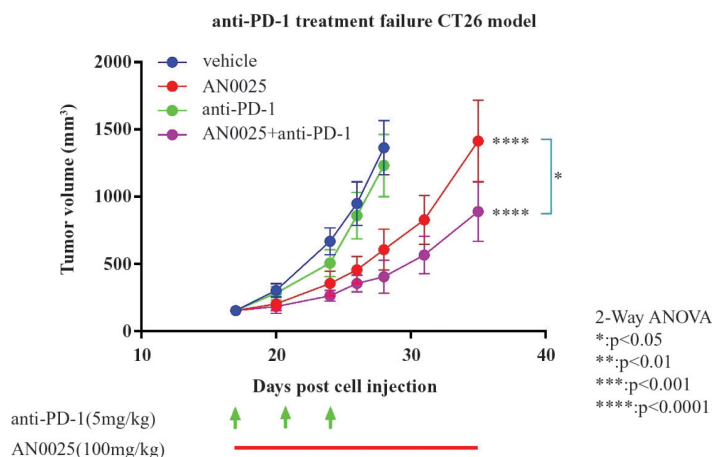
Our AN0025, a small molecule EP4 antagonist, is designed to prevent the binding of PGE2 to its EP4 receptor to change the immunosuppressive character of the tumor microenvironment. By blocking the downstream signaling of PGE2/EP4 pathway, AN0025 is designed to inhibit the differentiation and accumulation of MDSC and M2M, promote the maturation of dendritic cells (“DC”) and antitumor M1 type macrophage, thereby increasing the activity of CD8<sup>+</sup> cells and the T-cell immune responses against tumors.



#### Summary of preclinical results

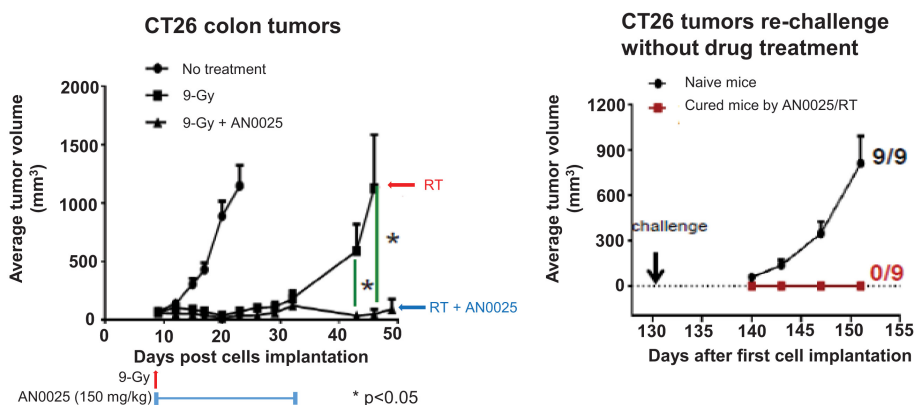
Animal studies supported the combination of AN0025 with PD-1 inhibitor for treating tumors that are not responsive to anti-PD-1 therapy. In the CT26 murine colon cancer model, a portion of non-responders after anti-PD-1 treatment were selected, re-grouped and re-treated by combining AN0025 with an anti-PD-1 antibody. As shown in the figure below, AN0025 combined with anti-PD-1 antibody treatment demonstrated stronger antitumor activity, compared with each compound alone.

### Antitumor Activity of AN0025 in combination with anti-PD-1 treatment in CT26 Murine Colon Cancer Syngeneic Model



In another preclinical study, the combination of AN0025 and radiotherapy (“RT”) demonstrated improved antitumor activity, and antitumor memory T-cell response in mice compared with RT treatment alone. As shown in the figure below, in a CT26 murine colon cancer model, treatment of AN0025 plus a single 9 Gy of RT rendered nine of the 12 animals tumor free, which was significantly better than RT alone. None of the tumor free animals regrew tumors over a subsequent 2-month period that followed the cessation of treatment, and all the nine mice completely rejected tumor rechallenge. These results suggested an antitumor memory response in those nine animals cured by the combination of AN0025 and RT.

### Antitumor activity of AN0025 in combination with RT in CT26 murine colon cancer isograft model



### Summary of clinical trial results

#### Phase I study for AN0025 monotherapy in solid tumors by Eisai

**Trial design.** This trial was a multi-center, open-label, dose escalation study in patients with selected advanced malignancies with high myeloid infiltrate. This trial was conducted in the U.S. and France. A total of 30 patients were enrolled and received study treatment, of which 80% had received at least three lines of prior



treatment. Most common tumor types were colorectal cancer (43%), pancreatic cancer (20%), and HNSCC (13%). The patients were randomized into four cohorts and administered 125 mg to 750 mg AN0025 orally, once daily (“QD”).

Primary objectives of this trial were to assess the safety and tolerability of AN0025 and determine the MTD and/or the RP2D of AN0025. Secondary objectives included studying of PK, ORR, and DCR. Exploratory objectives included PD assessments on immune cells infiltrated into tumors and in peripheral blood and metabolic response.

Trial status. This trial was completed on February 27, 2018.

Efficacy data. Seven out of 30 patients (23%) achieved SD, including four patients who achieved SD of more than 18 weeks, and three patients had metabolic responses.

Safety data. No dose limiting toxicities (“DLTs”) were observed and the MTD was not reached. The most common treatment-related adverse events (“TRAEs”) ( $\geq 10\%$ ) were fatigue (36.7%), diarrhea (33.3%), nausea (30.0%), anemia (23.3%), decreased appetite (23.3%), vomiting (20.0%), abdominal pain (16.7%), and dyspnea (16.7%). Grade 3 or above TRAE occurred in three patients. Two patients discontinued treatment due to TRAEs. There were no treatment-related deaths.

PK/PD profile. AN0025 exposure was dose proportional up to 500 mg, QD with no incremental increase in exposure at 750 mg, QD. AN0025 was extensively metabolized. Elimination half-life was approximately 12 hours and accumulation on multiple dosing was around 2 to 3-fold.

Conclusion. In this trial, single-agent AN0025 was well tolerated up to 750 mg, QD with no MTD reached in heavily pretreated patients with myeloid-rich tumors.

#### Phase Ib study for AN0025 in combination with Keytruda, or pembrolizumab, in solid tumors

Trial design. This trial is an open-label, multicenter, Phase Ib study to evaluate the safety and preliminary efficacy of AN0025 in combination with pembrolizumab in patients with locally advanced/ advanced solid tumors in the U.S. and France. The study will include a DLT observation phase followed by an expansion phase. The pembrolizumab dose will remain constant at 200 mg every 3 weeks for each dose level of AN0025 and in each cohort.

The DLT observation period will employ a dosing de-escalation scheme. If the results of DLT observation phase yield an acceptable number of DLTs, then the expansion Phase Ib will start. Approximately 10-12 patients will be enrolled in each of the expansion cohorts, including urothelial cancer, NSCLC, TNBC, cervical cancer, and MSS CRC cohorts. For urothelial cancer and NSCLC, patients who received previous treatment of anti-PD-1/PD-L1 therapy will be enrolled. For the other three cancer types, patients who did not receive anti-PD-1/PD-L1 treatment but progressed on standard of care will be enrolled. The trial is primarily designed to evaluate the safety and tolerability and determine the DLT of this combination therapy. Secondary objectives include ORR, PFS, DoR, and OS.

Trial status and future plan. As of March 31, 2023, we were in the dose expansion stage with 58 patients enrolled in the U.S. and France. We expect to obtain results of this trial in the second half of 2023, in which we aim to identify specific cancer types sensitive to this combination based on the results. We will then proactively communicate with the regulatory authorities for the design of Phase II/III registrational trials.

#### *Market opportunities*

Although anti-PD-1/PD-L1 therapy has been primarily used to treat patients with NSCLC and urothelial cancer, current treatments are still unable to meet the needs of patients who have progressed on anti-PD-1/PD-L1 therapy. According to Datamonitor Healthcare, incidences of NSCLC treated with anti-PD-1/PD-L1 therapy in 2021 reached approximately 84,000 in the U.S., and approximately 201,590 in seven major markets of the U.S., the U.K., Germany, France, Italy, Spain, and Japan. Around 70–80% of NSCLC patients would progress after anti-PD-1/PD-L1 treatment, with approximately 59,000 patients in the U.S. and 141,000 patients in seven major markets. Incidences of urothelial cancer treated with anti-PD-1/PD-L1 therapy in 2021 reached approximately 18,000 in the U.S., and approximately 27,517 in seven major markets. Around

80 – 90% of urothelial cancer patients would progress after anti-PD-1/PD-L1 treatment, with approximately 14,000 patients in the U.S. and 22,000 patients in seven major markets. Furthermore, current treatments are limited for MSS CRC, TNBC, and cervical cancer after standard of care treatment. According to Datamonitor Healthcare, in 2021, the incidences of MSS CRC, TNBC and cervical cancer after standard of care treatment reached approximately 30,000, 4,074, and 5,800, respectively, in the U.S., and 113,000, 15,747, and 15,600, respectively, in the aforementioned seven major markets. Effective treatments are therefore urgently needed to address these unmet medical demands.

#### *Competitive landscape*

Our Phase Ib study for AN0025 in combination with pembrolizumab is in dose expansion stage to evaluate preliminary efficacy in patients with the progression after standard of care treatment. Based on our knowledge, there are several programs also in early clinical development targeting EP4, including those run by Ono Pharmaceutical Co., Ltd./BMS (ONO-4578/BMS-986310), Ikena Oncology Inc. (Grapiprant (IK-007)), Rottapharm Biotech S.r.l. (CR6086), Tempest Therapeutics Inc. (TPST-1495), Shenzhen Ionova Life Science Co., Ltd. (INV-1120), Shanghai Yuyao Biotech Ltd. (YY001), and Keythera (Suzhou) Pharmaceutical Co., Ltd. (KF-0210).

#### ***Triple combination of AN2025, AN0025, and Tecentriq, or atezolizumab: an example of our combination therapy strategy***

##### *Overview*

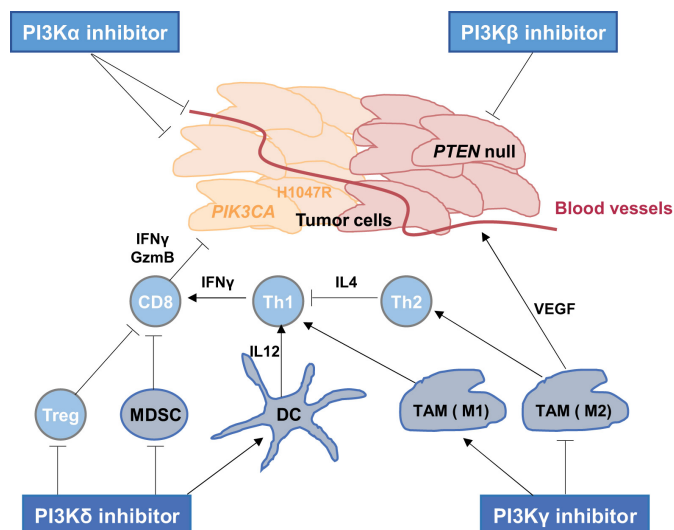
To fully explore the potential of AN2025 and AN0025, we initiated a study of the triple combination of AN2025, AN0025, and an anti-PD-1/PD-L1 antibody for the treatment of solid tumors. This study exemplifies our combination therapy strategy to achieve synergistic effects of targeted therapy and immunotherapy. In different tumor-bearing mouse models, we have consistently observed significantly stronger antitumor activity in the triple combination of AN2025, AN0025, and an anti-PD-1 antibody compared with the doublet combinations. We initiated a Phase I clinical trial to evaluate the triple combination of AN2025, AN0025, and atezolizumab, for a variety of PIK3CA mutant solid tumors. For more details, see “— License and collaboration agreements—Supply agreement with Roche”. In September 2022, subsequent to the doublet arm dose-ranging studies, we initiated a dose-ranging study for the triple combination, and we expect to identify RP2D from this Phase I clinical trial in the second half of 2023.

##### *Rationale of triple combination design*

Immune checkpoint inhibitors, such as anti-CTLA-4 and anti-PD-1/PD-L1 antibodies, have revolutionized cancer treatment. However, there are still a significant number of cancer patients who do not respond to immune checkpoint inhibitors. One hypothesis explaining this phenomenon is that the tumor immunosuppressive microenvironment can cause resistance to immune checkpoint blockade. It is now increasingly accepted that the tumor microenvironment contributes to cancer cells’ escape from immunosurveillance. Although immune checkpoint inhibitors can block the interaction between cancer cell and T cells to enable T cells recognize and kill cancer cells, T cells may not be able to reach the targets through the microenvironment that harbors the tumor (for example extravasate from tumor blood vessels and infiltrate barriers such as stromal tissue) to reach the cancer cells, which necessitates an improved combination therapy regimen that could further exploit the immune system for cancer treatment.

As a pan-PI3K inhibitor, AN2025 targets not only PI3K mediated tumorigenesis (e.g., via inhibition of PI3K $\alpha$ /PIK3CA mutants) but also the immunosuppression of the tumor microenvironment (e.g., via inhibition of PI3K $\delta$  and PI3K $\gamma$ ). PI3K $\delta$  is well established to control the function and integrity of Tregs, whereas both PI3K $\delta$  and PI3K $\gamma$  help recruit suppressive myeloid cells (including tumor-associated macrophages (TAMs) and MDSCs) into the tumor microenvironment and also strengthen their inhibitory effects on antitumor T cell immune responses. As Tregs and suppressive myeloid cells are key contributors to immunosuppression within the tumor microenvironment, targeting PI3K $\delta$  and PI3K $\gamma$  provides an excellent opportunity to improve the antitumor immune response. As targeting the tumor-promoting microenvironment, especially those suppressive immune cells inside become an attractive way to promote

antitumor immune response, agents like PI3K $\delta$  and PI3K $\gamma$  inhibitors (such as AN2025) could serve as great combination partners for the checkpoint inhibitors in the field of cancer immunotherapy.



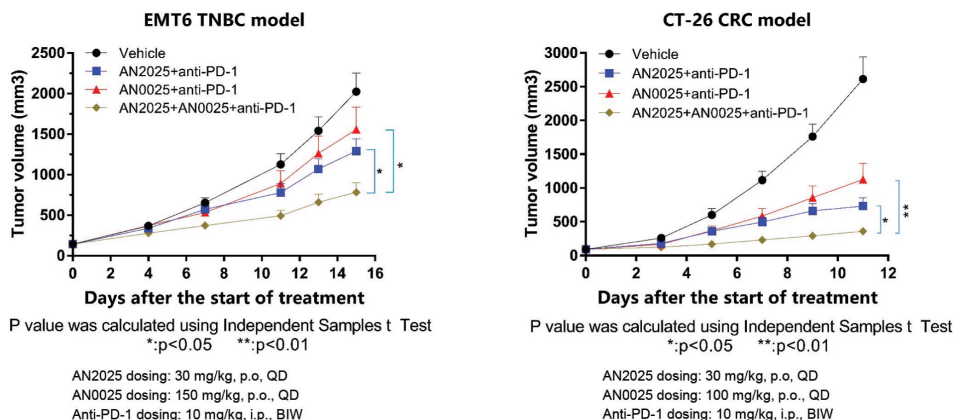
Leveraging the complementary and synergistic antitumor effects of our drug candidates in combination therapies, AN2025 is expected to mechanistically complement and synergize with the combination of anti-PD-1/PD-L1 antibody and AN0025 to form an improved treatment regimen for patients with multiple advanced solid tumors.

#### Summary of preclinical results

By targeting Tregs as well as tumor-promoting myeloid cells in the tumor microenvironment, AN2025 is designed to mechanistically synergize with the combination of anti-PD-1/PD-L1 antibody and AN0025 to improve the treatment of advanced solid tumors.

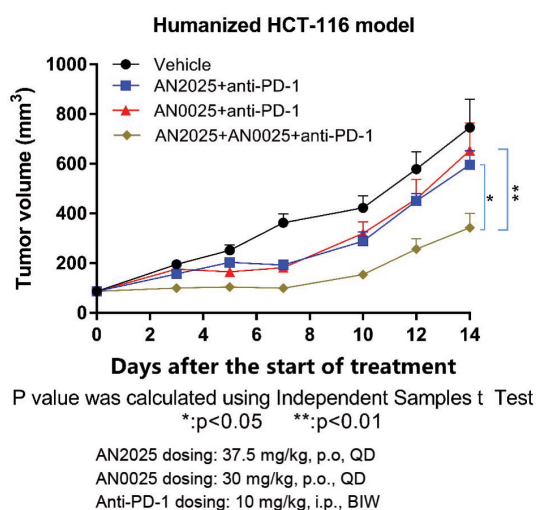
We conducted preclinical studies of the triple combination of AN2025, AN0025, and an anti-PD-1 antibody, and observed encouraging antitumor activity in the following studies. As illustrated by the figures below, the triple combination showed significantly stronger TGI compared with doublet combinations in syngeneic mice models:

### Triple combination of AN2025, AN0025, and anti-PD-1 antibody in syngeneic mice models



In another humanized mice model, the triple combination also demonstrated superior anti-tumor activities to the doublet combinations.

### Triple combination of AN2025, AN0025, and an anti-PD-1 antibody in humanized mouse models



### Summary of clinical trial results

#### Phase Ia clinical trial of AN2025, AN0025, and atezolizumab, in patients with advanced solid tumors

**Trial design.** The trial is a Phase Ia, multi-center, open-label clinical trial study in patients with locally advanced or metastatic cancer that were previously treated with one to four lines of therapy. This trial is conducted in the U.S. It consists of three DLT observations I, II, and III. Observations I (AN2025 + atezolizumab) and II (AN0025 + atezolizumab) are double combination treatments, which will be conducted in parallel, whereas observation III (AN2025 + AN0025 + atezolizumab) will be initiated only after a thorough review of the safety data from observations I and II.

Primary objectives of this trial are to evaluate the safety and tolerability of the double combinations (observations I and II) and triple combination (observation III) in patients with advanced solid tumors. Secondary objectives include studying of ORR, PFS, DoR, OS, and efficacy by PI3KCA mutation in observations I and III.

**Trial status and future plan.** In September 2022, subsequent to the doublet arm dose-ranging studies, we initiated a dose-ranging study for the triple combination, and we expect to identify RP2D from this Phase I clinical trial in the second half of 2023.

#### *Market opportunities*

Mutations in PIK3CA are associated with high rates of mutations in important cancer-associated pathways such as the tyrosine kinase receptors/K-Ras/BRAF/MAPK and the Wnt/ $\beta$ -catenin pathway. PIK3CA mutations are found in approximately 13% of all solid tumors globally, including 25% to 40% of cervical cancer, 30% to 40% of breast cancer, 30% to 35% of endometrial cancer, 30% of ovarian cancer, 24% of urothelial cancer, 20% of colorectal cancer, and 10% to 20% of HNSCC globally, indicating a large addressable market and significant commercial potential. To date, only Novartis' Piqray<sup>®</sup> has been approved for the treatment of breast cancer with a PIK3CA mutation (in combination with hormonal therapy fulvestrant), and thus treatment options for patients with PIK3CA mutant solid tumors around the world are limited.

#### *Competitive landscape*

To our knowledge, we believe that we are the first to explore the combination of PI3K inhibitor, EP4 antagonist and checkpoint inhibitor for the treatment of advanced solid tumors in a clinical trial.

#### ***AN4005: a backbone for our future oral combination therapies***

##### *Overview*

AN4005 is an in-house developed, oral small-molecule PD-L1 inhibitor. In our preclinical studies, AN4005 was well tolerated and exhibited excellent TGI when compared to an approved anti-PD-L1 antibody and promoted an adaptive immune response for antitumor activity. In view of the encouraging preclinical data, we entered into a collaboration agreement assigning the related patent rights to develop, manufacture, and commercialize AN4005 in China to Xiamen Biotime Biotechnology Co., Ltd., reserving the exclusive rights to explore AN4005 in the rest of the world. For more details, see “— License and collaboration agreements — Collaboration with Biotime”. We received IND clearance from the FDA and NMPA for AN4005 for the treatment of advanced tumors in June 2021 and December 2021, respectively, and dosed the first patient in January 2022. We expect to identify the RP2D in the second half of 2023.

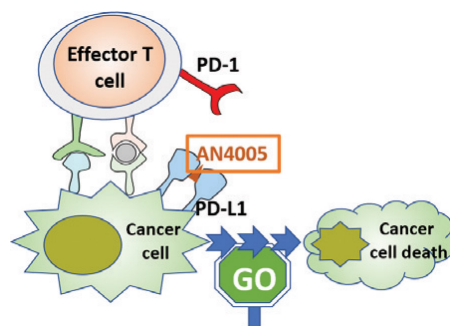
##### *Mechanism of action*

The immune system defends the human body against foreign objects. To function properly, it needs to be able to differentiate between normal cells in the body and those considered “abnormal” or “foreign” (such as cancer cells). Part of how the immune system does this is through “checkpoint” proteins on the surface of immune cells. Checkpoints act like switches that need to be turned on or off to start an immune response. However, cancer cells sometimes manage to escape attacks by the immune system through certain interactions with these checkpoints.

T cells play a key role in the human immune system and fight cancer. The ultimate function of T cells relies on the balance between the activating and suppressing pathways. PD-1 is a checkpoint protein found on the surface of T cells. It interacts with its ligand, PD-L1, a protein usually found on the surface of normal cells. The interaction between PD-1 and PD-L1 will activate the downstream signals of PD-1 and suppress T cell activation. Therefore, PD-1 usually acts as an “off switch” that prevents T cells from attacking normal cells of human body.

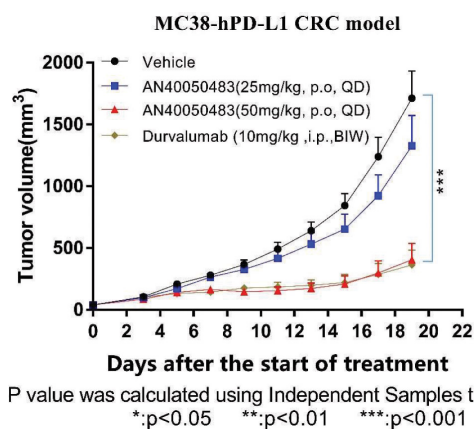
However, like normal cells, a wide range of cancer cells also express PD-L1 protein on the cell surface and sometimes in a vast amount. As a result, cancer cells can pretend to be normal cells by interacting with PD-1 on the T cells through their cell surface PD-L1 and thus avoid being attacked by the T cells.

AN4005 is a small-molecule PD-L1 inhibitor, which is designed to induce and stabilize PD-L1 dimerization to disrupt the protein-protein interactions between PD-1 and PD-L1.



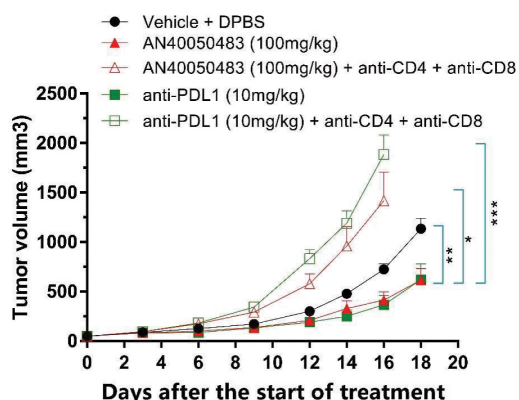
#### Summary of preclinical results

In our preclinical studies, AN4005 demonstrated excellent antitumor activity in the MC38-hPD-L1 syngeneic mouse model. AN4005 (50 mg/kg, QD) showed significant TGI compared with the vehicle control. Furthermore, AN4005 (50 mg/kg, QD) showed a comparable effect in antitumor activity as durvalumab, an FDA-approved anti-PD-L1 antibody developed by Medimmune/AstraZeneca, as both agents inhibited the tumor growth to a similar extent.



The anti-tumor activities of AN4005 were convincingly demonstrated to be stringently dependent on the immune system, as depletion of the T cells (both CD4<sup>+</sup> and CD8<sup>+</sup> T cells) in mice abolished AN4005's antitumor activity, a phenomenon that was similarly observed in anti-PD-L1 antibody treated subjects as well.

### MC38-hPD-L1 CRC model



P value was calculated using Independent Samples t Test  
 \*:p<0.05    \*\*:p<0.01    \*\*\*:p<0.001

#### Summary of clinical trial results

##### Phase I study for AN4005 monotherapy in advanced tumors

**Trial design.** The trial is a Phase I, multi-center, open-label clinical trial study in patients with advanced solid tumors. This study is designed to determine a RP2D/MTD. The study is conducted in the U.S. and China in approximately 31–36 patients, and the actual enrollment number will depend upon the identified safe dose. Once RP2D/MTD dose level has been determined, we will recruit additional patients in China to confirm the RP2D/MTD in the Chinese population as required by local regulatory authorities. Dosing will begin with dose level 0 (50 mg BID) and proceed to escalated dose levels of 100 mg BID, 200 mg BID, 400 mg BID, and 600 mg BID, successively. Dose escalation is conditioned upon the finding that the current dose is well tolerated at the completion of the cohort.

Primary objectives of this trial are to evaluate the safety and tolerability of AN4005. Secondary objectives include studying of PK/PD, ORR, PFS, DoR, complete remission rate (“CRR”), and OS.

**Trial status and future plan.** The first U.S. patient was dosed in January 2022 and the first Chinese patient was dosed in July 2022. We expect to identify RP2D from the Phase I clinical trial in the second half of 2023.

#### Market opportunities

Immunotherapies blocking the immune checkpoint PD-1/PD-L1 have achieved a significant success in treating various types of cancers. In the past few years, several monoclonal antibodies (“mAbs”) targeting PD-1 or PD-L1 have been approved for clinical use by the FDA, which exhibit significant benefits with durable clinical responses and acceptable treatment-related toxicities in several types of solid tumors. Although these mAbs have transformed cancer immunotherapy, they still have several disadvantages such as low permeability to tumors, immunogenicity, complex production process, high manufacturing and treatment costs and immune-related AEs due to very long half-life. Therefore, developing small-molecule inhibitors as an alternative to antibodies to interrupt the PD-1/PD-L1 pathway has emerged as an important area of research in cancer immunotherapy. The small molecule PD-L1 inhibitors are expected to bring a number of benefits over antibodies, such as amenability for oral administration, lower production costs, improved tumor penetration, and lack of immunogenicity.

#### Competitive landscape

Our Phase I study for AN4005 monotherapy in advanced tumors is in the dose escalation stage. Based on our knowledge, there are several oral small-molecule PD-L1 candidates also in early development stage,

including those developed by Incyte, Corp., Chemocentryx Inc. (acquired by Amgen Inc. in August 2022), Maxinovel Pharmaceuticals Co., Ltd., Abbisko Cayman Ltd., Ascleris Pharma Inc., Beta Pharmaceuticals Co., Ltd., and Chase Sun Pharmaceutical Co., Ltd. INCB086550, developed by Incyte, is the globally first small-molecule PD-L1 inhibitor to enter the clinical trial. Although the clinical development of this molecule has been terminated due to likely compound-specific peripheral neuropathy, preliminary efficacy of this molecule in tumor types known to be responsible to anti-PD-1/PD-L1 antibody is encouraging and warrants further investigation to develop small-molecule PD-1/PD-L1 inhibitors.

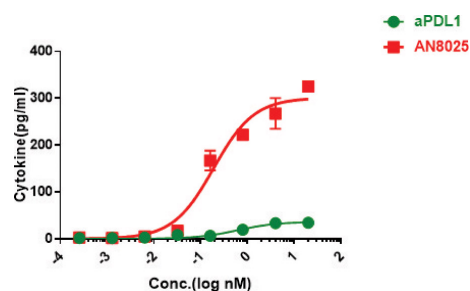
### Our preclinical programs

#### AN8025: a T cell and APC modulator

AN8025 is an in-house developed multifunctional antibody, which serves as a T cell and APC modulator. We are currently in the lead optimization stage and expect to submit the IND in the second half of 2024.

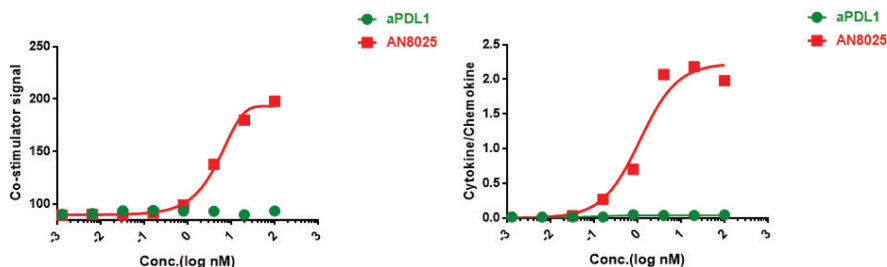
To confirm the ability of AN8025 to stimulate T cell activation, we conducted an enzyme-linked immunosorbent assay (“ELISA”) to measure cytokine concentrations *in vitro*. The results demonstrated that AN8025 provides almost eight times cytokine concentration induced by an anti-PD-L1 mAb.

#### Comparison of T-cell activation by AN8025 and anti-PD-L1 mAb



We also tested the T cell co-stimulation and relevant cytokines/chemokines to determine and compare AN8025's ability to fully induce immune response *in vitro*. Compared to an anti-PD-L1 mAb, where almost no co-stimulation signals were detected, AN8025 showed significantly stronger co-stimulation signals, which represented enhanced interactions between T cells and APC.

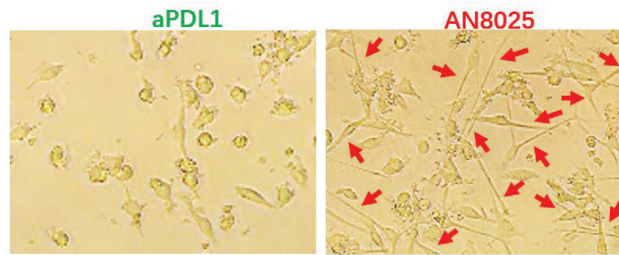
#### Comparison of immune response induction by AN8025 and anti-PD-L1 mAb



Furthermore, the micrograph result revealed that AN8025 induced the maturation of more primary DC than an anti-PD-L1 mAb. The results showed that AN8025 improved the quantity and quality of antigen presenting cells.



### Comparison of dendritic cell maturation by AN8025 and anti-PD-L1 mAb

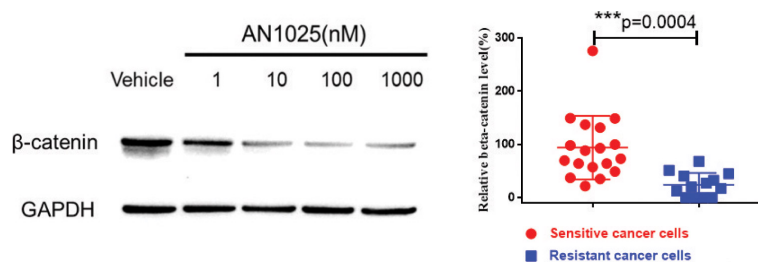


#### AN1025: a $\beta$ -catenin degrader

AN1025 is an in-house developed, oral small molecule degrader of  $\beta$ -catenin, which is currently in the lead optimization phase. Wnt/ $\beta$ -catenin pathway is one of the key tumor-promoting signaling cascades that regulate cell cycle progression, epithelial-mesenchymal transition, angiogenesis, stemness, and tumor immune microenvironment. Aberrant activation of Wnt signaling as a result of genetic mutation has been linked to different cancers. Therefore, this pathway represents a promising target for therapeutic intervention.

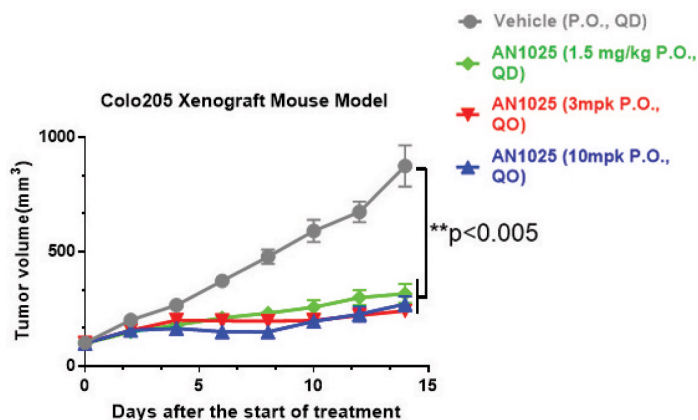
In our preclinical studies, we demonstrated that AN1025 efficiently inhibited Wnt signaling with a low nanomolar  $IC_{50}$ . AN1025 treatment led to the reduction of  $\beta$ -catenin (a key component in Wnt signaling pathway) level in tumor cells. In addition, human cancer cell lines with high  $\beta$ -catenin expression were more sensitive to AN1025, when compared with those having low  $\beta$ -catenin expression, suggesting that  $\beta$ -catenin could serve as a biomarker of sensitivity to AN1025.

#### $\beta$ -catenin expression is sensitive to AN1025's anti-tumor effects



In addition, we also demonstrated that AN1025 showed dose-dependent anti-tumor activities in colo205 xenograft mice models. As shown below, after a 14-day treatment, the tumor volume in subjects administered with AN1025 (1.5 mg/kg, QO) was around 62% less than the tumor volume in the control group.

## Antitumor effects of AN1025 in colo205 xenograft mice model

*AN6025: an HPK1 degrader*

AN6025 is an in-house developed, oral small-molecule HPK1 degrader, which is currently in the lead optimization phase. Inhibiting kinase activity of HPK1 results in activation of antigen presenting properties of DC and stimulates maturation and proliferation of T cells. Therefore, small-molecule inhibitors could serve as a novel agent to transform cold and resistant tumors into hot sensitive tumors and provide additional benefit in combination with existing immunotherapies.

**Other programs***AN1004*

Pelareorep, or AN1004, is an intravenously delivered oncolytic virus. We own the exclusive rights to AN1004 in China, Singapore, and South Korea through an in-licensing agreement with Oncolytics Biotech, Inc. Ongoing Phase Ib clinical trial of AN1004 in combination with atezolizumab and gemcitabine/nab-paclitaxel demonstrated encouraging results as first-line treatment in advanced or metastatic pancreatic ductal adenocarcinoma cancer (“PDAC”), demonstrating ORR of 69% that is substantially higher than historical response rate (ORR~25%) reported for PDAC patients treated with gemcitabine/nab-paclitaxel. In addition, a Phase II clinical trial of AN1004 in combination with paclitaxel in patients with HR+/HER2-metastatic breast cancer (“mBC”) showed that adding AN1004 to paclitaxel has significantly increased the median OS from 10.8 months in the paclitaxel group to 21 months in the combination group. AN1004 has been administered to ≥1100 patients, and was well tolerated with most AEs of grade 1 or 2. We are conducting a bridging trial in China to assess the safety and tolerability of AN1004 in combination with paclitaxel for the Chinese patient population with HR+/HER2- mBC and obtained the safety and efficacy data of this bridging trial in December 2022.

*AN0025 in combination with RT/CRT for the treatment of rectal cancer*

In addition to evaluating the combination of AN0025 and pembrolizumab for the treatment of advanced solid tumors, we also completed a Phase Ib study to evaluate AN0025 in combination with RT/CRT for the treatment of preoperative rectal cancer where primary resection without chemoradiotherapy is unlikely to achieve clear margins. We presented encouraging interim results of this trial cut off on August 8, 2019 at the European Society for Medical Oncology (“ESMO”) in October 2019. In particular, the combination therapy with AN0025 and RT/CRT reported an exceptionally high clinical complete response (“cCR”) of 20%, indicating surgery is no longer required for these patients, as well as a high pathologic complete response (“pCR”) of 16%, indicating no residual tumors were found in these patients after the surgery. The promising results from the Phase Ib study warrants further development.

## AN3025

AN3025 is an in-house developed anti-TNFR2 mAb. Its discovery was published in *Frontiers in Immunology*, a leading journal publishing rigorously peer-reviewed research across basic, translational, and clinical immunology. In the preclinical studies, AN3025 demonstrated promising antitumor activity in MC38-hTNFR2 syngeneic mouse model. As another mechanism of immune checkpoint inhibitor besides PD-1/PD-L1 pathway, AN3025 showed comparable TGI compared to the mouse anti-PD-1 antibody. In view of the promising preclinical data, we have entered into a collaboration agreement assigning the related patent rights to develop, manufacture, and commercialize AN3025 in China to Xiamen Biotime Biotechnology Co., Ltd. For more details, see “— License and collaboration agreements — Collaboration with Biotime”.

### Research and development

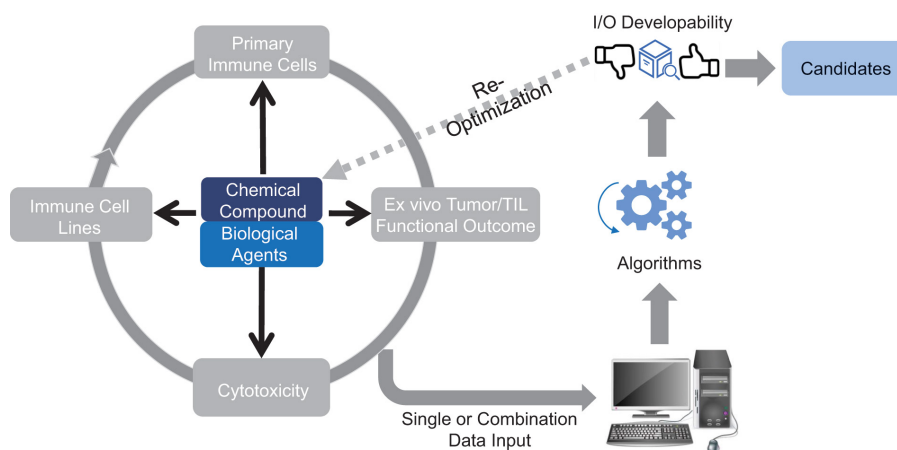
We believe that R&D is key to driving our therapeutic strategy and maintaining our competitiveness in the biopharmaceutical industry. Our in-house research and development function had 90 members with extensive drug discovery and development experience as of March 31, 2023. Around 82% of our research and development team members have master or doctorate degrees in biology or chemistry related majors. Leveraging our strong research and development capabilities, we have developed a pipeline with significant potential.

### Drug discovery platforms

Spanning the full spectrum from target identification to clinical development, our in-house drug discovery platforms deploy a suite of powerful and specialized techniques and know-how. They consist of the following two platforms: PAINT-2D™ platform (i.e., the Platform for AN’s Immune Therapeutics Discovery and Development) and ANEAT-Id™ platform (i.e., AN’s high-Efficiency Antibody Technology for Identification/Development).

#### PAINT-2D™ platform (the platform for AN’s immune therapeutics discovery and development)

PAINT-2D™ platform is our proprietary platform equipped with “one-stop” functionalities for the early-stage development of immuno-oncology therapies, and enables us to study the functions of immuno-oncology therapies and their effects on immune cells in an efficient manner, as well as to evaluate the combination potential of different immuno-oncology therapies and the toxicity and AEs for different combination regimens. The following flowchart illustrates the functions of the PAINT-2D™ platform:



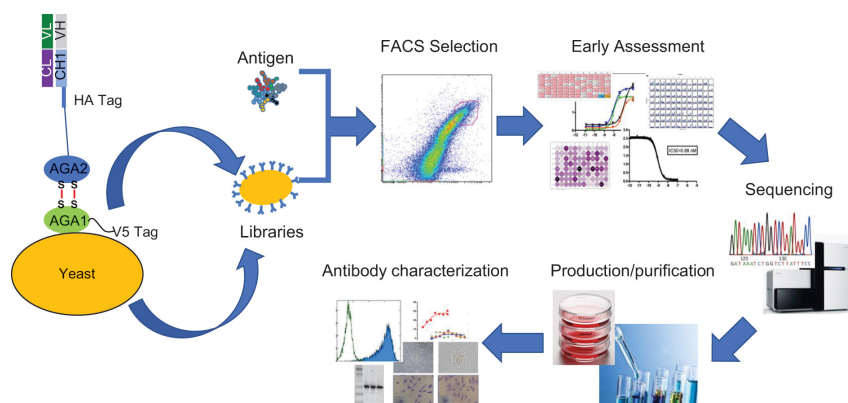
The platform begins with chemical compounds or biological agents first being tested *in vitro* in immune cell lines and/or primary immune cells to assess the preliminary activity as well as cytotoxicity. The effects of

activity and cytotoxicity of potential candidate molecules are further tested in more physiologically relevant immune cells, which are tumor infiltrating lymphocytes (“TIL”) collected from tumors *ex vivo*. Data from those tests are evaluated using established algorithms, which are generated through comprehensive data analyses of clinical immune related drugs (either approved or unapproved) after being tested in similar assays. If compounds show favorable efficacy/cytotoxicity profiles (or benefit/risk ratios) similar to those of approved drugs, they might be considered to move on for extensive preclinical evaluation before going into clinical trials. Otherwise, they will be sent back and further optimized until they pass the evaluation.

By utilizing immune cell lines, primary immune cells, and *ex vivo* tumor/tumor-infiltrating lymphocyte (TIL), our PAINT-2D™ platform can perform a series of assays to comprehensively assess (i) the effects of immuno-oncology drugs on the functioning of immune cells, including T-cells, B-cells, dendritic cells, monocytes, and macrophages, and (ii) the combination potential and off-target effects for different immuno-oncology drugs. This allows us to (i) thoroughly optimize the efficacy and undesired AEs of drug candidates to maximize their efficacy in immuno-oncology, (ii) fully assess the combinational synergies between different drugs in preclinical stages, and (iii) potentially correlate preclinical output with clinical performance using data generated internally. This platform is expected to lead to optimal candidate molecules and combination regimens to potentially reduce the risks associated with subsequent clinical trials.

**ANEAT-Id™ platform (AN's high-efficiency antibody technology for identification / development)**

ANEAT-Id™ platform is a highly efficient and robust yeast display system that is dedicated to therapeutic antibody discovery and development. The following flowchart illustrates the functions of our ANEAT-Id technology:



The platform operation begins with the antigen of interest first being incubated with an antibody library displayed on the surface of yeasts. Preliminary binders are selected and enriched via flow cytometry-based sorting. After several rounds of selection and enrichment, strong binders are subjected to early assessment to identify functional candidates, which are further sequenced to obtain detailed information of the preliminarily selected antibodies. The candidates are then expressed and purified for extensive characterization *in vitro* and *in vivo*, where those with good *in vitro* and *in vivo* activities are moved to further preclinical evaluation.

This yeast display technique-based antibody platform in combination with flow cytometry allows for high-throughput, and high-speed detection and selection of appropriate antibody candidates. It features by (i) a super-sized library of over 50 billion human antibodies, (ii) high display efficiency to successfully express antibodies on yeast surface, (iii) a display/secretion switchable design to allow flexibility in small-scale antibody purification and subsequent functional test, and (iv) various developability assessment tools to minimize risks in late-stage development. We are utilizing our ANEAT-Id technology to facilitate and speed therapeutic antibody R&D.

**Research and development for in-licensed drug candidates**

We promptly commence research and development activities after in-licensing drug candidates from our licensing partners. We have devoted a considerable amount of time and resources to the R&D of in-licensed

drug candidates, and such efforts include but are not limited to: (i) the design of the clinical trials to be implemented in our licensed territories and proactive communication with relevant regulatory authorities to obtain approval, and (ii) the preparation of clinical trials. We also engage third-party service providers, such as CROs to manage the day-to-day execution of clinical trials under the close supervision and management of our research and development team and clinical development team. We set up standards of project management and clinical operations, and give detailed instructions and guidance to such third parties. Additionally, we invite leading experts in relevant areas to share their expertise in R&D of drug candidates, and arrange training sessions for potential investigators in preparation for the clinical trials.

### **Competition**

The pharmaceutical and biopharmaceutical industries are highly competitive and subject to rapid and significant change. While we believe that our pipeline of innovative drug candidates in clinical and preclinical trials, strong R&D capability, integrated platform and cohesive leadership team provide us with competitive advantages, we face potential competition from many different sources working to develop therapies targeting the same indications against which we develop our drug candidates, in particular in the immuno-oncology field. These include major pharmaceutical companies as well as specialty pharmaceutical and biotechnology companies, academic institutions, government agencies, and research institutions. Any drug candidates that we successfully develop and commercialize will compete with existing drugs and with any new drugs that may become available in the future.

### **License and collaboration agreements**

#### ***Collaboration with Novartis***

On December 22, 2017, we entered into a license agreement (as amended, the “Novartis Agreement”) with Novartis, a global pharmaceutical company regarding the worldwide development and commercialization of products containing AN2025 as an active ingredient (the “Novartis Licensed Product(s)”).

Pursuant to the Novartis Agreement, Novartis granted us (a) an exclusive, royalty-bearing, sublicensable, assignable worldwide license under Novartis’ certain know-how and patent rights related to AN2025 (the “Product-Specific Patents”), and (b) a non-exclusive, royalty-bearing, sublicensable, assignable license under Novartis’ certain platform patents (the “Platform Patents”), in each case of (a) and (b), to develop and commercialize the Novartis Licensed Products for therapeutic, prophylactic and/or diagnostic uses in humans (the “Novartis Licensed Field”) worldwide and to manufacture and have manufactured AN2025 for use in Novartis Licensed Products in the Novartis Licensed Field worldwide. Novartis and its affiliates retain or share full and unencumbered rights under all relevant patents and know-how for AN2025 worldwide outside the Novartis Licensed Field.

We are solely responsible for and have final decision-making authority with respect to the development, commercialization, and manufacturing of the Novartis Licensed Products in the Novartis Licensed Field worldwide. We are obligated to develop a clinical development plan for the Novartis Licensed Products that is consistent with certain clinical trials to which we have agreed with Novartis. We have shared the clinical development plan with Novartis. We are obligated to use commercially reasonable efforts to develop, manufacture, and commercialize the Novartis Licensed Products and to use commercially reasonable efforts to obtain regulatory approval for as many indications as possible, as included in the development plan. We are required to bear 100% of all costs and expenses associated with the development, commercialization, and manufacturing of the Novartis Licensed Products.

In accordance with the terms of the Novartis Agreement, Novartis is eligible to receive a series of payments from us, comprising an upfront payment, milestone payments, royalty payments, and, if any, sublicense payments. The upfront payment amounted to US\$9.5 million and was paid in full in 2018. In addition we are obliged to pay to Novartis (i) regulatory milestone payments with an aggregate amount up to US\$74 million upon the achievement of regulatory milestones, including dosing of the first patients in the first registrational study for Novartis Licensed Products, submission of certain applications to regulatory authorities and receipt of certain approvals from regulatory authorities for different indications; and (ii) sales-based payments ranging from US\$10 million to US\$100 million upon achievement of certain annual net sales

targets for Novartis Licensed Products. As of June 30, 2022, we had made regulatory milestone payments of US\$4 million for achievement of dosing of the first patient in the first registrational study for a Novartis Licensed Product.

In addition, under the Novartis Agreement, unless otherwise provided, during the applicable royalty term, we shall also pay royalties based on annual net sales of Novartis Licensed Products worldwide at progressive rates ranging from the mid-teens to the mid-twenties. Currently, we do not owe royalty payments to Novartis under the Novartis Agreement. The royalty term continues on a country-by-country and product-by-product basis with each such royalty term commencing on the first commercial sale in such country until the latest of (i) the expiration of the last-to-expire valid claim of any licensed patent covering such Novartis Licensed Product in such country; (ii) the expiration of regulatory-based exclusivity for such licensed product in such country; or (iii) the tenth anniversary of the date of first commercial sale of such Novartis Licensed Product in such country.

In addition, under the Novartis Agreement, in further consideration for the sublicensing rights granted to us, we shall pay to Novartis up to 50% of net profit from any payments or other consideration received by us or our affiliates in connection with the grant of any sublicense depending on the development stage of the Novartis Licensed Products at the time of occurrence of sublicense event. Currently, we do not owe any sublicense fees payable to Novartis under the Novartis Agreement.

The Novartis Agreement may be terminated (i) by either us or Novartis for the other party's uncured material breach, (ii) by us at our sole discretion with at least 90 days' prior written notice to Novartis for any reason, or (iii) by Novartis in case of our insolvency. In the event of a termination for any reason, all rights and licenses granted to us under the Novartis Agreement shall terminate, we are obligated to cease any and all development, manufacture, and commercialization activities with respect to all Novartis Licensed Products, and all rights and licenses granted by Novartis to us shall revert to Novartis. Unless terminated earlier, the Novartis Agreement will expire, on a product-by-product and country-by-country basis, on the date of the expiration of all applicable royalty terms with respect to such Novartis Licensed Product in such country, and, in its entirety, expire upon the expiration of all applicable royalty terms with respect to all Novartis Licensed Products in all countries globally. Following expiration of the royalty term for a Novartis Licensed Product in a given country, the license granted to us with respect to the Novartis Licensed Product in such country will automatically become fully paid-up, perpetual, irrevocable, and royalty-free.

#### ***Collaboration with Eisai***

In January 2018, we entered into a license agreement (the "Eisai Agreement") with Eisai Co, Ltd. ("Eisai"), concerning the products containing the compound formerly referred to as E7046 (renamed as AN0025), an EP4 antagonist, including its therapeutically-active metabolites and prodrugs (the "Eisai Licensed Products"). Pursuant to the Eisai Agreement, we obtained exclusive, sub-licensable rights and license to research, develop, manufacture, and commercialize the Eisai Licensed Products in any and all preventative, therapeutic, and/or diagnostic uses in human (the "Eisai Licensed Field"), worldwide excluding Japan, Korea, Taiwan, Thailand, India, Philippines, Indonesia, Singapore, Malaysia, Vietnam, Myanmar, Laos, and Cambodia (the "Eisai Licensed Territory"). In addition, Eisai obtained exclusive, sub-licensable rights and license under our technology invented or created under this agreement to research, develop, manufacture, and commercialize the Eisai Licensed Products outside the Eisai Licensed Territory.

Pursuant to the Eisai Agreement, we will be solely responsible for the development of Eisai Licensed Products in the Eisai Licensed Field in the Eisai Licensed Territory, and shall use commercially reasonable efforts to complete the Development Plan (as defined below) and submit for regulatory approval in specified major countries. We have formulated a high-level development plan for AN0025 towards regulatory approval (the "Development Plan") which was included as part of the Eisai Agreement. According to the Development Plan, (i) after analysis of available clinical data from the Phase I study (monotherapy and combination with chemo-radiotherapy), we can move to multiple, small scale Phase I/II studies in the U.S. to evaluate new combination therapies in ICI sensitive tumor types; (ii) we can also conduct novel study design to combine the molecule with anti-PD-1 in both PD-1 naïve and PD-1 failed patient populations; (iii) we can have early interaction with health authorities to help future registration study design and work closely with experienced KOLs to identify potential registration opportunities. Our recent development plan of AN0025 was in line with the Development Plan under the Eisai Agreement. We will bear all the costs and expenses associated with

the development of the Eisai Licensed Products. In addition, we are solely responsible for sourcing the manufacturing and supplying of, and all commercialization activities for the Eisai Licensed Products in the Eisai Licensed Territory. Eisai is obliged to provide reasonable assistance to facilitate the transfer of development, manufacturing, and commercialization responsibilities to us as we request.

Under the Eisai Agreement, Eisai and we have established a joint development committee (the “JDC”) to implement and oversee the development activities in the Eisai Licensed Field in the Eisai Licensed Territory and to serve as a forum for exchanging data, information and strategy regarding the Eisai Licensed Products. The JDC has equal representation from each party with a chairperson designated by us, and it shall take actions by simple majority vote with each representative having one vote. If the JDC cannot reach agreement on a matter within a specified period, such matter should be elevated to C-level executive officers of both parties; if such matter is still unresolved within a specified period after the elevation, the chairperson designated by us shall have the controlling vote unless such matter involves an amendment of the Development Plan. In accordance with the Eisai Agreement, neither us nor Eisai is allowed to directly or indirectly make, market, promote, sell, offer for sale, import, export, or commercialize any competitive product in the Eisai Licensed Field, or in-license or otherwise acquire any competitive product in the Eisai Licensed Field in the Eisai Licensed Territory.

For the period of time commencing with enrollment of the first five patients in a Phase III clinical trial for the Eisai Licensed Products pursuant to the Development Plan and ending 90 days following the completing of such Phase III clinical trial, Eisai has the option, by written notice, to notify us that it is interested in re-acquiring the rights to develop, manufacture, and commercialize the Eisai Licensed Products in the Eisai Licensed Territory. Upon receipt of the notice, we will negotiate with Eisai on an exclusive basis for up to 90 days in good faith with regard to the terms of Eisai’s exercising of its option at a fair market value.

In accordance with the terms of the Eisai Agreement, Eisai would be eligible to receive a series of payments from us, comprising an upfront payment, milestone payments, royalty payments, and, if any, sublicense remuneration payments. In terms of the upfront payment, we shall pay to Eisai an amount up to US\$6.0 million, and such amount has been paid by us in May and June 2018. Moreover, under the Eisai Agreement, we are obliged to pay to Eisai milestone payments up to an aggregate amount of approximately US\$367 million upon (i) the first achievement of the net sales target of Eisai Licensed Products in a rolling 12-month period; and (ii) the achievement of development milestones, including dosing of the first patient in various clinical trial stages for Eisai Licensed Products, submission of NDA or marketing authorization applications and receipt of regulatory approval for various indications. As of August 31, 2022, we had made milestone payments of US\$4.0 million.

Under the Eisai Agreement, during the applicable royalty term, we will also pay royalties based on annual net sales of Eisai Licensed Products in the Eisai Licensed Territory at progressive rates ranging from low-teens to high-teens. Currently, we do not owe any royalty payments to Eisai. The royalty term continues on a country-by-country and product-by-product basis with each such royalty term commencing on the first commercial sale in such country until the latest of (i) expiration of the last-to-expire licensed patent that contains a valid claim in such country, (ii) the tenth anniversary of the date of first commercial sale of such Eisai Licensed Product in such country, or (iii) expiration of regulatory exclusivity for such Eisai Licensed Product in such country, provided that with respect to an Eisai Licensed Product being commercialized in certain major countries, the royalty term shall continue in all these countries until expiration of the last-to-expire licensed patent that contains a valid claim in these countries.

In addition, under the Eisai Agreement, if we sublicense our rights and license to a third party, we shall pay to Eisai sublicense remuneration payments at remuneration rates ranging from low-teens to mid-twenties depending on the sublicense conclusion dates. Currently, we do not owe any sublicense remuneration payments to Eisai.

Unless terminated earlier, the Eisai Agreement will continue in full force and effect on a product-by-product and country-by-country basis until (i) the expiration of the royalty term in a country if a product is commercialized within 15 years of the date of the Eisai Agreement, or (ii) the 15<sup>th</sup> anniversary of this Eisai Agreement if there has not been a first commercial sale of a product in a country within 15 years of the date of the Eisai Agreement. After expiration of the Eisai Agreement, on a product-by-product, country-by-country basis, the rights and licenses granted to us or Eisai thereunder will become irrevocable, non-exclusive,

royalty-free, fully paid-up, and non-terminable. The Eisai Agreement can be early terminated by either party because of the other party's uncured material breach, bankruptcy-related events, or proceedings, or patent challenge. We may terminate this agreement if competent regulatory authority in certain major countries decides to preclude clinical use of the Eisai Licensed Products on grounds of safety. This agreement may also be terminated by Eisai if we do not use commercially reasonable efforts to perform our obligations as per the Development Plan and achieve regulatory and commercial milestones under the Eisai Agreement and the JDC fails to resolve such issue.

#### ***Supply agreement with Roche***

In November 2020, we entered into a master clinical supply agreement (the "Roche Agreement") with F. Hoffmann-La Roche Ltd ("Roche") for supply of atezolizumab for clinical trials to evaluate the triple combination of our AN2025 and AN0025 and atezolizumab (the "Study").

According to the Roche Agreement, Roche will supply its atezolizumab for use in the Study at no cost unless otherwise provided in the clinical supply agreement supplement (the "CSA Supplement"), which specifies the quantities and timelines for supply of atezolizumab. As of the date of this prospectus, we had not entered into a CSA Supplement that requires us to pay for the supplied atezolizumab.

We, as the sponsor of the Study, are required to prepare a protocol of the Study (which Roche is required to review), conduct the Study, provide written updates regarding the status of the Study, and summarize the findings of the Study in a final study report, all in accordance with applicable regulatory authority rules, regulations, guidance, our protocol, and the Roche Agreement.

All clinical data generated in the performance of the Study in accordance with the Roche Agreement belong to us as the sponsor of the Study. Roche and its affiliates are granted certain use rights in relation to such data.

Unless terminated earlier, the Roche Agreement will continue in force for five years. Either party may terminate the Roche Agreement upon 60-day prior written notice to the other party. CSA Supplements continue in effect unless separately terminated. We may terminate CSA Supplements on 60 days' notice for any reason. Roche is only entitled to terminate CSA supplements (and therefore supply) for certain limited reasons, including patient safety issues, supply constraints and material breaches by us.

#### ***Supply agreement with MSD***

In January 2019, we entered into a clinical trial collaboration and supply agreement with MSD (the "MSD Agreement") to collaborate for a clinical trial to evaluate the safety and preliminary efficacy of the combination of MSD's pembrolizumab, a PD-1 monoclonal antibody (the "MSD Compound"), and our AN0025, in subjects with locally advanced or metastatic solid tumor cancers which may include but not be limited to NSCLC, MSS CRC, bladder cancer, cervical cancer, and TNBC in the territory where we have exclusive license to AN0025 ("MSD Collaborative Study").

Each party will manufacture and supply its respective compound for use in the MSD Collaborative Study and conduct its sample testing at its own costs and expenses, and we will bear all other costs associated with the conduct of the MSD Collaborative Study. We will act as the sponsor of the MSD Collaborative Study, and the parties have formed a joint development committee with equal representation from each party to coordinate all regulatory and other activities under the agreement.

All clinical data shall be jointly owned by us and MSD. Each party retains the exclusive ownership of all rights to inventions relating solely to, or covering its compound and any improvements related thereto. The parties jointly own all rights to all inventions relating to, or covering the combined use of both parties' compounds that are not either party's inventions. The parties must consult and reasonably cooperate with one another in the preparation, filing, prosecution, and maintenance of each joint patent application and equally share the expenses associated therewith. In the event that one party wishes to file a joint patent application in respect of a jointly owned invention and the other party does not want to file, or that one party wishes to discontinue the prosecution and maintenance of a joint patent application or joint patent, the non-filing/opting-out party shall assign such jointly owned invention, joint patent application, or joint patent to the



filing/continuing party, and the filing/continuing party shall thereafter solely own the jointly owned invention, joint patent application, or joint patent so assigned.

Unless terminated earlier, the term of the MSD Agreement will continue in full force and effect until delivery to MSD of the final study report for the MSD Collaborative Study. In addition to each party's certain customary termination rights such as the right to terminate for the other party's uncured material breach, MSD may terminate the agreement if it in good faith believes that the MSD Compound is being used in the MSD Collaborative Study in an unsafe manner and we fail to promptly incorporate changes into the protocol requested by MSD to address such issue or to otherwise address such issue reasonably and in good faith.

#### ***Collaboration with Biotime***

On November 15, 2021, we entered into a collaboration agreement with Xiamen Biotime Biotechnology Co. Ltd ("Biotime"), a biotechnology company established in 2008, focusing on the R&D, manufacturing, and commercialization of *in vitro* diagnostic devices and reagents, with respect to five products, namely our drug candidates AN4005 and AN3025, and three other early-stage programs not included in our pipeline. Under this agreement, we assigned to Biotime a list of patents and related research material, know-how, and research results generated through studies of the five products to engage in preclinical and clinical development, registration, manufacturing, and commercialization of (a) AN4005 and AN3025 in China, and (b) three early-stage programs globally.

Under this agreement, Biotime is obligated to pay an aggregated down payment of up to RMB295.0 million (approximately US\$46.0 million, based on the conversion rate of RMB6.4508 to US\$1.00, which was the average daily exchange rate for the year ended December 31, 2021) in relation to the patents, patent applications, know-how, data, and information of the five products. Biotime also agreed to make milestone payments in the aggregate amount of RMB835.0 million (approximately US\$129.0 million, based on the conversion rate of RMB6.4508 to US\$1.00, which was the average daily exchange rate for the year ended December 31, 2021) conditioned upon the achievement of certain development and sales targets. Additionally, Biotime also agrees to make payments at remuneration rates ranging from mid-single digits to mid-teens depending on the net sales of the products. As of June 30, 2022, Biotime has made down payments totaling RMB295.0 million (approximately US\$46.0 million) to us.

Unless terminated earlier, the term of the agreement will continue in full force and effect. Each party enjoys customary termination rights such as the right to terminate for the other party's material breach. Specifically, Biotime is entitled to suspend performance of the agreement or terminate the agreement if we make any materially false or misleading statement that causes Biotime to not be able to perform its obligations under the agreement.

#### ***Option agreement with Nippon Kayaku***

In April 2023, we entered into an option agreement (the "Nippon Kayaku Agreement") with Nippon Kayaku Co., Ltd. ("Nippon Kayaku") to grant Nippon Kayaku an exclusive option ("Option") to enter into a license agreement to further develop and commercialize products containing AN2025 in all therapeutic, prophylactic and/or diagnostic uses in humans in Japan.

According to the Nippon Kayaku Agreement, we shall immediately notify Nippon Kayaku if the AN2025 NDA is accepted by the FDA, and provide all documents included in the NDA submission to Nippon Kayaku. Nippon Kayaku has already paid us the agreed one-time option grant fee of US\$5 million in full before the agreed due date, May 20, 2023. If the AN2025 NDA is accepted by the FDA without refusal or amendments (the "NDA Acceptance"), Nippon Kayaku may then exercise the Option provided that (1) Nippon Kayaku has already invested an agreed amount in us according to the terms and conditions of a separate commitment agreement, which provides that a concurrent private placement or a private equity investment agreement shall be entered into by Nippon Kayaku and us, and (2) Nippon Kayaku has notified us of its intention to exercise this Option.

Upon exercise of the Option by Nippon Kayaku, the parties will enter into a license agreement granting Nippon Kayaku exclusive rights to further develop and commercialize products containing AN2025 in all therapeutic, prophylactic and/or diagnostic uses in humans in Japan.

According to the form license agreement (the “License Agreement”), which is included as an exhibit to the Nippon Kayaku Agreement, once executed, we will grant to Nippon Kayaku an exclusive, royalty-bearing, sublicensable, assignable license under the licensed patents and know-how agreed upon between the parties under the License Agreement, to commercialize, develop, and manufacture the products containing AN2025 (“Licensed Products”) for all therapeutic, prophylactic and/or diagnostic use in humans (the “Field”) in Japan. We will also grant to Nippon Kayaku an exclusive, sublicensable, assignable, perpetual, irrevocable, royalty-free, and fully paid-up license for trademarks to commercialize, develop, and manufacture the Licensed Products in the Field in Japan. We will reserve the right to exercise full and unencumbered rights to exploit the Licensed Products outside the Field in Japan and in any field outside Japan.

According to the License Agreement, once executed, Nippon Kayaku will be solely responsible for the development, commercialization, and manufacturing (unless in bulk) of Licensed Products in the Field in Japan. For an invention solely made by one party, the party will solely own the invention. If an invention is jointly made by both parties, the invention will be jointly owned by the parties, unless otherwise agreed.

According to the License Agreement, once executed, we would be eligible to receive a series of payments from Nippon Kayaku, comprising milestone payments, royalty payments, and, if any, sublicense remuneration payments. Under the License Agreement, once executed, Nippon Kayaku will be obligated to pay us milestone payments up to an aggregate amount of approximately US\$800 million upon (i) the achievement of regulatory milestones, including submission of an NDA and receipt of certain approvals from the PMDA for different indications, and (ii) the achievement of sales-based milestones based on annual sales for all Licensed Products.

Under the License Agreement, once executed, Nippon Kayaku will also pay royalties based on annual net sales during the royalty payment period, with royalty rate percentages ranging from mid-twenties to mid-thirties, subject to customary royalty rate reductions. The royalty term starts from the first commercial sale of the Licensed Products in Japan and shall continue until the latest of (a) the expiration of the last to expire valid claim of any licensed patent covering such Licensed Products in Japan; (b) the expiration of regulatory-based exclusivity for such Licensed Products in Japan; and (c) the ten (10) year anniversary of the date of the first commercial sale of such Licensed Product in Japan.

In addition, under the License Agreement, once executed, if Nippon Kayaku sublicenses its rights and license to a third party, Nippon Kayaku shall pay us sublicense remuneration payments with a percentage rate in the low-teen or mid-double digits of all net profits from any payments or other considerations attributable to such sublicenses, depending on the timing of the sublicense agreements.

Unless terminated earlier, the License Agreement shall remain in full force and effect. Either party may terminate this License Agreement for the other party’s uncured material breach. In addition, Nippon Kayaku may terminate at its sole discretion without consequence upon providing at least 180 days’ prior written notice to us. We may terminate the agreement by giving written notice upon an insolvency event of Nippon Kayaku.

As of the date of this prospectus, Nippon Kayaku has not exercised the Option to enter into the License Agreement with us.

The Nippon Kayaku Agreement can be terminated at any time prior to Nippon Kayaku’s exercise of the Option by the mutual written consent of the parties. In addition, each party has certain customary termination rights such as the right to terminate for the other party’s uncured material breach of the Nippon Kayaku Agreement, or for either party’s insolvency. We are entitled to terminate the Nippon Kayaku Agreement if Nippon Kayaku fails to complete the investment in us in accordance with the terms and conditions of the commitment agreement unless such failure is because we have prevented such investment solely through our actions. Nippon Kayaku may terminate the agreement if the NDA Acceptance does not occur before an agreed due date. In addition, Nippon Kayaku may demand in writing that we repay US\$5.0 million, only when both of the following conditions are met by the agreed due date: (a) Nippon Kayaku has not acquired shares in us fully pursuant to the commitment agreement due to our actions preventing them from doing so; and (b) the NDA Acceptance is not satisfied.

### **Intellectual property**

Intellectual property, including patents, trade secrets, trademarks, and copyrights, is critical to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patent and

other intellectual property and proprietary protections for commercially important technologies, inventions, and know-how related to our business; defend and enforce our patents; preserve the confidentiality of our trade secrets; and operate without infringing, misappropriating, or otherwise violating the valid, enforceable intellectual property rights of third parties.

We have a global portfolio of patents to protect our drug candidates and technologies. As of March 31, 2023, we owned or had exclusive license rights to (i) 162 granted patents and 89 pending patent applications in jurisdictions such as the U.S., EPO, mainland China, Japan, South Korea, Canada, Australia, Taiwan, Mexico, and Brazil, and (ii) 14 patent applications under the PCT that has not been nationalized.

The patent portfolios for our clinical stage lead product and other products as of March 31, 2023 are summarized below:

- **AN2025:** As of March 31, 2023, we in-licensed 86 granted patents, including seven in the U.S., six in EPO, five in China, and 68 in other jurisdictions, including Canada and Japan, and 14 pending patent applications directed to AN2025. The expected expiration date of granted patents directed to the potential approved use of the compound is 2032, taking into account of the possible 5-year patent term extension in jurisdictions where patent term extension is available, including but not limited to U.S., Europe, and China. The term of patent extension in each jurisdiction is estimated based on the patent filing date, the patent grant date, the IND enabling date, the estimated NDA date, and FDA/EMA/NMPA approval date according to relevant regulations in each jurisdiction. In addition to the in-licensed patents, we filed two more PCT applications claiming use of AN2025 in combination therapy, which have not been nationalized yet. Even if these patents can provide us with adequate protection, after patent term expires, we may face competition from generic manufacturers. For further details, see “Risk Factors — Risk related to our business — We may face competition from generic or biosimilar manufacturers after the patent protection is no longer valid.”
- **AN0025:** As of March 31, 2023, we in-licensed 20 granted patents, including two in the U.S., one in EPO, two in China, and 15 in other jurisdictions, including Canada and Australia, and six pending patent applications directed to AN0025. The expected expiration date of granted patents directed to the potential approved use of the compound is 2036, taking into account of the possible 5-year patent term extensions in jurisdictions where patent term extension is available, including but not limited to the U.S., Europe, and China. Similar to AN2025, the term of patent extension in each jurisdiction is estimated based on the patent filing date, the patent grant date, the IND enabling date, the estimated NDA date, and FDA/EMA/NMPA approval date according to relevant regulations in each jurisdiction. Further to the in-licensed patents, we also filed two provisional patent applications directed to a new formulation of AN0025 and a series of biomarkers to predict patients’ responsiveness to the treatment with AN0025.

The following table summarizes the details of the material patents or patent applications in-licensed/ owned by us in connection with our clinical drug candidates:

<b>Product</b>	<b>Scope of patent protection</b>	<b>Jurisdiction</b>	<b>Status</b>	<b>Applicant</b>	<b>Patent Expiration<sup>(4)</sup></b>	<b>Our Rights</b>		
AN2025	Directed to combination therapy	PCT	Pending	Our Group	—	Ownership		
		United States			2034-05-09			
		EPO	2034-05-06					
		Mainland China	Granted		Novartis		2034-05-06	Exclusive
		Japan					2034-05-06	
	Others <sup>(2)</sup>	2034-05-06						
	Directed to formulation	United States	Granted	Novartis	2034-03-04	Exclusive		
		EPO			2034-03-04			
		Mainland China	Granted		Novartis	2034-03-04	Exclusive	
		Japan				2034-03-04		
	Others <sup>(3)</sup>	2034-03-04						
	Directed to process	United States			2033-10-21			
		EPO			2033-10-21			
		Mainland China			2033-10-21			
		Japan			2033-10-21			
Others <sup>(4)</sup>		2033-10-21						
Directed to compound	United States	Granted	Novartis	2027-12-05	Exclusive			
	EPO			2027-01-22				
	Mainland China	2027-01-22						
	Japan	2027-01-22						
	Others <sup>(5)</sup>	2027-01-22						
AN0025	Directed to Biomarkers	Mainland China	Pending	Our Group	—	Ownership		
	Directed to formulation	Mainland China	Pending	Our Group	—	Ownership		
	Directed to combination therapy	United States	Pending	Novartis	—	Exclusive		
		EPO			2035-05-21			
		Mainland China	Granted		—			
	Directed to compound	United States	Granted	Eisai	2031-09-12	Exclusive		
		EPO			2031-09-12			
Mainland China		2031-09-12						
Australia		2031-09-12						
Others <sup>(7)</sup>		2031-09-12						
AN4005	Directed to compound	PCT United States, EPO, Mainland China, Japan, Taiwan	Pending	Our Group	—	Ownership		

Abbreviation: PCT = Patent Cooperation Treaty

## Notes:

- (1) Patent expiration date is estimated based on current filing status, without taking into account any possible patent term adjustments or extensions and assuming payment of all appropriate maintenance, renewal, annuity, and other government fees. Patent term extension is available in certain jurisdictions, such as in the U.S., Europe, and China. The patent term restored under patent term extension is estimated based on various factors in different jurisdictions, and subject to limitations. For example, in the U.S., the maximum extension that can be obtained for a patent is limited to five years, and the total remaining patent term (with PTE) is limited to fourteen years from the date of product approval by the FDA. The patent expiration date in the table is obtained from the commercial database of Patsnap.
- (2) Four countries, which are Canada, Australia, South Korea, and Russia.
- (3) 16 countries and/or territories, including Canada, Australia, New Zealand, South Korea, and Singapore.
- (4) Seven countries, including Canada, Australia, South Korea, and Russia.
- (5) 22 countries and/or territories, including Canada, Australia, New Zealand, South Korea, and Singapore.
- (6) Israel and Russia. Except for the U.S. and EPO, patent applications of combination therapy are pending in Canada and Mexico. In addition to the combination therapy patent granted in mainland China, there is another patent application directed to the combination therapy pending before the China National Intellectual Property Administration.
- (7) Nine countries and/or territories, including Canada, New Zealand, and Hong Kong.

The following table summarizes the details of the material patent applications owned by us in connection with our platforms:

Platform	Title of Patent Application	Jurisdiction	Status	Applicant	Patent Expiration	Our Rights
PAINT-2D™ platform	System and method for screening and evaluating tumor immunotherapy drugs	U.S., EPO, Mainland China, and Hong Kong	Pending	Our Group	—	Ownership
ANEAT-Id™ platform	Design and construction of fully human antibody yeast display technology	U.S., EPO, and Mainland China	Pending	Our Group	—	Ownership

The term of individual patents may vary based on the jurisdictions in which they are granted. In most jurisdictions in which we file patent applications, including the U.S. and China, the term of an issued patent is generally 20 years from the filing date of the earliest non-provisional patent application to which the patent claims priority. In the United States and China, a patent's term may be extended or adjusted to account for administrative delays during prosecution by the patent offices, in excess of a patent applicant's own delays during the prosecution process.

In addition, with respect to any issued patents in the U.S., Europe, and China, we may be entitled to an extension of the patent term for up to five years, provided we meet the applicable requirements for obtaining such patent term extensions. For example, in the U.S., we may apply for a patent term extension of up to five years as compensation for the patent term lost during clinical trials and the FDA regulatory review process under the Hatch-Waxman Amendments. The exact duration of the extension depends on the time we spend in clinical studies, as well as getting an NDA or BLA approval from the FDA. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval. In addition, a patent may only be extended once, and only those claims covering the approved drug, a method for using it, or a method for manufacturing it may be extended. Furthermore, a new chemical entity is granted five years of data exclusivity and a reference biological product is granted 12 years of data exclusivity from the time of first licensure of the product, and the FDA will not accept an application for a biosimilar or interchangeable product based on the reference biological product until four years after the date of first licensure of the reference product. In certain other foreign jurisdictions, similar extensions as compensation for regulatory delays are also available.

We conduct our business under the brand name "Adlai Nortye" or " ". As of March 31, 2023, we had registered 70 trademarks in total. Among them, we registered 19 "Adlai Nortye" or " " trademarks.

trademarks in mainland China, five in Hong Kong, one in Macau, one in Taiwan, and applied for trademark registration of “Adlai Nortye” in other twelve jurisdictions including the U.S., Canada, Europe, U.K., Australia, Japan, and South Korea and have successfully obtained registrations in Europe, U.K., Australia, Japan, and other four jurisdictions. In addition, there are nine trademark applications of “Adlai Nortye” or “ ” pending potential registration in the U.S., Canada, South Korea, mainland China, and South Africa. As of March 31, 2023, we were also the registered owner of one domain name.

Pursuant to the license and collaboration agreements we entered into with our collaborators, we were granted certain exclusive licenses to develop and commercialize our drug candidates, including AN2025 and AN0025. For more details, please see the paragraphs headed “— License and collaboration agreements” in this section.

As of March 31, 2023, we had not been involved in any proceedings in respect of, and we had not received notice of any claims of infringement, misappropriation, or other violations of third-party intellectual property and we are not involved in any proceedings in respect of any intellectual property rights that may be threatened or pending and that may have an influence on its research and development for any drug candidates in which we may be a claimant or a respondent.

## Employees

As of March 31, 2023, we had a total of 129 employees. The following table sets forth the number of our employees categorized by function as of March 31, 2023.

Function	Number	% of Total
Research and Development	90	70
Management, Finance, Administrative and Others	39	30
<b>Total</b>	<b>129</b>	<b>100</b>

Among our 129 employees, 103 are stationed in China, and 26 are based in the U.S. We have not established a labor union in our New Jersey office.

We enter into individual employment contracts with our employees covering matters such as salaries, bonuses, employee benefits, workplace safety, confidentiality obligations, work product assignment clause, and grounds for termination. We also enter into separate confidentiality and non-competition agreements with our senior management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business.

To maintain the quality, knowledge, and skill levels of our workforce, we provide continuing education and training programs, including internal and external training, for our employees to improve their technical, professional, or management skills. We also provide training programs to our employees from time to time to ensure their awareness and compliance with our policies and procedures in various aspects. Furthermore, we provide various incentives and benefits to our employees, including competitive salaries, bonuses, and share-based compensation to our employees, particularly our key employees.

We have complied with the PRC law in respect of making contributions to statutory employee benefit plans (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing funds) at a certain percentage of our employees’ salaries.

We consider our relations with our employees to be good, and we have not experienced any strikes or labor disputes which had a material effect on our business.

## Facilities

We do not own any property but instead lease certain properties in the United States and China in connection with our business operations. As of March 31, 2023, we rent a total of 623 sq.m. of combined office and laboratory space in New Jersey, the United States. We also leased two properties in Hangzhou and one property in Shanghai, China, with an aggregate gross floor area of 5,053 sq.m. We believe our current

facilities are sufficient to meet our near-term needs, and additional space can be obtained on commercially reasonable terms to meet our future needs. We do not anticipate undue difficulty in renewing our leases upon their expiration.

The following table sets forth a summary of the properties leased by us in 2022:

<u>Location</u>	<u>Usage</u>	<u>Address</u>	<u>Lease Term</u>	<u>Gross Floor Area (sq.m)</u>
United States	Office and laboratory	New Jersey Biotechnology Development Center, 685 US Hwy 1, North Brunswick Township, NJ 08902	July 15, 2021 to July 14, 2024*	623.20
China	Office	Building 6, No. 1008, Xiangwang Street, Yuhang District, Hangzhou, Zhejiang Province	June 1, 2020 to September 30, 2025	2,236.26
China	Office and laboratory	Building 8, No. 1008, Xiangwang Street, Yuhang District, Hangzhou, Zhejiang Province	June 1, 2020 to September 30, 2025	2,303.9
China	Office	New Bund Oriental Plaza I, Room 1702, No. 512 Haiyang West Road, Pudong New District, Shanghai	January 1, 2022 to December 31, 2024	512.71

Note:

\* Such lease commenced in July 2018. We renewed the lease agreement for another three years in July 2021.

### **Manufacturing and supply**

Our CMC capability includes the following functions: (i) chemical process: our chemical process team focuses on developing and synthesizing active pharmaceutical ingredient (“API”), expediting scale up of compound for early developmental activities in drug safety and pharmaceutical sciences, and fulfilling in a timely and efficient manner the requests for drug substance supply to support preclinical and clinical studies; (ii) formulation development: our formulation development team focuses on developing dosage forms of toxicology evaluations and preclinical and clinical trials, evaluating the physicochemical properties and bioavailability of compounds; (iii) analytical sciences: our analytical science team implements a science-driven, clinical and commercial production oriented approach to the development and application of both classic and state-of-the-art analytical techniques and tools throughout the life cycle of each of our drug candidates, including but not limited to development and validation of analytical methods for API and drug product, technical transfer of process and analytical methods, establishment of specifications, testing and releasing of each batch of API and drug products to be used in preclinical and clinical studies; and (iv) quality control and assurance: with well-documented and comprehensive quality system, the quality control and assurance team is responsible for testing and verifying the product quality with predefined standards in effort to assure the quality of all the batches, manufactured at every stage of manufacturing/processing API and drug products.

### **Manufacturing**

We currently work with qualified CMOs to manufacture and test drug candidates for preclinical and clinical supply. In the near future, we plan to continue outsourcing the manufacturing of our drug candidates, including commercial-scale manufacturing of any approved drugs, to industry-leading, highly reputable, and qualified CMOs/CDMOs globally and in China. We have adopted, and plan to continue to implement, robust procedures in effort to ensure that the production qualifications, facilities, and processes of our CMOs/CDMOs comply with the applicable regulatory requirements and our internal guidelines and quality standards.

We may also engage additional qualified CMOs/CDMOs in the future to help ensure that we will have sufficient supply of drug candidates for our clinical trials as well as for the commercial sales of our approved drugs. When selecting CMOs/CDMOs, we plan to focus on their qualifications, relevant expertise, production capacity, reputation, track record, product quality, and production cost.

**Raw materials and suppliers**

We procure raw materials and equipment for the development of our drug candidates from qualified suppliers. We also work with qualified CROs and CMOs to manage and conduct preclinical and clinical studies and of our pipeline candidates, as well as the manufacturing activities, in China and the United States. Our purchases mainly include licensor, third-party contracting services for research and development of our drug candidates, and manufacturing of certain drug substances for clinical supply, as well as raw materials, consumables, machines, and equipment.

In addition, we believe that adequate alternative sources for such supplies exist and we have developed alternative sourcing strategies for these supplies. We intend to establish necessary relationships with alternative sources based on supply continuity risk assessment. Other than the agreements with certain CROs, we order supplies and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements.

**Legal proceedings**

We may be subject to legal proceedings, investigations, and claims arising from the ordinary course of our business from time to time, and we may also initiate legal proceedings in order to protect our intellectual property and other rights. Currently, we are not a party to any actual or threatened legal or administrative proceedings which would have a material and adverse impact on our business, financial condition, or results of operations. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.



## REGULATION

We are subject to a variety of U.S. and PRC laws, rules, and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities within the territory of U.S. and PRC that affect the dividends payment to our shareholders.

### U.S. laws and regulations

In the United States, the FDA regulates drugs under the Federal Food, Drug, and Cosmetic Act, or FDCA, and its implementing regulations, and biologics under the FDCA and the Public Health Service Act, or PHSA, and its implementing regulations. FDA approval is required before any new unapproved drug or dosage form, including a new use of a previously approved drug, can be marketed in the United States. Drugs and biologics are also subject to other federal, state, and local statutes and regulations. The FDA generally requires the following before drug candidates may be marketed in the United States:

- completion of extensive preclinical laboratory tests and preclinical animal studies, all performed in accordance with Good Laboratory Practices, or GLP, regulations, where applicable;
- submission to the FDA of an IND, which must become effective before human clinical studies may begin;
- approval by an independent institutional review board, or IRB or ethics committee representing each clinical site before each clinical study may be initiated;
- performance of adequate and well-controlled human clinical studies in accordance with GCP, requirements to establish the safety and efficacy, or with respect to biologics, the safety, purity and potency of the drug candidate for each proposed indication;
- preparation of and submission to the FDA of a NDA, or biologics license application, or BLA;
- potential review of the product application by an FDA advisory committee, where appropriate and if applicable;
- a determination by the FDA within 60 days of the initial submission of an NDA or BLA to accept the application for formal review;
- satisfactory completion of an FDA pre-approval inspection of the manufacturing facilities where the proposed product drug substance is produced to assess compliance with current Good Manufacturing Practices, or cGMP, and audits of selected clinical trial sites to ensure compliance with GCP; and
- FDA review and approval of an NDA or BLA prior to any commercial marketing or sale of the drug in the United States.

An IND is a request for authorization from the FDA to administer an investigational drug product to humans. The central focus of an IND submission is on the general investigational plan and the protocol or protocols for preclinical studies and clinical trials. The IND also includes results of animal and *in vitro* studies assessing the toxicology, PK, pharmacology and pharmacodynamic characteristics of the product, chemistry, manufacturing and controls, information, and any available human data or literature to support the use of the investigational product. An IND must become effective before human clinical trials may begin. Upon the date of submission of the initial IND, the sponsor must wait 30 days to allow for FDA review and comment (e.g., protocol design, proposed starting dose) before dosing the first patient under the IND. If the FDA accepts the sponsor's response to all queries, the sponsor is given agency approval via an "OK to proceed letter" for the clinical trial. If questions are not answered appropriately or the FDA has concerns, the IND may be placed on clinical hold and the IND sponsor and the FDA must resolve any outstanding concerns or questions before the clinical trial can begin. Submission of an IND therefore may or may not result in FDA authorization to begin a clinical trial.

Clinical trials involve the administration of the investigational product to human subjects under the supervision of qualified investigators in accordance with GCP, which includes the requirement that all research subjects provide their informed consent for their participation in any clinical study. Clinical trials are conducted under protocols detailing, among other things, the objectives of the study, the parameters to be used in

monitoring safety and the effectiveness criteria to be evaluated. An amendment to the existing IND or initiation of a new, separate IND must be made for each successive clinical trial or amendment to the information contained in the IND for the existing clinical trial. Furthermore, an independent IRB for each site proposing to conduct the clinical trial must review and approve the plan for any clinical trial and its informed consent form before the clinical trial begins at that site, and must monitor the study until completed. Regulatory authorities, the IRB or the sponsor may suspend a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk or that the trial is unlikely to meet its stated objectives. Some studies also include oversight by an independent group of qualified experts organized by the clinical study sponsor, known as a data safety monitoring board, which provides authorization for whether or not a study may move forward at designated check points based on access to certain data from the study and may halt the clinical trial if it determines that there is an unacceptable safety risk for subjects or other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing preclinical studies and clinical trials and clinical study results to public registries.

The clinical investigation of a drug is generally divided into three phases. Although the phases are usually conducted sequentially, they may overlap or be combined.

- **Phase 1.** The investigational product is initially introduced into healthy human subjects or patients with the target disease or condition. These studies are designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, the side effects associated with increasing doses, and, if possible.
- **Phase 2.** The investigational product is administered to a limited patient population with a specified disease or condition to evaluate the preliminary efficacy, optimal dosages, and dosing schedule and to identify possible adverse side effects and safety risks. Multiple Phase 2 clinical trials may be conducted to obtain information prior to beginning larger Phase 3 clinical trials.
- **Phase 3.** The investigational product is administered to an expanded patient population to further evaluate potential dose regimen(s), to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval.

A clinical investigation may fail at any phase. In some cases, the FDA may conditionally approve an NDA or BLA for a drug candidate on the sponsor's agreement to conduct additional clinical studies after approval, called a post-marketing requirement, or PMR or a post-marketing commitment, or PMC. The stipulations of the PMR and/or PMCs are outlined in the FDA approval letter. Concurrent with clinical trials, companies may complete additional animal studies and develop additional information about the biological characteristics of the drug candidate, and must finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the drug candidate and, among other things, must develop methods for testing the identity, strength, quality, and purity of the final product, or for biologics, the safety, purity and potency.

#### ***NDA and BLA review process***

Assuming successful completion of all required testing in accordance with all applicable regulatory requirements, the results of product development, nonclinical studies and clinical trials are submitted to the FDA as part of an NDA or BLA requesting approval to market the product for an indication. The NDA or BLA must include all relevant data available from pertinent preclinical studies and pivotal and supporting clinical trials, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing and controls and proposed labeling. Data can come from company-sponsored clinical studies intended to test the safety and effectiveness of the product, or from a number of alternative sources, including studies initiated and sponsored by investigators. The initial indication submission of an NDA or BLA requires payment per US regulatory under the Prescription Drug User Fee Act, or the PDUFA. Subsequent submissions for additional indications, called supplements, do not have a fee associated with the Agency review.

In addition, under the Pediatric Research Equity Act, or PREA, a NDA or BLA or supplement to an NDA or BLA must contain data to assess the safety and effectiveness of the biological drug candidate for the

claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA Safety and Innovation Act requires that a sponsor who is planning to submit a marketing application for a drug or biological product that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration submit an initial pediatric study plan within sixty days after an end-of-Phase 2 meeting or as may be agreed between the sponsor and FDA. Unless otherwise required by regulation, PREA does not apply to any drug or biological product for an indication for which orphan designation has been granted.

Within 60 days following submission of the application, the FDA will determine if the application is substantially complete before the agency accepts it for filing. The FDA may refuse to file any NDA or BLA that it deems incomplete or not properly reviewable at the time of submission and may request additional information. In this event, the NDA or BLA must be resubmitted with the additional information. Once an NDA or BLA has been accepted for filing, the FDA's goal is to review standard applications within ten months after the filing date, or, if the application qualifies for priority review, six months after the FDA accepts the application for filing. In both standard and priority reviews, the review process may also be extended by FDA requests for additional information or clarification. The FDA reviews an NDA to determine, among other things, whether a product is safe and effective for its intended use and whether its manufacturing is sufficient to assure and preserve the product's identity, strength, quality, and purity. Ninety (90) days after submission, the FDA generally requires the Sponsor provide a safety update report which updates more recent safety information from the patients being evaluated in the NDA or BLA. The FDA reviews a BLA to determine, among other things, whether a product is safe, pure, and potent and the facility in which it is manufactured, processed, packed, or held meets standards designed to assure the product's continued safety, purity, and potency. When reviewing an NDA or BLA, the FDA may convene an advisory committee to provide clinical insight on application review questions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA or BLA, the FDA will typically inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA or BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP.

After the FDA evaluates the NDA or BLA and conducts inspections of manufacturing facilities where the investigational product and/or its drug substance will be produced, the FDA may issue an approval letter or a Complete Response Letter, or CRL. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A CRL will describe deficiencies that the FDA identified in the NDA or BLA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the CRL without first conducting required inspections, testing submitted product lots and/or reviewing proposed labeling. In issuing the CRL, the FDA may recommend actions that the applicant might take to place the NDA or BLA in condition for approval, including requests for additional information or clarification. The FDA may delay or refuse approval of an NDA or BLA if applicable regulatory criteria are not satisfied, require additional testing or information and/or require post-marketing testing and surveillance to monitor safety or efficacy of a product.

If regulatory approval of a product is granted, such approval will be granted for the indication supported by the data included in the NDA or BLA and may entail limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the NDA or BLA with a Risk Evaluation and Mitigation Strategy, or REMS, to ensure the benefits of the product outweigh its risks. A REMS is a safety strategy to manage a known or potential serious risk associated with a product and to enable patients to have continued access to such medicines by managing their safe use, and could include medication guides, physician communication plans, or elements to assure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. The FDA also may condition approval on, among other things, changes to proposed labeling or the development of adequate controls and specifications. Once approved, the FDA may withdraw the product approval if compliance with pre- and post-marketing requirements is not maintained or if problems occur after the product reaches the marketplace.

***Expedited development and review programs***

The FDA offers a number of expedited development and review programs for qualifying drug candidates. For example, the fast track program is intended to expedite or facilitate the process for reviewing new products that meet certain criteria. Specifically, drug candidates are eligible for fast track designation if they are intended to treat a serious or life-threatening disease or condition and demonstrate the potential to address unmet medical needs for the disease or condition. Fast track designation applies to the combination of the drug candidate and the specific indication for which it is being studied. The sponsor of a fast track drug candidate has opportunities for more frequent interactions with the review team during product development and, once an NDA or BLA is submitted, the application may be eligible for priority review. A fast track drug candidate is eligible for rolling review, where the FDA may consider for review sections of the NDA or BLA on a rolling basis, with the NDA or BLA being considered complete upon submission of the final module(s). The sponsor pays any required user fees upon submission of the first section of the NDA or BLA.

A drug candidate intended to treat a serious or life-threatening disease or condition may also be eligible for breakthrough therapy designation to expedite its development and review. A product can receive breakthrough therapy designation if preliminary clinical evidence indicates that the product, alone or in combination with one or more other drugs or biologics, may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The designation includes all of the fast track program features, as well as more intensive FDA interaction and guidance beginning as early as Phase 1 and an organizational commitment to expedite the development and review of the drug candidate, including involvement of senior managers.

Any marketing application for a drug or biologic submitted to the FDA for approval, including a drug candidate with a fast track designation and/or breakthrough therapy designation, may be eligible for other types of FDA programs intended to expedite the FDA review and approval process, such as priority review and accelerated approval. A drug candidate is eligible for priority review if it has the potential to provide a significant improvement in the treatment, diagnosis or prevention of a serious disease or condition. For new-molecular-entity NDAs and original BLAs, priority review designation means the FDA's goal is to take action on the marketing application within six months of the 60-day filing date (as compared to ten months under standard review).

Additionally, drug candidates studied for their safety and effectiveness in treating serious or life-threatening diseases or conditions may receive accelerated approval upon a determination that the drug candidate has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or on a clinical endpoint that can be measured earlier than irreversible morbidity or mortality, that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. As a condition of accelerated approval, the FDA will generally require the sponsor to perform adequate and well-controlled post-marketing clinical studies to verify and describe the anticipated effect on irreversible morbidity or mortality or other clinical benefit. Products receiving accelerated approval may be subject to expedited withdrawal procedures if the sponsor fails to conduct the required post-marketing studies or if such studies fail to verify the predicted clinical benefit. In addition, the FDA currently requires as a condition for accelerated approval pre-approval of promotional materials, which could adversely impact the timing of the commercial launch of the product.

Fast track designation, breakthrough therapy designation, priority review, and accelerated approval do not change the standards for approval but may expedite the development or approval process. Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

Currently, the FDA granted fast track designation to AN2025 for the treatment of recurrent or metastatic HNSCC with disease progression on or after platinum-based therapy.

***Post-approval requirements***

Any products manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA, including, among other things, requirements relating to record-keeping,

reporting of adverse experiences, periodic reporting, product sampling and distribution, and advertising and promotion of the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims, are subject to prior FDA review and approval. There also are continuing user fee requirements, under which the FDA assesses an annual program fee for each product identified in an approved NDA or BLA. Drug and biologic manufacturers and their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with cGMPs, which impose certain procedural and documentation requirements upon us and our third-party manufacturers. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMPs and impose reporting requirements upon us and any third-party manufacturers that we may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain compliance with cGMPs and other aspects of regulatory compliance.

The FDA may withdraw approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including AEs of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical studies to assess new safety risks; or imposition of distribution restrictions or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of a product, complete withdrawal of the product from the market or product recalls; fines, warning letters or holds on post-approval clinical studies;
- refusal of the FDA to approve pending applications or supplements to approved applications, or suspension or revocation of existing product approvals;
- product seizure or detention, or refusal of the FDA to permit the import or export of products;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs;
- mandated modification of promotional materials and labeling and the issuance of corrective information;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases and other communications containing warnings or other safety information about the product; or
- injunctions or the imposition of civil or criminal penalties.

The FDA closely regulates the marketing, labeling, advertising and promotion of drug products and biologics. A company can make only those claims relating to safety and efficacy, purity and potency that are approved by the FDA and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising, and potential civil and criminal penalties. Physicians may prescribe legally available products for uses that are not described in the product's labeling and that differ from those tested by us and approved by the FDA. Such off-label uses are common across medical specialties. Physicians may believe that such off-label uses are the best treatment for many patients in varied circumstances. The FDA does not regulate the behavior of physicians in their choice of treatments. The FDA does, however, restrict manufacturer's communications on the subject of off-label use of their products.

#### ***Drug product marketing exclusivity***

Market exclusivity provisions authorized under the FDCA can delay the submission or the approval of certain marketing applications. For example, the FDCA provides a five-year period of non-patent data exclusivity within the United States to the first applicant to obtain approval of an NDA for a new chemical entity. A drug is a new chemical entity if the FDA has not previously approved any other new drug containing

the same active moiety, which is the molecule or ion responsible for the action of the drug substance. During the exclusivity period, the FDA may not approve or even accept for review an abbreviated new drug application, or ANDA, or an NDA submitted under Section 505(b)(2), or 505(b)(2) NDA, submitted by another company for another drug based on the same active moiety, regardless of whether the drug is intended for the same indication as the original innovative drug or for another indication, where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement to one of the patents listed with the FDA by the innovator NDA holder.

The FDCA alternatively provides three years of marketing exclusivity for an NDA, or supplement to an existing NDA if new clinical investigations, other than bioavailability studies, that were conducted or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the modification for which the drug received approval on the basis of the new clinical investigations and does not prohibit the FDA from approving ANDAs or 505(b)(2) NDAs for drugs containing the active agent for the original indication or condition of use. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to any preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

Pediatric exclusivity is another type of marketing exclusivity available in the United States. Pediatric exclusivity provides for an additional six months of marketing exclusivity attached to another period of exclusivity if a sponsor conducts clinical trials in children in response to a written request from the FDA. The issuance of a written request does not require the sponsor to undertake the described clinical trials. In addition, orphan drug exclusivity, as described above, may offer a seven-year period of marketing exclusivity, except in certain circumstances.

#### ***Other U.S. healthcare laws***

Pharmaceutical and medical device manufacturers are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business. Such laws include, without limitation, federal and state anti-kickback, fraud and abuse, false claims, pricing reporting, and transparency laws and regulations, as well as similar foreign laws in the jurisdictions outside the United States, including but not limited to those discussed below:

The federal Anti-Kickback Statute prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, paying, receiving or providing any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under a federal healthcare program. A person or entity need not have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it in order to have committed a violation.

The federal civil monetary penalties and false claims laws, including the civil False Claims Act, or FCA, prohibit individuals or entities from, among other things: knowingly presenting, or causing to be presented, to the federal government, claims for payment or approval that are false, fictitious or fraudulent; knowingly making, using, or causing to be made or used, a false statement or record material to a false or fraudulent claim or obligation to pay or transmit money or property to the federal government; or knowingly concealing or knowingly and improperly avoiding or decreasing an obligation to pay money to the federal government. Manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to “cause” the submission of false or fraudulent claims. The FCA also permits a private individual acting as a “whistleblower” to bring actions on behalf of the federal government alleging violations of the FCA and to share in any monetary recovery. In addition, the government may assert that a claim that includes items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the civil False Claims Act.

The federal civil monetary penalties laws impose civil fines for, among other things, the offering or transfer or remuneration to a Medicare or state healthcare program beneficiary, if the person knows or should know it

is likely to influence the beneficiary's selection of a particular provider, practitioner, or supplier of services reimbursable by Medicare or a state health care program, unless an exception applies.

The Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for knowingly and willfully executing a scheme, or attempting to execute a scheme, to defraud any healthcare benefit program, including private payors, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense, or falsifying, concealing or covering up a material fact or making any materially false statements in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal Anti-Kickback Statute, a person or entity need not have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

The Physician Payments Sunshine Act imposes annual reporting requirements for certain manufacturers of drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid, or the Children's Health Insurance Program, for certain payments and "transfers of value" provided to physicians (currently defined to include doctors, dentists, optometrists, podiatrists and chiropractors), certain non-physician providers including physician assistants and nurse practitioners, and teaching hospitals, as well as ownership and investment interests held by such physicians and their immediate family members.

Moreover, analogous state and foreign laws and regulations may be broader in scope than the provisions described above and may apply regardless of payor. Some state laws require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and relevant federal government compliance guidance; require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, many of which differ from each other in significant ways, are often not pre-empted, thus further complicating compliance efforts; and restrict marketing practices or require disclosure of marketing expenditures and pricing information.

Violation of any of such laws or any other governmental regulations that apply may result in penalties, including, without limitation, significant administrative, civil and criminal penalties, damages, fines, additional reporting obligations and oversight if a manufacturer becomes subject to a corporate integrity agreement or other agreement to resolve allegations of non-compliance with these laws, the curtailment or restructuring of operations, exclusion from participation in governmental healthcare programs and imprisonment.

#### ***U.S. coverage and reimbursement***

Sales of any product depend, in part, on the extent to which such product will be covered by third-party payors, such as federal, state, and foreign government healthcare programs, commercial insurance and managed healthcare organizations, and the level of reimbursement for such product by third-party payors. Decisions regarding the extent of coverage and amount of reimbursement to be provided are made on a plan-by-plan basis. These third-party payors are increasingly reducing reimbursements for medical products, drugs and services. In addition, the U.S. government, state legislatures and foreign governments have continued implementing cost-containment programs, including price controls, restrictions on coverage and reimbursement and requirements for substitution of generic products. Adoption of price controls and cost-containment measures, and adoption of more restrictive policies in jurisdictions with existing controls and measures, could further limit sales of any product. Decreases in third-party reimbursement for any product or a decision by a third-party payor not to cover a product could reduce physician usage and patient demand for the product and also have a material adverse effect on sales.

#### ***U.S. healthcare reform***

In March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, each as amended, collectively known as the ACA, was enacted, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly affected the pharmaceutical industry. The ACA contains a number of provisions, including those governing enrollment in federal healthcare programs, reimbursement adjustments and changes to fraud and abuse laws. By way of example, the ACA:

- increased the minimum level of Medicaid rebates payable by manufacturers of brand name drugs from 15.1% to 23.1% of the average manufacturer price;

- required collection of rebates for drugs paid by Medicaid managed care organizations;
- required manufacturers to participate in a coverage gap discount program, under which they must agree to offer 70 percent point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; and
- imposed a non-deductible annual fee on pharmaceutical manufacturers or importers who sell “branded prescription drugs” to specified federal government programs.

Other legislative changes have been proposed and adopted in the United States since the ACA was enacted. On March 11, 2021, the American Rescue Plan Act of 2021 was signed into law, which eliminates the statutory Medicaid drug rebate cap, currently set at 100% of a drug's average manufacturer price, or AMP, beginning January 1, 2024. Most recently, on August 16, 2022, the Inflation Reduction Act of 2022, or IRA, was signed into law. Among other things, the IRA requires manufacturers of certain drugs to engage in price negotiations with Medicare (beginning in 2026), with prices that can be negotiated subject to a cap; imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation (first due in 2023); and replaces the Part D coverage gap discount program with a new discounting program (beginning in 2025). The IRA permits the Secretary of the Department of Health and Human Services (HHS) to implement many of these provisions through guidance, as opposed to regulation, for the initial years. For that and other reasons, it is currently unclear how the IRA will be effectuated.

Moreover, there has recently been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products, which has resulted in several Congressional inquiries, proposed and enacted legislation and executive orders issued by the President designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products. It is also possible that additional governmental action is taken in response to the COVID-19 pandemic. Individual states in the United States have also become increasingly active in implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

## **PRC laws and regulations**

### ***PRC drug regulatory regime***

China heavily regulates the development, approval, manufacturing, and distribution of drugs, including biologics. The specific regulatory requirements applicable depend on whether the drug is made and finished in China, which is referred to as a domestically manufactured drug, or made abroad and imported into China in a finished form, which is referred to as an imported drug, as well as the approval or “registration” category of the drug. For both imported and domestically manufactured drugs, China typically requires regulatory approval for a clinical trial application to conduct clinical trials in China and submit China clinical trial data, prior to submitting an application for marketing approval. For a domestically manufactured drug, there is also a requirement to have a drug manufacturing license for a facility in China.

In 2017, the drug regulatory system entered a new and significant period of reform. The General Office of the State Council and the General Office of the Central Committee of the Communist Party of China jointly issued an Opinions on Deepening the Reform of the Evaluation and Approval Systems and Encouraging Innovation on Drugs and Medical Devices, or the Innovation Opinions, in October 2017. The expedited programs, the record-filing system, the prioritized review mechanism, the acceptance of foreign clinical data under the Innovation Opinions and other recent reforms encourage drug manufacturers to seek marketing approval in China first to develop drugs in highly prioritized therapeutical areas, such as oncology.

To implement the regulatory reform introduced by Innovation Opinions, the National People's Congress, the National Medical Products Administration, or NMPA, a newly formed government authority as well as other authorities, has been revising the fundamental laws, regulations and rules regulating pharmaceutical products and the industry, which include the framework law known as the PRC Drug Administration Law. In



addition, the State Council issued the Regulations for Implementation of the Drug Administration Law of the PRC, which was promulgated in 2002 and latest amended in 2019, to further implement the PRC Drug Administration Law. NMPA also has its own set of regulations for the PRC Drug Administration Law, and the primary one governing clinical trial applications, marketing approval, and post-approval amendment and renewal is known as the Drug Registration Regulation, which was latest amended by NMPA in 2020.

#### ***Regulatory authorities***

In the PRC, NMPA is the primary regulatory agency for pharmaceutical products and businesses. The agency was formed from the prior China Food and Drug Administration, in 2018 as part of a government reorganization. NMPA is responsible for drawing up the laws and regulations related to pharmaceuticals and medical devices, making policy planning, formulating departmental regulations, organizing the development and issuance of pharmaceutical and medical device standards, classification, and management systems, such as national formulary, and supervising the implementation.

The Center for Drug Evaluation is the technical evaluation unit for drug registration with NMPA. It is mainly responsible for conducting technical evaluation on the drugs applying for registration and verifying the relevant drug registrations.

The National Health Commission (formerly known as the National Health and Family Planning Commission), is primary national regulator for public health and family planning management. It is primarily responsible for drafting national health policies, supervising and regulating public health, healthcare services, and health emergency systems, coordinating the reform of medical and health system, organizing the formulation of national drug policies and national essential medicine system, launching an early warning mechanism for the monitoring of the use and clinical comprehensive evaluation of medicine as well as the drug shortage, giving suggestions on the pricing policy of national essential medicine, and regulating the operation of medical institutions and practicing of medical personnel.

#### ***Non-clinical research***

NMPA requires preclinical data to support registration applications for imported and domestic drugs. According to the Drug Registration Regulation, nonclinical safety studies must comply with the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory. In 2003, NMPA promulgated the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory to improve the quality of non-clinical research and began to conduct the Good Laboratories Practice. Pursuant to the Circular on Administrative Measures for Certification of Good Laboratory Practice for Non-clinical Laboratory issued by NMPA in 2007, NMPA is responsible for the certification of non-clinical research institutions nationwide and local provincial medical products administrative authorities is in charge of the daily supervision of non-clinical research institution. NMPA decides whether an institution is qualified for undertaking pharmaceutical non-clinical research by evaluating such institution's organizational administration, its research personnel, its equipment and facilities, and its operation and management of non-clinical pharmaceutical projects. A Good Laboratory Practice Certification will be issued by NMPA if all the relevant requirements are satisfied, which will also be published on NMPA's website.

#### ***Clinical trial application***

According to the Administrative Measures for Drug Registration, which was promulgated in January 2020 and took effect in July 2020, the Center for Drug Evaluation under NMPA is responsible for the application of conducting new drug clinical trials. According to the Administrative Measures for Drug Registration, drug clinical trials shall be divided into Phase I clinical trial, Phase II clinical trial, Phase III clinical trial, Phase IV clinical trial, and bioequivalence trial. In accordance with the Circular on Adjusting Evaluation and Approval Procedures for Clinical Trials for Drugs issued in 2018, if a clinical trial applicant does not receive any negative or questioned opinions from the Center for Drug Evaluation within 60 business days after the date when the trial application is accepted and the fees are paid, the applicant can proceed with the clinical trial in accordance with the trial protocol submitted to the Center for Drug Evaluation.

After obtaining the clinical trial authorization from NMPA, the applicant must register the clinical trial at the Drug Clinical Trial Information Platform for public disclosure in accordance with the Announcement

on Drug Clinical Trial Information Platform. The applicant shall complete the initial registration within one month after obtaining the clinical trial authorization and complete follow-up registrations before the first subject's enrollment in the trial.

#### ***Conducting clinical trial and the communication with Center for Drug Evaluation***

NMPA promulgated the Administration of Quality of Drug Clinical Practice in August 2003. Pursuant to the Administration of Quality of Drug Clinical Practice, clinical trial means systematical investigation of drugs conducted on human subjects (patients or healthy volunteers) to prove or reveal the function, adverse reactions and/or absorption, distribution, metabolism, and excretion of the drug being investigated, of which the purpose is to determine the therapeutic efficacy and safety of the drug.

The conduct of clinical trials must adhere to GCP and the protocols approved by the ethics committees of each study site. The sponsor of clinical trials should provide insurance to the human subjects participating in the clinical trial and bear the cost of the treatment and the corresponding financial compensation for the human subjects who suffer harm or death related to the trial. To ensure authenticity and reliability of the clinical data, NMPA mandates applicants of the pending drug registration submissions to conduct self-inspection and verification of their clinical trial data. Based on the submitted self-inspection results, NMPA also regularly launches onsite clinical trial audits over selected applications and rejects those found with data forgery.

According to the Administrative Measures for Drug Registration, a clinical trial consists of Phases I, II, III and IV as well as the bioequivalence trial. Phase I refers to the initial clinical pharmacology and safety evaluation studies in humans. Phase II refers to the preliminary evaluation of a drug candidate's therapeutic effectiveness and safety for indications in patients, to provide evidence and support for the design of Phase III clinical trials and to settle the administrative dose regimen. Phase III refers to clinical trials undertaken to confirm the therapeutic effectiveness and safety on patients with target indications, to evaluate the overall benefit-risk relationships of the drug, and ultimately to provide sufficient evidence for the review of drug registration application. Phase IV refers to a new drug's post-marketing study to assess therapeutic effectiveness and adverse reactions when the drug is widely used, to evaluate the overall benefit-risk relationships of the drug when used among the general population or specific groups and to adjust the administration dose. Based on the characteristics of drugs and research objective, the research contents shall include clinical pharmacology research, exploratory clinical trial, confirmatory clinical trial, and post-marketing research.

According to the Technical Guiding Principles for Clinical Trials of Anti-tumor Drugs issued by the State FDA in May 2012, the clinical study staging of anti-tumor drugs is not a fixed developmental sequence. The rapid development of anti-tumor drug research theories and technologies is likely to have an impact on future anti-cancer drug development models. Therefore, applicants can actively explore more scientific and rational research methods and promptly seek advice from the drug registration department under the State Food and Drug Administration.

#### ***Human genetic resources filing***

The Interim Administrative Measures on Human Genetic Resources, promulgated by the Ministry of Science and Technology and the Ministry of Health in 1998, aimed at protecting and fair utilizing human genetic resources in the PRC. In July 2015, the Ministry of Science and Technology issued the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading or Exporting Human Genetic Resources, or Taking Such Resources out of the PRC, or the Service Guide, which provides that the sampling, collection, or research activities of human genetic resources by a foreign-invested sponsor fall within the scope of international cooperation, and the cooperating organization of China shall apply for approval of the China Human Genetic Resources Management Office through the online system.

The Regulations of the PRC on the Administration of Human Genetic Resources, promulgated by the State Council in 2019, which repealed the Interim Administrative Measures on Human Genetic Resources, and the Implementing Rules for the Regulations of the PRC on the Administration of Human Genetic Resources promulgated by the Ministry of Science and Technology in May 2023, further stipulate that, in

order to obtain marketing authorization for relevant drugs and medical devices in China, no approval is required in international clinical trial cooperation using China's human genetic resources at clinical medical and health institutions without exporting human genetic resource materials. This is provided that either of the following conditions is met: (1) relevant collection, testing, and analysis of human genetic resources, and the handling of the remaining materials of human genetic resources, among others, are conducted at clinical medical and health institutions; or (2) the collection of relevant human genetic resources is conducted at clinical medical and health institutions, while the testing and analysis of the human genetic resources and the handling of the remaining samples are conducted by the domestic entity as designated under the clinical trial protocol for the marketing authorization for relevant drugs and medical devices. Before commencing clinical trials, the two cooperating parties shall file the type, quantity, and usage of the human genetic resource to be used with the administrative department of science and technology under the State Council.

Currently, we have obtained the human genetic resources approvals for AN0025, AN1004, AN2025 and AN4005.

#### ***Acceptance of overseas clinical trial data***

NMPA may reduce requirements for clinical trials and data, depending on the drug and the existing data. NMPA issued the Technical Guiding Principles for the Acceptance of Overseas Clinical Trial Data of Drugs, or the Overseas Data Guiding Principles, in July 2018, as one of the implementing rules for the Innovation Opinions, which provides that overseas clinical trial data can be submitted for clinical evaluation information in the process of drug marketing registration applications in China. According to the Overseas Data Guiding Principles, the overseas clinical trial data shall include, amongst others, the clinical trial data obtained overseas by the sponsor in its simultaneous R&D at home and abroad of innovative drugs, and sponsors must ensure the authenticity, integrity, accuracy and traceability of the overseas clinical trial data and such data must be obtained consistent with the relevant requirements under the Good Clinical Trial Practice of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use. Moreover, sponsors shall ensure the scientific design of overseas clinical trials, the compliance of clinical trial quality management system requirements, and the accuracy and integrity of statistical analysis of data. To ensure that the clinical trial design and statistical analysis of the data are scientific and reasonable, for the drugs with simultaneous R&D at home and abroad and forthcoming clinical trials in China, the sponsors may, prior to implementing pivotal clinical trials, contact the Center for Drug Evaluation to ensure the compliance of pivotal clinical trials' design with the essential technical requirements for drug registration in China. Sponsors must also comply with other relevant sections of the Registration Measures when applying for drug marketing registrations in China using foreign clinical trial data. Currently, we have conducted some multi-center clinical trials overseas, and may apply for drug registrations in China by using overseas clinical trial data in the future.

#### ***International multi-center clinical trials regulations***

According to the Notice on Issuing the International Multi-Center Clinical Trial Guidelines (for Trial Implementation), or the Multi-Center Clinical Trial Guidelines, promulgated by NMPA in January 2015, international multi-center clinical trial applicants may simultaneously perform clinical trials in different centers using the same clinical trial protocol. Where the applicants plan to implement the international multi-center clinical trials in the PRC, the applicants shall comply with relevant laws and regulations, such as the PRC Drug Administration Law, the Implementing Regulations of the PRC Drug Administration Law and the Administrative Measures for Drug Registration, execute the GCP, make reference to universal international principles such as the ICH-GCP, and comply with the laws and regulations of the countries involved in the international multi-center clinical trials. Where the applicants plan to use the data derived from the international multi-center clinical trials for approval of a drug registration in the PRC, it shall involve at least two countries, including China, and shall satisfy the requirements for clinical trials set forth in the Multi-Center Clinical Trial Guidelines and Administrative Measures for Drug Registration and other related laws and regulations. Currently, we have conducted certain multi-center clinical trials overseas for AN2025, AN0025 and AN4005. If we plan to implement the international multi-center clinical trials in the PRC, we shall comply with relevant laws and regulations accordingly.

***New drug application***

According to the Administrative Measures for Drug Registration, the applicant may apply for drug marketing registration to Center for Drug Evaluation upon completion of relevant research on pharmacy, pharmacology, toxicology and drug clinical trials, determination the quality standards of the drug, validation of commercial-scale production processes and preparation for acceptance of verification and inspection conducted by professional technical institution designated by competent NMPA. The Center for Drug Evaluation will organize pharmaceutical, medical, and other technicians to conduct comprehensive review of the safety, efficacy, and quality controllability, among others, of the drug according to the application materials submitted by the applicant, the results of the verification and inspection conducted by professional technical institution, etc. If the comprehensive review conclusion is affirmative, the drug shall be approved for marketing and a drug registration certificate will be issued containing the information of the drug approval number, the marketing authorization holders, and the manufacturer.

In March 2016, the China Food and Drug Administration issued the Reform Plan for Registration Category of Chemical Medicine, which aims to reclass the registration application of chemical drugs stipulated by the Administrative Measures for Drug Registration promulgated in 2007. According to the Reform Plan for Registration Category of Chemical Medicine, Category 1 drugs refer to innovative chemical drugs that have not been marketed anywhere in the world. Improved new chemical drugs that are not marketed anywhere in the world fall into Category 2 drugs. Generic chemical drugs, that have equivalent quality and efficacy to the originator's drugs have been marketed abroad but not yet in China, can be classified as Category 3 drugs. Generic drugs, that have equivalent quality and efficacy to the originator's drugs and have been marketed in China, fall into Category 4 drugs. Category 5 drugs are drugs which have already been marketed abroad but are not yet approved in China.

As a support policy and implementing rule of the Administrative Measures for Drug Registration newly amended in 2020, NMPA issued the Chemical Drug Registration Classification and Application Data Requirements in June 2020, effective in July 2020, which reaffirmed the principles of the classification of chemical drugs set forth by the Reform Plan for Registration Category of Chemical Medicine and made minor adjustments to the subclassifications of Category 5. According to such regulation, Category 5.1 are innovative chemical drugs and improved new chemical drugs while Category 5.2 are generic chemical drugs, all of which shall have been already marketed abroad but not yet approved in China.

***Special examination and fast track approval***

NMPA has adopted several expedited review and approval mechanisms since 2009 and created additional expedited programs in recent years that are intended to encourage innovation. Applications for these expedited programs can be submitted together with the registration package or after the registration submission is admitted for review by the Center for Drug Evaluation. The Opinions on Encouraging the Prioritized Evaluation and Approval for Drug Innovation promulgated by NMPA on December 21, 2017, clarified that fast track clinical trial applications or drug registration pathways will be available to the innovative drugs. It was further replaced by the Announcement on the Release of Three Documents including the Procedures for the Evaluation of Breakthrough Therapeutic Drugs (Trial) issued by the NMPA on July 7, 2020, the three documents are namely the Procedures for the Evaluation of Breakthrough Therapeutic Drugs (Trial), Procedures for the Evaluation and Approval of the Listing Application for Conditional Approval of Drugs (Trial) and Procedures for Prioritized Evaluation and Approval for Drug Marketing (Trial), among others, which allow the applicant to apply for the breakthrough therapy drug procedure during the Phase I and II clinical trials and normally no later than the commencement of Phase III clinical trials for the innovative or improved drugs which are used for the prevention and treatment of diseases that seriously endanger life or seriously affect quality of life and there is no effective means of prevention and treatment or there is sufficient evidence to show a significant clinical advantage over the existing treatments. In addition, when applying for the marketing licenses for the drugs with obvious clinical value, the applicant can apply for the prioritized evaluation and approval procedure.

If admitted to one of these expedited programs, an applicant will be entitled to more frequent and timely communication with reviewers at the Center for Drug Evaluation, expedited review and approval, and more agency resources throughout the review approval process.

NMPA also permits conditional approval of certain medicines based on early phase China clinical trial data or only on foreign approval clinical data. Post-approval the applicant may need to conduct one or more post-market studies. The agency has done this for drugs that meet unmet clinical needs for life-threatening illnesses and also for drugs that treat orphan indications. In 2018, NMPA established a conditional approval program for drugs designated by the Center for Drug Evaluation that have been approved in the US, EU and Japan within the last 10 years and that meet one of three criteria (1) orphan indications, (2) drugs that treat life threatening illnesses for which there are not effective treatment or preventive methods, and (3) drugs that treat life threatening illnesses and that have a clear clinical advantage over other approved therapies. In the future, we anticipate that we may seek expedited review and approval for certain of our drug candidates.

#### ***Drug manufacturing permit***

Pursuant to the PRC Drug Administration Law and the Implement Measures of the PRC Drug Administration Law, a drug manufacturer must obtain a Drug Manufacturing Permit from the provincial Medical Products Administration before it starts to manufacture drug products. Prior to granting such a permit, the relevant government authority will inspect the applicant's production facilities and decide whether the sanitary conditions, QA system, management structure and equipment within the facilities have met the required standards. Each Drug Manufacturing Permit will be valid for a period of five years and the manufacturer is required to apply for renewal of the permit within six months prior to its expiration date and will be subject to reassessment by the authority in accordance with then prevailing legal and regulatory requirements for the purposes of such renewal.

#### ***Coverage and reimbursement***

China's national medical insurance program was adopted pursuant to the Decision of the State Council on the Establishment of the Urban Employee Basic Medical Insurance Program issued by the State Council in 1998, under which all employers in urban cities are required to enroll their employees in the basic medical insurance program. The insurance premium is jointly contributed by the employers and employees. In 2007, the State Council promulgated Guiding Opinions of the State Council about the Pilot Urban Resident Basic Medical Insurance, under which urban residents of the pilot district, rather than urban employees, may voluntarily join Urban Resident Basic Medical Insurance. Participants of the national medical insurance program and their employers, if any, are required to contribute to the payment of insurance premiums on a monthly basis. Program participants are eligible for full or partial reimbursement of the cost of medicines included in the National Reimbursed Drugs List. A pharmaceutical product listed in the National Reimbursed Drugs List must be clinically needed, safe, effective, reasonably priced, easy to use, and available in sufficient quantity.

Factors that affect the inclusion of a pharmaceutical product in the National Reimbursed Drugs List include whether the product is consumed in large volumes and commonly prescribed for clinical use in the PRC and whether it is considered to be important in meeting the basic healthcare needs of the general public. Since 2016, special consideration has been given to, among others, innovative drugs with high clinical value and drugs for serious diseases. In addition, the PRC Ministry of Human Resources and Social Security has also been negotiating with manufacturers of expensive drugs with high clinical demands and proven effectiveness for price cuts in exchange for inclusion into the National Reimbursed Drugs List.

#### ***PRC laws and regulation in relation to Company Law and Foreign Investment***

The establishment, operation, and management of corporate entities in China are governed by the Company Law of the PRC, or the Company Law. Pursuant to the Company Law, companies are classified into categories, namely limited liability companies and limited companies by shares. The Company Law shall also apply to foreign-invested limited liability companies and companies limited by shares. According to the Company Law, the provisions otherwise prescribed by the laws on foreign investment shall prevail.

On March 15, 2019, the National People's Congress promulgated the Foreign Investment Law of the PRC, which came into force on January 1, 2020 and repealed simultaneously the Law of PRC on Sino-foreign Equity Joint Ventures, the Wholly Foreign-owned Enterprise Law of the PRC, and the Law of the PRC on Sino-foreign Cooperative Joint Ventures. Subject to the Foreign Investment Law of the PRC, foreign-invested enterprises incorporated before the enforcement of the Foreign Investment Law of the PRC may keep their

original organizational forms for five years after the enforcement of the Foreign Investment Law of the PRC. And the Implementation Regulations for the Foreign Investment Law of the PRC was promulgated by the State Council on December 26, 2019 and took effect on January 1, 2020. According to the Foreign Investment Law of the PRC, the State adopts the management system of pre-establishment national treatment and negative list for foreign investment. The negative list refers to special administrative measures for access of foreign investment in specific fields as stipulated by the State. The State will give national treatment to foreign investments outside the negative list.

The Provisions on Guiding Foreign Investment Direction, which was promulgated by the State Council on February 11, 2002, and came into effect on April 1, 2002, classify all foreign investment projects into four categories: (i) encouraged projects, (ii) permitted projects, (iii) restricted projects, and (iv) prohibited projects. Investment activities in the PRC by foreign investors were principally governed by the Catalogue of Industries for Guiding Foreign Investment, which was promulgated by the Ministry of Commerce and the National Development and Reform Commission and was abolished by the Special Administrative Measures (Negative List) for Access of Foreign Investment (2021 version), or the Negative List and Catalogue of Industries for Encouraging Foreign Investment (2022 version), or the “Encouraging List”. The Negative List, which came into effect on January 1, 2022, sets out special administrative measures in respect of the access of foreign investments in a centralized manner, and the Encouraging List, which will come into effect on January 1, 2023, sets out the encouraged industries for foreign investment.

Pursuant to the Interim Administrative for the Record-filing of the Establishment and Modification of Foreign-invested Enterprises, or the Interim Measures, promulgated by the Ministry of Commerce on October 8, 2016, establishment and modifications of foreign investment enterprises that are not subject to the approval under the special entry management measures shall be filed with the delegated commercial authorities. The Measures on Reporting of Foreign Investment Information was issued by the Ministry of Commerce and State Administration for Market Regulation on December 30, 2019. Since January 1, 2020, for foreign investors carrying out investment activities directly or indirectly in China, the foreign investors or foreign-invested enterprises shall submit investment information to the commerce authorities pursuant to such measures.

#### ***PRC laws and regulations in relation to intellectual property rights***

##### *Patents*

According to the Patent Law of the PRC promulgated by the National People’s Congress of China, or the SCNPC, and the Implementation Rules of the Patent Law of the PRC, promulgated by the State Council, there are three types of patents in the PRC: invention patents, utility model patents and design patents. The protection period is 20 years for an invention patent, 10 years for a utility model patent and 15 years for a design patent, commencing from their respective application dates. Any individual or entity that utilizes a patent or conducts any other activity in infringement of a patent without prior authorization of the patent holder shall pay compensation to the patent holder and is subject to a fine imposed by relevant administrative authorities and, if constituting a crime, shall be held criminally liable in accordance with the law. According to the Patent Law of the PRC, for public health purposes, the State Intellectual Property Office of the PRC may grant a compulsory license for manufacturing patented drugs and exporting them to countries or regions covered under relevant international treaties to which PRC has acceded. In addition, according to the Patent Law of the PRC, any organization or individual that applies for a patent in a foreign country for an invention or utility model patent established in China is required to report to the State Intellectual Property Office for confidentiality examination.

For the purpose of compensating for the time taken to evaluate and approve a new drug to be put on market, the patent administrative department under the State Council shall grant compensation for duration of patent rights for invention of a new drug approved to be put on market in China upon request of the patentee. The compensation period shall not exceed five years, and the total validity period of patent rights for a new drug approved to be put on market shall not exceed 14 years.

##### *Trade secrets*

According to the PRC Anti-Unfair Competition Law, promulgated by the SCNPC in September 1993, as amended in 2017 and 2019 respectively, the term “trade secrets” refers to technical, operational, or other

business information that is unknown to the public, has utility, may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders. Under the PRC Anti-Unfair Competition Law, business persons are prohibited from infringing others' trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item (1) above; (3) disclosing, using or permitting others to use the trade secrets, in violation of any confidentiality obligations or any requirements of the legal owners or holders to keep such trade secrets in confidence; or (4) instigate, entice or help others to obtain, disclose, use or permit others to use the trade secrets in violation of any confidentiality obligations or any requirements of the legal owners or holders to keep such trade secrets in confidence. If a third party knows or should have known of the above-mentioned illegal conduct but nevertheless obtains, uses, or discloses trade secrets of others, the third party may be deemed to have committed an infringement of the others' trade secrets. The parties whose trade secrets are being infringed may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties.

#### *Trademarks*

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

#### *Product liability*

The Product Quality Law of the PRC promulgated by the SCNPC, is the principal governing law relating to the supervision and administration of product quality, which clarified liabilities of the manufacturers and sellers. Manufacturers shall not be liable when they are able to prove that: (1) the product has never been circulated; (2) the defects causing injuries or damage did not exist at the time when the product was circulated; or (3) the science and technology at the time when the product was circulated were at a level incapable of detecting the defects. A seller shall pay compensation if it can neither indicate the manufacturer nor the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim compensation from the manufacturer or the seller.

According to the Civil Code of the PRC, promulgated by the National People's Congress on May 28, 2020 and effective on January 1, 2021, manufacturers shall assume tort liability where the defects in relevant products cause damage to others. The aggrieved party may claim compensation from the manufacturer or the seller of the relevant product in which the defects have caused damage.

#### *Regulations relating to foreign exchange control*

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment. Pursuant to these regulations and other PRC rules and regulations on currency conversion, Renminbi is freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as direct investment, loan, or investment in securities outside China unless prior approval of the State Administration of Foreign Exchange or its local counterpart is obtained.

Foreign-invested enterprises are permitted to convert their after-tax dividends into foreign exchange and to remit such foreign exchange out of their foreign exchange bank accounts in the PRC. However, foreign exchange transactions involving overseas direct investment or investment and exchange in securities, derivative

products abroad are subject to registration with SAFE, and approval from or filing with the relevant PRC government authorities (if necessary).

***Regulations relating to dividend distribution***

According to the PRC Company Law, Foreign Investment Law of the PRC and Regulation for Implementing the Foreign Investment Law of the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profits as determined in accordance with PRC accounting standards and regulations. An enterprise is required to set aside at least 10% of its respective accumulated profits to its statutory common reserve where it distributes its after-tax profits of the current year, until the accumulative amount of such reserve reaches 50% of its registered capital. If the aggregate balance of the enterprise's statutory common reserve is not enough to make up for the losses of the enterprise of the previous year, the current year's profits shall first be used for making up the losses before the statutory common reserve is drawn. After the enterprise has drawn statutory common reserve from the after-tax profits, it may, upon a resolution made by the shareholders' meeting, draw a discretionary common reserve from the after-tax profits. After the losses have been made up and common reserves have been drawn, the remaining profits shall be distributed to shareholders.

***Regulations relating to employee stock incentive plan***

On February 15, 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly Listed Companies, which prescribed that PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year (except for foreign diplomatic personnel in China and representatives of international organizations in China) who participate in any stock incentive plan of an overseas publicly listed company shall, through the domestic company to which the said company is affiliated, collectively entrust a domestic agency (which may be the Chinese affiliate of the overseas publicly listed company that participates in a stock incentive plan, or other domestic institutions qualified for asset trust business lawfully designated by such company) to handle foreign exchange registration, and entrust an overseas institution to handle issues like exercise of options, purchase and sale of corresponding stocks or equity, and transfer of corresponding funds. In addition, the domestic agency is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan. Moreover, the SAFE Circular 37 provides that PRC residents who participate in a share incentive plan of an overseas unlisted special purpose company may register with local branches of SAFE before exercising rights.

***Regulations on M&A rules and Overseas Listings***

According to the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, the merger and acquisition of domestic companies by foreign investors means that the foreign investors purchase or subscribe for the equity or shares of a non-foreign invested PRC company or that the foreign investors establish a foreign-invested PRC company to acquire or operate the assets of a non-foreign-invested PRC company by agreement. The M&A Rules require that an application be made to Ministry of Commerce for examination and approval in relation to the acquisition of any company inside China affiliated with a domestic company, enterprise, or natural person, which is made in the name of an overseas company lawfully established or controlled by such domestic company, enterprise, or natural person. The M&A Rules also provide that the overseas listing of a special purpose company controlled directly or indirectly by PRC companies or individuals on an overseas stock market must be approved by the China Securities Regulatory Committee.

The M&A Rules, and other recently adopted regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time-consuming and complex. For example, the M&A Rules require that Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, if (i) any important industry is concerned, (ii) such transaction involves factors that impact or may impact national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand.



On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Lawfully and Strictly Cracking Down Illegal Securities Activities, among which, it emphasizes the need to strengthen the administration over illegal securities activities and the supervision on overseas listings by China-based companies, and proposed to take effective measures, such as promoting the construction of relevant regulatory systems to deal with the risks and incidents faced by China-based overseas-listed companies, and provided that the special provisions of the State Council on overseas offering and listing by those companies limited by shares will be revised and therefore the duties of domestic industry competent authorities and regulatory authorities will be clarified.

On February 17, 2023, with the approval of the State Council, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, and five supporting guidelines, which took effect on March 31, 2023. According to the Trial Measures, (1) domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, such domestic company may be subject to administrative penalties, such as order to rectify, warnings, fines, and its controlling shareholders, actual controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (2) if the issuer meets both of the following conditions, the overseas offering and listing shall be determined as an indirect overseas offering and listing by a domestic company: (i) any of the total assets, net assets, revenues or profits of the domestic operating entities of the issuer in the most recent accounting year accounts for more than 50% of the corresponding figure in the issuer's audited consolidated financial statements for the same period; (ii) its major operational activities are carried out in China or its main places of business are located in China, or the senior managers in charge of operation and management of the issuer are mostly Chinese citizens or are domiciled in China; and (3) where a domestic company seeks to indirectly offer and list securities in an overseas market, the issuer shall designate a major domestic operating entity responsible for all filing procedures with the CSRC, and where an issuer makes an application for listing in an overseas market, the issuer shall submit filings with the CSRC within three business days after such application is submitted.

On the same day, the CSRC also held a press conference for the release of the Trial Measures and issued the Notice on Administration for the Filing of Overseas Offering and Listing by Domestic Companies, which, among others, clarifies that (1) on or prior to the effective date of the Trial Measures, domestic companies that have already submitted valid applications for overseas offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas offering and listing; and (2) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements.

#### ***Regulations relating to information security and data privacy***

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law, which became effective from September 1, 2021. According to the PRC Data Security Law, a data classification protection system shall be established to protect data by classification. Entities engaged in data processing activities shall, in accordance with the laws and regulations, establish a sound whole-process data security management system, organize data security education and training, and take corresponding technical measures and other necessary measures to ensure data security.

According to the Civil Code of the PRC, personal information of natural persons is protected by law. Any organization or individual that needs to obtain personal information of others shall obtain legally and ensure the information security, and shall not illegally collect, use, process, transmit, trade, provide or disclose personal information of others. The Personal Information Protection Law of the PRC promulgated by the SCNPC on August 20, 2021, and effective from November 1, 2021, further emphasized the duties and responsibilities of the processing personnel for the protection of personal information, and provided stricter protection measures for processing sensitive personal information.

On July 12, 2018, the National Health Commission issued the Administrative Measures on National Health and Medical Care Big Data Standards, Security and Services (Trial), or the Measures on Health and Medical Care Big Data, which became effective therefrom. The Measures on Health and Medical Care Big Data provided the guidelines and principles of health and medical big data standard management, security management and service management. According to the Measures on Health and Medical Care Big Data, the National Health Commission, together with other relevant departments, is responsible for the management of national health and medical care big data, while the authorities of health above the county level, together with other relevant departments, are responsible for the management of health and medical care big data within their respective administrative regions. Medical institutions and relevant enterprises, including those engaged by medical institutions to store or operate health and medical care big data, shall take measures, such as data classification, important data backup and encryption, to ensure the security of health and medical care big data, and provide secured channels for the query and replication of information. Without authorization, no unit or individual shall use or disseminate any health and medical care big data or data beyond the scope of authorization, nor obtain any data in illegal ways. The responsible parties shall abide by the relevant regulations when disclosing health and medical care big data, shall not divulge state secrets, trade secrets or personal privacy, shall not infringe upon the interests of the state or the public, and shall not infringe upon the legitimate rights and interests of citizens, enterprise entities or other organizations.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer which became effective on September 1, 2022. The data export measures require that any data processor who processes or exports personal information exceeding a certain volume threshold pursuant to the measures shall apply for a security assessment by the CAC before transferring any personal information abroad, including the following circumstances: (i) important data will be provided overseas by any data processor; (ii) personal information will be provided overseas by any operator of critical information infrastructure or any data processor who processes the personal information of more than 1,000,000 individuals; (iii) personal information will be provided overseas by any data processor who has provided the personal information of more than 100,000 individuals in aggregate or has provided the sensitive personal information of more than 10,000 individuals in aggregate since January 1 of last year; and (iv) other circumstances where the security assessment is required as prescribed by the CAC. A data processor shall, before applying for the security assessment of an outbound data transfer, conduct a self-assessment of the risks involved in the outbound data transfer. The security assessment of a cross-border data transfer shall focus on assessing the risks that may be brought about by the cross-border data transfer concerning national security, public interests, or the lawful rights and interests of individuals or organizations.

On February 24, 2023, the CSRC, jointly with other relevant governmental authorities, promulgated the Provisions on Strengthening Confidentiality and Archives Management of Overseas Securities Issuance and Listing by Domestic Enterprises, or the Confidentiality and Archives Management Provisions, which took effect on March 31, 2023. According to the Confidentiality and Archives Management Provisions, mainland China-based companies, whether offering and listing securities overseas directly or indirectly, must strictly abide the applicable laws and regulations when providing or publicly disclosing, either directly or through their overseas listed entities, documents and materials to securities services providers such as securities companies and accounting firms or overseas regulators in the process of their overseas offering and listing. If such documents or materials contain any state secrets or government authorities work secrets, the domestic companies must obtain the approval from competent governmental authorities according to the applicable laws, and file with the secrecy administrative department at the same level with the approving governmental authority. Furthermore, the Confidentiality and Archives Management Provisions provide that securities companies and securities service providers shall fulfill the applicable legal procedures when providing overseas regulatory institutions and other relevant institutions and individuals with documents or materials containing any state secrets or government authorities work secrets or other documents or materials that, if divulged, will jeopardize national security or public interest.

## MANAGEMENT

### Directors and executive officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

Name	Age	Positions(s)
Yang Lu	43	Chief Executive Officer, Chairman of our Board of Directors
Ping Ji	59	Director Nominee*
Shuqing Wu	36	Director
Lars Erik Birgerson	70	Director Nominee*, President, Chief Medical Officer, Chief Executive Officer of U.S. Subsidiary
Shaorong Liu	45	Independent Director Nominee*
Ming Lun Alan Tse	43	Independent Director Nominee*
Cheguo Cai	46	Independent Director Nominee*
Kaiyang Tang	59	Senior Vice President, Global Head of Clinical Operations
Wei (Vicky) Zhang	32	Chief Financial Officer
Victoria Elizabeth Demby	53	Senior Vice President, Global Head of Regulatory Affairs

\* Ping Ji, Lars Erik Birgerson, Shaorong Liu, Ming Lun Alan Tse, and Cheguo Cai have accepted appointment as a director, which will be effective upon the completion of this offering.

The following is a biographical summary of the experience of our directors and executive officers.

*Yang Lu* co-founded our group and has served as our director since 2006. Currently he also serves as our chief executive officer and the chairman of our board of directors. Mr. Lu has 20 years of experience in the pharmaceutical industry. Prior to founding our company, Mr. Lu worked at Hybio Pharmaceutical Co., Ltd from April 2003 to March 2004. Mr. Lu obtained his bachelor's degree in biotechnology from Xiamen University in July 2002, and his EMBA-Executive Master of Business Administration from China Europe International Business School in September 2012.

*Ping Ji* will serve as our director effective upon the completion of this offering. She has over 25 years of experience in biopharmaceutical drug development. Since July 2017, Dr. Ji served as the global safety leader at Kyowa Kirin Co., Ltd. in the United States. Before that, from August 2011 to July 2017, she served as the global safety leader at Bayer HealthCare Pharmaceuticals Inc. in the United States. Dr. Ji has also served as the medical safety lead at Taiho in the United States from December 2006 to July 2011, as a medical reviewer at Bristol-Myers Squibb Company in the United States from June 2004 to December 2006, and as a clinical scientist at Sanofi S.A. in the United States from September 2002 to June 2004. Prior to that, from September 2000 to September 2002, she worked as a clinical scientist at Pfizer Corporation. Dr. Ji obtained her master of medicine from the cell biology program offered jointly by Graduated School-New Brunswick at Rutgers, the state University of New Jersey and the UMDNJ-Graduate School of Biomedical Sciences at Robert Wood Johnson Medical School in the United States in May 1993. She obtained her doctor of medicine from Capital Institute of Medicine in the PRC in August 1986.

*Shuqing Wu* has served as our director since August 2020. Ms. Wu has more than twelve years of experience in the investment industry. Since July 2015, Ms. Wu has served as the senior partner and president of financial business department of Shanghai Worth Asset Management Co., Ltd., a company wholly owned by Yingke Innovation Asset Management Co., Ltd., where Ms. Wu has served as a director since October 2020. Ms. Wu currently also serves as the chairman of supervisory board in Chengdu Kanghua Biological Products Co., Ltd. (SZSE: 300841) and Nanjing Aolian AE and EA Co., Ltd. (SZSE: 300585). From February 2009 to April 2012, she served as investment counsel and assistant to director of operations of Dongxing Securities Co., Ltd. (SSE: 601198). From April 2012 to September 2014, Ms. Wu served as an executive vice president of Zhongtuo Holding Group Co., Ltd. Ms. Wu obtained her bachelor's degree in international economy and trade from Yang-En University in July 2009.

*Lars Erik Birgerson* will serve as our director effective upon the completion of this offering. He has served as the president and chief executive officer of Adlai Nortye USA INC since July 2018 and has served as our chief medical officer since July 2021. Dr. Birgerson has more than 32 years of experience in the pharmaceutical industry. Prior to joining us, Dr. Birgerson served as the vice president and head of global and US medical affairs at Roche Pharmaceuticals in Basel, Switzerland; the vice president of medical affairs at Genentech in California, the United States; and the senior vice president of medical affairs at BMS in New Jersey, the United States. From January 2016 to date, Dr. Birgerson has served as the president and senior advisor of The Birgerson Group in New Jersey, the United States. Since February 2016, Dr. Birgerson has also served as the global medical consultant of Delcath Systems Inc. Dr. Birgerson received his Doctor of Medicine and doctorate of philosophy from Uppsala University at Uppsala, Sweden in June 1977 and June 1990 respectively. Dr. Birgerson has been a specialist of obstetrics and gynecology certified by the National Swedish Board of Health and Welfare since December 14, 1984. Further, he was certified as a licensed physician by the National Swedish Board of Health and Welfare in Sweden on February 19, 1980.

*Shaorong Liu* will serve as our independent director effective upon the completion of this offering. Mr. Liu has approximately 15 years of experience in business management and consulting. Mr. Liu has been serving as the managing partner and senior consultant of Shanghai Zhiyi Enterprise Management Consulting Co., Ltd. since April 2008. Further, Mr. Liu has also been an independent non-executive director of Jiangsu CoCreation Grass Co., Ltd. (Shanghai Stock Exchange stock code: 605099) since April 2018. Mr. Liu obtained his master's degree in business administration from the China Europe International Business School in September 2012.

*Ming Lun Alan Tse* will serve as our independent director effective upon the completion of this offering. Mr. Tse has more than 20 years of experience in financial management and accounting. Mr. Tse currently serves as a general manager at Jebsen Capital Ltd. and the independent non-executive director of Tian Ge Interactive Holdings Ltd. (HKEx: 1980). Previously, Mr. Tse has served as an accountant at KPMG from September 2002 to May 2005, a senior analyst at Techtronic Industries Co., Ltd from May 2005 to May 2007. Mr. Tse has also served as a senior manager of corporate planning and development, a senior manager of corporate planning and development at Next Horizon Company Limited from September 2007 to August 2009, and a project and business development manager of finance and administration department at Richemont Asia Pacific Limited from September 2009 to October 2011. Since November 2011, Mr. Tse has served as a general manager of Jebsen Automotive Technology Beijing Co., Ltd. Mr. Tse obtained his bachelor of business administration in accounting and finance from the University of Hong Kong in December 2002. He has been a fellow member of the Association of Chartered Certified Accountants (ACCA) since December 2005.

*Cheguo Cai* will serve as our independent director effective upon the completion of this offering. He has more than 17 years of experience in the biology and immunology industries. Dr. Cai has served as chief scientist at Shenzhen Beike Biotech Co., Ltd. since May 2021 and as professor at Hangzhou Institute for Advanced Study, UCAS since December 2022. From February 2017 to November 2022, Dr. Cai served as professor at the Medical Research Institute and Frontier Science Center for Immunology and Meta, Wuhan University. Dr. Cai served as associate professor and postdoctoral fellow at Shanghai Institute of Biochemistry and Cell Biology, Chinese Academy of Sciences since April 2015 to January 2017 and since October 2011 to March 2015, respectively. Before that, from October 2010 to September 2011, he served as postdoctoral fellow at Tulane University in the United States. From August 2005 to August 2007, he served as research assistant at Institut Pasteur of Shanghai, Chinese Academy of Sciences. Dr. Cai obtained his bachelor's degree and master's degree in biology in Xiamen University in July 2002 and July 2005, respectively. He obtained his doctoral degree in microbiology in Institut Pasteur of Shanghai, Chinese Academy of Sciences in July 2010.

*Kaiyang Tang* has served as our senior vice president and global head of clinical operations since August 2018. Dr. Tang has more than 20 years of experience in the pharmaceutical industry. From 1990 to 1997, he served as study coordinator at Elizabeth General Medical Center. From 1997 to 1999, Dr. Tang served as global site coordinator and clinical research associate at Covance Inc. Dr. Tang served as senior clinical program manager at Pfizer Corporation from 1999 to 2003. From 2003 to 2007, he served as clinical program leader and medical monitor at Pliva Inc. From 2007 to 2010, he served as vice president and head of clinical and regulatory affairs at Hutchison MediPharma Ltd. From 2010 to date, he has served as chief medical officer, head of clinical and regulatory at Generon Inc. Dr. Tang obtained his medical doctor degree from Capital Institute of Medicine in the PRC in 1986. He obtained his MBA degree from Rutgers, the State University of New Jersey in 1999.

*Wei (Vicky) Zhang* joined us in June 2021 as our chief financial officer. From July 2014 to July 2015, Ms. Zhang served as an analyst at Nomura International Plc. She was in the role of executive director within the Corporate Finance Department of Goldman Sachs (Asia) L.L.C. and was employed by the firm from November 9, 2015 to June 12, 2021. Ms. Zhang obtained her Bachelor of Arts in accounting and economics from Illinois Wesleyan University in the United States in April 2013. She obtained a Master of Science in financial economics from University of Oxford in the United Kingdom in July 2014.

*Victoria Elizabeth Demby* has served as our senior vice president and global head of regulatory affairs since March 2022. Dr. Demby has more than 30 years of pharmaceutical experience in various functional areas. From January 1992 to August 1996, Dr. Demby served at Wyeth-Ayerst Research as associate scientist. She later served at Dupont Pharmaceuticals as senior research investigator from May 2001 to January 2002, and then at Quest Pharmaceutical Services as senior research investigator from March 2002 to April 2003. From May 2003 to July 2008, she served at GSK, Inc. as section head of transport group in the preclinical department. After that, Dr. Demby served at BMS as senior research investigator of submission documents group from August 2008 to February 2010, as associate director of global regulatory strategy and safety from March 2010 to September 2012. Later, Dr. Demby served at MSD as a director from September 2012 to January 2019, as an executive director from January 2019 to May 2019. Then, she worked at Greenwich Biosciences as a senior director from May 2019 to October 2019. Recently, Dr. Demby has served at GlaxoSmithKline, Inc as executive director and team leader of global regulatory team since November 2019 and has also served as interim vice president of global regulatory affairs since July 2021. Dr. Demby obtained her bachelor's degree in biochemistry in University of Vermont in May 1991 and her doctoral degree in pharmacology and toxicology in University of Kansas in May 2001.

#### **Board of directors**

Our board of directors will consist of seven directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company is required to declare the nature of his interest at a meeting of our directors. Subject to the Nasdaq Stock Market rules and disqualification by the chairman of the relevant board meeting, a director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein, and if he does so his vote shall be counted and he shall be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered, provided (i) such director, if his or her interest in such contract or arrangement is material, has declared the nature of his or her interest at the earliest meeting of the board at which it is practicable for him or her to do so, either specifically or by way of a general notice and (ii) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. Our directors may exercise all the powers of our company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability, or obligation of our company or of any third party.

#### **Committees of the board of directors**

We will establish three committees under the board of directors immediately upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part: an audit committee, a compensation committee, and a nominating and corporate governance committee. We will adopt a charter for each of the three committees. Each committee's members and functions are described below.

*Audit Committee.* Our audit committee will consist of Alan Ming Lun Tse, Shaorong Liu and Cheguo Cai. Alan Ming Lun Tse will be the chairman of our audit committee. We have determined that Shaorong Liu and Cheguo Cai satisfy the "independence" requirements of *Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market* and *Rule 10A-3 under the Exchange Act*. We have determined that Alan Ming Lun Tse qualifies as an "audit committee financial expert." The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit findings or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

*Compensation Committee.* Our compensation committee will consist of Yang Lu, Shaorong Liu and Cheguo Cai. Yang Lu will be the chairman of our compensation committee. We have determined that Shaorong Liu and Cheguo Cai satisfy the "independence" requirements of *Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market*. The compensation committee will assist the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs, or similar arrangements; and
- selecting compensation consultant, legal counsel, or other adviser only after taking into consideration all factors relevant to that person's independence from management.

*Nominating and Corporate Governance Committee.* Our nominating and corporate governance committee will consist of Yang Lu, Shaorong Liu and Cheguo Cai. Yang Lu will be the chairperson of our nominating and corporate governance committee. Shaorong Liu and Cheguo Cai satisfy the "independence" requirements of *Rule 5605(a)(2) of the Listing Rules of the Nasdaq Stock Market*. The nominating and corporate governance committee will assist the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience, and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

#### **Duties of directors**

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a

duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth Courts have moved toward an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended, and restated from time to time. We have the right to seek damages if a duty owed by our directors is breached. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

#### **Terms of directors and officers**

Our directors may be appointed by an ordinary resolution of our shareholders. Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. Our directors are not automatically subject to a term of office and hold office until such time as they are removed from office by an ordinary resolution of our shareholders. In addition, a director will cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors and may be removed by our board of directors.

#### **Employment agreements and indemnification agreements**

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, for certain acts of the executive officer, such as continued failure to satisfactorily perform, willful misconduct or gross negligence in the performance of agreed duties, conviction or entry of a guilty or nolo contendere plea of any felony or any misdemeanor involving moral turpitude, or dishonest act that results in material financial, reputational or other harm to us or material breaches of the employment agreement. We may also terminate an executive officer's employment without cause upon 60-day prior written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officer and us. The executive officer may terminate the employment at any time with a 60-day prior written notice.

Each executive officer has agreed to hold, both during the term of the employment and at all times thereafter, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs, and trade secrets which they conceive, develop or reduce to practice during the executive officer's employment with us and to

assign all right, title, and interest in them to us, and assist us in obtaining and enforcing patents, copyrights, and other legal rights for these inventions, designs, and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach the suppliers, clients, direct or end customers or contacts or other persons or entities introduced to the executive officers in his or her capacity as our representative for the purpose of doing business of the same or of a similar nature to our business or doing business that will harm our business relationships with the foregoing persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; (iii) seek, directly or indirectly, to solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts.

We have also entered into indemnification agreements with our directors and executive officers. Under these agreements, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

#### **Compensation of directors and executive officers**

In 2022, we paid an aggregate of approximately US\$2.5 million in cash and benefits to our directors and executive officers. For stock option grants to our executive officers and directors, see “— Share incentive plans.” We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our operating subsidiary in the PRC is required by law to make contributions equal to certain percentages of each employee’s salary for his or her pension insurance, medical insurance, unemployment insurance, and other statutory benefits and a housing provident fund.

#### **Share incentive plans**

##### **2020 Share Incentive Plan**

We adopted a share incentive plan in June 2020 and amended it in May 2021. We refer to this share incentive plan as our 2020 Share Incentive Plan in this prospectus. Under such 2020 Share Incentive Plan, we are authorized to issue no more than 15,000,000 ordinary shares. To manage this share incentive plan, we set up two holding vehicles, Nortye Talent Limited and Nortye International Limited, and issued 9,000,000 and 6,000,000 ordinary shares to these two entities respectively in July 2021. Nortye Talent Limited and Nortye International Limited are holding these shares through a trust for the benefit of our existing and future share award grantees, and will transfer these shares upon the vesting and exercise of share awards. As of the date of this prospectus, awards for an aggregate of 9,862,602 ordinary shares have been granted.

The following paragraphs describe the principal terms of our 2020 Share Incentive Plan:

**Type of awards.** The 2020 Share Incentive Plan permits awards of options, restricted shares, restricted share units or other types of awards as the case may require.

**Plan administration.** The 2020 Share Incentive Plan is administered by our board of directors or officer as authorized by the board of directors (within its delegated authority) (the “**Administrator**”). The Administrator determines, among other things, the participant eligible to receive awards, the type and number of the awards to be granted to each eligible participants and the terms and conditions of each award.

**Eligibility.** Awards may be granted to our employees, directors, or consultants, or trusts or companies established in connection with any of our employee benefit plans.

**Award agreement.** Awards granted will be evidenced by an award agreement in the forms approved by the Administrator. The award agreement contains the terms established by the Administrator for that award, as well as any other additional terms, provisions, or restrictions that the Administrator may impose on the award.



**Vesting schedule.** In general, the Administrator determines the vesting schedule, which is specified in the relevant award agreement.

**Rights on death or termination of employment.** If the participant's employment is terminated for cause other than death, all of the options and awards granted shall be terminated on the date of the termination of employment for cause, regardless of whether they are vested and/or exercisable or not. If the participant's employment is terminated by reason of disability, the participant may exercise any options or awards granted that are exercisable at the time of the termination within 12 months of such date of termination of employment. If the participant's employment is terminated as a result of death, the participant's executors or administrators of estate may exercise any options or awards granted that are exercisable at the time of the termination of employment within 6 months of such date of termination of employment. If the participant's employment is terminated for any reason other than those referred to above, the participant may exercise any options or awards granted that are exercisable at the time of the termination within 3 months of such date of termination of employment.

**Transfer restriction.** Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2020 Share Incentive Plan or the relevant award agreement, such as transfers by will or the laws of descent and distribution or by trusts or companies established in connection with any employee benefit plan.

**Acceleration of Awards upon Change in Control.** In the event of any change in control event as defined in the plan, unless otherwise provided under the award agreement, each outstanding award shall be assumed or substituted by the successor corporation and our right to repurchase upon termination of an awardee's relationship as a service provider shall be assigned to the successor corporation, and if the award is not assumed or substituted or our right is not assigned, shall become fully vested and exercisable and be released from any of our repurchase or similar rights.

**Amendment, termination and suspension.** Unless terminated earlier, the 2020 Share Incentive Plan shall continue in effect for a term of ten years. Our board of the directors may at any time amend, alter, suspend, or terminate the 2020 Share Incentive Plan, subject to applicable laws and our articles of association. Termination shall not affect the Administrator's ability to exercise the powers granted to it under the 2020 Share Incentive Plan prior to such termination. No ordinary shares shall be delivered or sold under the plan after the termination thereof, except upon exercise of an award granted prior to the termination of the plan.

#### **2023 Share Incentive Plan**

In April 2023, we adopted our 2023 share incentive plan, which is effective upon the completion of this offering. The maximum aggregate number of ordinary shares that may be issued under this 2023 Share Incentive Plan is 15,000,000, including any reserved and issued share under the 2020 Share Incentive Plan held by Nortye Talent Limited and Nortye International Limited.

The following paragraphs describe the principal terms of our 2023 Share Incentive Plan:

**Type of awards.** The 2023 Share Incentive Plan permits awards of options, restricted shares, restricted share units and other types of awards as the case may require.

**Plan administration.** The 2023 Share Incentive Plan is administered by our board of directors or committee or officer as authorized by the board of directors (within its delegated authority) (the "Administrator"). The Administrator determines, among other things, the participants eligible to receive awards, the type and number of the awards to be granted to each eligible participant and the terms and conditions of each award.

**Eligibility.** Awards may be granted to our employees, directors, consultants, or trusts or companies established in connection with any of our employee benefit plans.

**Award agreement.** Awards granted will be evidenced by an award agreement in the forms approved by the Administrator. The award agreement contains the terms established by the Administrator for that award, as well as any other additional terms, provisions, or restrictions that the Administrator may impose on the award.

**Vesting schedule.** In general, the Administrator determines the vesting schedule, which is specified in the relevant award agreement.

**Rights on death or termination of employment.** If the participant's employment is terminated for cause other than death, all of the options and awards granted shall be terminated on the severance date, regardless of whether they are vested and/or exercisable or not. If the participant's employment is terminated by reason of disability, the participant may exercise any options or awards granted that are exercisable at the time of the termination within 12 months of such date of termination of employment. If the participant's employment is terminated as a result of death, the participant's executors or administrators of estate may exercise any options or awards granted that are exercisable at the time of the termination of employment within 6 months of such date of termination of employment. If the participant's employment is terminated for any reason other than those referred to above, the participant may exercise any options or awards granted that are exercisable at the time of the termination within 3 months of such date of termination of employment.

**Acceleration of Awards upon Change in Control.** In the event of any change in control event as defined in the plan, unless otherwise provided under the award agreement, each outstanding award shall be assumed or substituted by the successor corporation and our right to repurchase upon termination of an awardee's relationship as a service provider shall be assigned to the successor corporation, and if the award is not assumed or substituted or right is not assigned, shall become fully vested and exercisable and be released from any of our repurchase or similar rights.

**Transfer restriction.** Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2023 Share Incentive Plan or the relevant award agreement, such as transfers by will or the laws of descent and distribution or by trusts or companies established in connection with any employee benefit plan.

**Amendment and termination.** Unless terminated earlier, the 2023 Share Incentive Plan shall continue in effect for a term of ten years. Our board of the directors may at any time amend, alter, suspend, or terminate the 2023 Share Incentive Plan, subject to applicable laws and our articles of association. Termination shall not affect the Administrator's ability to exercise the powers granted to it under the 2023 Share Incentive Plan prior to such termination. No ordinary shares shall be delivered or sold under the plan after the termination thereof, except upon exercise of an award granted prior to the termination of the plan.

The following table summarizes, as of the date of this prospectus, the number of ordinary shares underlying outstanding options that we granted to our directors and executive officers:

Name	Ordinary Shares Underlying Options	Exercise Price (US\$/Share)	Date of Grant	Date of Expiration
Yang Lu	3,200,000	2.0	31/05/2021	31/05/2031
Lars Erik Birgeron	*	1.1	08/09/2020	08/09/2030
	*	2.2	01/04/2022	01/04/2032
Kaiyang Tang	*	1.1	08/09/2020	08/09/2030
	*	1.8	01/11/2020	01/11/2030
	*	2.2	01/04/2022	01/04/2032
Wei (Vicky) Zhang	*	2.0	01/10/2021	01/10/2031
Victoria Elizabeth Demby	*	2.2	01/07/2022	01/07/2032
<b>All directors and executive officers as a group</b>	<b>4,350,000</b>			

\* Less than 1% of our total outstanding shares on an as-converted basis as of the date of this prospectus.

## PRINCIPAL SHAREHOLDERS

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of the date of this prospectus by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% of our ordinary shares.

The calculations in the table below are based on 97,983,414 ordinary shares on an as-converted basis outstanding as of the date of this prospectus and Class A ordinary shares and Class B ordinary shares outstanding immediately after the completion of this offering and the concurrent private placement.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to such securities. Except as otherwise indicated, all persons listed below have sole voting and investment power with respect to the shares beneficially owned by them. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned Prior to This Offering		Ordinary Shares Beneficially Owned After This Offering			
	Ordinary Shares	% of Beneficial Ownership	Class A ordinary shares	Class B ordinary shares	% of Beneficial Ownership (of total Class A ordinary shares and Class B ordinary shares)	% of aggregate voting power
<b>Directors and Executive Officers*:</b>						
Yang Lu <sup>(1)</sup>	37,530,000	38.3				
Ping Ji	—	—				
Shuqing Wu	—	—				
Lars Erik Birgeron	—	—				
Shaorong Liu	—	—				
Ming Lun Alan Tse	—	—				
Cheguo Cai	—	—				
Kaiyang Tang	—	—				
Wei (Vicky) Zhang	—	—				
Victoria Elizabeth Demby	—	—				
All Directors and Executive Officers as a Group	37,530,000	38.3				
<b>Principal Shareholders</b>						
Archer Future Limited <sup>(1)</sup>	16,990,000	17.3				
Nortye Talent Limited <sup>(3)</sup>	9,000,000	9.2				
ATCG Holding Limited <sup>(2)</sup>	6,868,657	7.0				
JIN YIN (BVI) LIMITED <sup>(4)</sup>	6,060,000	6.2				
Nortye International Limited <sup>(5)</sup>	6,000,000	6.1				
UNIQUE MARK VENTURES LIMITED <sup>(6)</sup>	5,750,790	5.9				
PECO International Limited <sup>(1)</sup>	5,000,000	5.1				

## Notes:

- \* The business address of Yang Lu and Wei (Vicky) Zhang is c/o P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands; the business address of Ping Ji is 212 Carnegie Center, Princeton, NJ 08540 U.S.; the business address of Shuqing Wu is Building G1, Lian Yang Constellation, No. 2433, Yanggao Road, Pudong New District, Shanghai, China; the business address of Shaorong Liu is Floor 13, No.256, Pudong South Road, Pudong New Area, Shanghai, China; the business address of Ming Lun Alan Tse is 21/F, Hysan Place, 500 Hennessy Road, Causeway Bay, Hong Kong; the business address of Cheguo Cai is No.1 Xiangshan Branch Lane, Xihu District, Hangzhou, China; the business address of Lars Erik Birgerson, Kaiyang Tang, and Victoria Elizabeth Demby is 685 US Hwy 1, 2nd floor, North Brunswick Township, NJ 08902 U.S.
- † For each person and group included in this column, percentage voting power is calculated by dividing voting power beneficially owned by such person or group by voting power of all of our Class A ordinary shares and Class B ordinary shares as a single class. Each holder of Class A ordinary shares is entitled to one vote per share and each holder of Class B ordinary shares is entitled to fifteen votes per share on all matters subject to vote at our general meeting. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law or provided for in our post-offering memorandum and articles of association. Each Class B ordinary share is convertible into one Class A ordinary share at the option of the holder thereof at any time upon written notice to our company, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances.
- (1) Represents (i) 16,990,000 ordinary shares held by Archer Future Limited, a British Virgin Islands company wholly owned by Sagitta Future Limited, which is in turn wholly owned by Trident Trust Company (HK) Limited. Trident Trust Company (HK) Limited is holding these shares as the trustee for the benefit of Mr. Yang Lu and his family members. Mr. Lu is the settlor of the trust. Under the terms of this trust, Mr. Lu is able to exercise voting rights and dispositive rights attached to the ordinary shares held by Archer Future Limited. The registered address of Archer Future Limited is Trident Chambers, P.O. Box 146, Road Town, Tortola, British Virgin Islands. The registered address of Trident Trust Company (HK) Limited is 14th floor, Golden Centre, 188 des Voeux Road Central, Hong Kong; (ii) 5,000,000 ordinary shares held by PECO International Limited, a British Virgin Islands company wholly owned by PECO Innovation Limited, which is in turn wholly owned by PraxisIFM Fiduciaries (Hong Kong) Limited. PraxisIFM Fiduciaries (Hong Kong) Limited is holding these shares as the trustee for the benefit of Mr. Lu and certain of our former and existing employees and consultants. Under the terms of this trust, Mr. Lu has the power to direct the trustee with respect to the retention or disposal of, and the exercise of any voting and other rights attached to the ordinary shares held by PECO International Limited. The registered address of PraxisIFM Fiduciaries (Hong Kong) Limited is 20/F, 88 Gloucester Road, Wan Chai, Hong Kong. The registered address of PECO International Limited is Nerine Chambers, P.O. Box 905, Road Town, Tortola, British Virgin Islands; (iii) 2,550,000 ordinary shares held by DH Future Limited, a British Virgin Islands company wholly owned by DH Accrescent Limited, which is in turn wholly owned by Trident Trust Company (HK) Limited. Trident Trust Company (HK) Limited is holding these shares as the trustee for the benefit of Mr. Donghui Yang and his family members. Mr. Yang is the settlor of the trust. Under the terms of this trust, Mr. Yang is able to exercise voting rights and dispositive rights attached to the ordinary shares held by DH Future Limited. The Registered address of DH Future Limited is P.O. Box 146, Road Town, Tortola, British Virgin Islands. Mr. Lu and Mr. Yang entered into an acting-in-concert agreement, pursuant to which Mr. Lu is able to exercise voting power entrusted from Mr. Yang; and (iv) 12,990,000 ordinary shares issuable upon the conversion of 6,060,000 Series A preferred shares held by JIN YIN (BVI) LIMITED, 3,500,000 Series A preferred shares held by LAI NUO (BVI) LIMITED and 3,430,000 Series A preferred shares held by LV YI (BVI) LIMITED. Mr. Lu and these three Series A preferred investors entered into an acting-in-concert agreement, pursuant to which Mr. Lu is able to exercise voting rights entrusted from the other signing parties. (a) For more information regarding JIN YIN (BVI) LIMITED, please see Note (4) below; (b) LAI NUO (BVI) LIMITED is a British Virgin Islands company wholly owned by Hangzhou Lainuo Investment Limited Partnership. Shanghai Haomo Investment and Management Co., Ltd. is the general partner of Hangzhou Lainuo Investment Limited Partnership. Mi Yin and Yan Jiang hold 80% and 20% equity interests in Shanghai Haomo Investment and Management Co., Ltd., respectively. The registered address of LAI NUO (BVI) LIMITED is Craigmuir Chambers, Road Town, Tortola, VG 1110, Virgin Islands (British). The registered address of Hangzhou Lainuo Investment Limited Partnership is Room 328, Building 6, No. 88, Jiangling Road, Binjiang District, Hangzhou, China. The registered address of Shanghai Haomo Investment and Management Co., Ltd. is Room 399, 3rd Floor, Building 5, No.2801-2809, Tiancheng Road, Qingpu District, Shanghai, China; and (c) LV YI (BVI) LIMITED is a British Virgin Islands company wholly owned by Hangzhou Lvyi Investment and Management Limited Partnership. Congcong Wang is the general partner of Hangzhou Lvyi Investment and Management Limited Partnership. The registered address of LV YI (BVI) LIMITED is Craigmuir Chambers, Road Town, Tortola, VG 1110, Virgin Islands (British). The registered address of Hangzhou Lvyi Investment and Management Limited Partnership is Room 102, 2nd Floor, Building 6, No. 202, Zhenzhong Road, Xihu District, Hangzhou, China. All the preferred shares held by JIN YIN (BVI) LIMITED, LAI NUO (BVI) LIMITED and LV YI (BVI) LIMITED will be converted into Class A ordinary shares immediately upon the effective date of our registration statement relating to this offering.
- (2) Represents 6,868,657 ordinary shares issuable upon the conversion of 4,600,632 Series C preferred shares and 2,268,025 Series D preferred shares held by ATCG Holding Limited, a limited company incorporated in British Virgin Islands. ATCG Holdings Limited is controlled by Mr. Hui Shao through a trust and of which Mr. Shao and his family members are the beneficiaries. The registered address of ATCG Holding Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. All the preferred shares held by ATCG Holding Limited will be converted into Class A ordinary shares immediately upon the effective date of our registration statement relating to this offering.
- (3) Represents 9,000,000 ordinary shares held by Nortye Talent Limited, a British Virgin Islands company wholly owned by Trident Trust Company (HK) Limited. Trident Trust Company (HK) Limited is holding these shares as the trustee for the benefit of certain employees of the Company in the trust. We are the settlor of this trust. Under the terms of this trust, the sole member of the

advisory committee, Mr. Jun Zhou, is able to exercise voting rights and dispositive rights attached to the ordinary shares held by Nortye Talent Limited as of the date of this prospectus. The registered address of Nortye Talent Limited is P.O. Box 146, Road Town, Tortola, British Virgin Islands.

- (4) Represents 6,060,000 ordinary shares issuable upon the conversion of Series A preferred shares held by JIN YIN (BVI) LIMITED, a British Virgin Islands company wholly owned by Shanghai Gaopei Duwei Biotechnology Co. Hangzhou Jingyin Investment Partnership (Limited Partnership) and Hangzhou Jingfeng Investment Management Company hold 99.0% and 1.0% equity interests in Shanghai Gaopei Duwei Biotechnology Co., respectively. The general partner of Hangzhou Jingyin Investment Partnership (Limited Partnership) is Hangzhou Jingfeng Investment Management Company. Hangzhou Jingfeng Investment Management Company is wholly-owned by Shijun Feng. The registered address of JIN YIN (BVI) LIMITED is Craigmuir Chambers, Road Town, Tortola, VG 1110, British Virgin Islands. The registered address of Shanghai Gaopei Duwei Biotechnology Co. is Room 2207A, No. 28, Maji Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, China. The registered address of Hangzhou Jinyin Investment Partnership (Limited Partnership) is Room 357, No.88-2, Yuanshuaimiaohou, Shangcheng District, Hangzhou, China. The registered address of Hangzhou Jingfeng Investment Management Company is Room 606-47, Building 1, No. 217, Wujiang Road, Shangcheng District, Hangzhou, China.
- (5) Represents 6,000,000 ordinary shares held by Nortye International Limited, a British Virgin Islands company wholly owned by Trident Trust Company (HK) Limited. Trident Trust Company (HK) Limited is holding these shares as the trustee for the benefit of certain employees of the Company in the trust. We are the settlor of this trust. Under the terms of this trust, the sole member of the advisory committee, Mr. Xiao Zhang, is able to exercise voting rights and dispositive rights attached to the ordinary shares held by Nortye International Limited as of the date of this prospectus. The registered address of Nortye International Limited is P.O. Box 146, Road Town, Tortola, British Virgin Islands.
- (6) Represents 5,750,790 ordinary shares issuable upon the conversion of Series C preferred shares held by UNIQUE MARK VENTURES LIMITED, a British Virgin Islands company wholly owned by RONGXI HONGKONG INVESTMENT MANAGEMENT LIMITED, which is in turn wholly owned by Zhuhai Rongxi Capital Investment LLP. Zhuhai Rongxi Capital Investment LLP is ultimately controlled by the Industrial and Commercial Bank of China Limited, a PRC state-owned bank and a public company, and the voting and/or dispositive power with respect to the shares owned by UNIQUE MARK VENTURES LIMITED is exercised jointly by members of the asset management department of the Industrial and Commercial Bank of China Limited, rather than any specific individuals. The registered address of UNIQUE MARK VENTURES LIMITED is Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The registered address of RONGXI HONGKONG INVESTMENT MANAGEMENT LIMITED is Room 1005, 10/F., Champion Tower, 3 Garden Road, Central, Hong Kong. The registered address of Zhuhai Rongxi Capital Investment LLP is Room 105, No. 6, Baohua Road, Hengqin New District, Zhuhai, China. The registered address of the Industrial and Commercial Bank of China Limited is No. 55, Fuxingmennei Street, Xicheng District, Beijing, China. All the preferred shares held by UNIQUE MARK VENTURES LIMITED will be converted into Class A ordinary shares immediately upon the effective date of our registration statement relating to this offering.

As of the date of this prospectus, 0.9% of our ordinary shares are held by record holders in the United States. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

**RELATED PARTY TRANSACTIONS**

**Shareholders agreement**

See “Description of Share Capital — Shareholders agreement.”

**Employment agreements and indemnification agreements**

See “Management — Employment agreements and indemnification agreements.”

## DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company incorporated with limited liability and our affairs are governed by our memorandum and articles of association, the Companies Act (As Revised) of the Cayman Islands, which we refer to as the Companies Act below, and the common law of the Cayman Islands.

As of the date of this prospectus, our authorized share capital is US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each. As of the date of this prospectus, (i) 40,440,000 ordinary shares, (ii) 14,560,000 Series A preferred shares, (iii) 13,607,896 Series B preferred shares, (iv) 14,653,013 Series C preferred shares and (v) 14,722,505 Series D preferred Shares are issued and outstanding.

Immediately prior to the completion of this offering and the concurrent private placement, we will have 80,993,414 Class A ordinary shares and 16,990,000 Class B ordinary shares issued and outstanding, assuming the underwriters do not exercise the option to purchase additional ADSs. All of our shares issued and outstanding prior to the completion of the offering are and will be fully paid, and all of our shares to be issued in the offering will be issued as fully paid.

### **Our post-offering memorandum and articles of association**

We have adopted a seventh amended and restated memorandum and articles of association, which will become effective and replace our sixth amended and restated memorandum and articles of association in its entirety immediately prior to the completion of this offering. The following are summaries of material provisions of the post-offering memorandum and articles of association that we have adopted and of the Companies Act, insofar as they relate to the material terms of our ordinary shares.

*Objects of our company.* Under our post-offering memorandum and articles of association, the objects of our company are unrestricted, and we have the full power and authority to carry out any object not prohibited by the laws of the Cayman Islands.

*Ordinary shares.* Our ordinary shares are divided into Class A ordinary shares and Class B ordinary shares. Holders of our Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. Each Class A ordinary share shall entitle the holder thereof to one (1) vote on all matters subject to vote at our general meetings, and each Class B ordinary share shall entitle the holder thereof to fifteen (15) votes on all matters subject to vote at our general meetings. Our ordinary shares are issued in registered form and are issued when registered in our register of members.

*Conversion.* Each Class B ordinary share is convertible into one (1) Class A ordinary share at the option of the holder thereof at any time upon written notice to our company, while Class A ordinary shares cannot be converted into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary share by a shareholder, or any affiliate of the founder to any person who is not the founder, or an affiliate of the founder, or upon a change of ultimate beneficial ownership of any Class B ordinary share to any person who is not the founder, or an affiliate of the founder, such Class B ordinary share shall be automatically and immediately converted into one Class A ordinary share.

*Dividends.* Our directors may from time to time declare dividends (including interim dividends) and other distributions on our shares in issue and authorize payment of the same out of the funds of our company lawfully available therefor. In addition, our shareholders may declare dividends by ordinary resolution, but no dividend may exceed the amount recommended by our directors. Our post-offering memorandum and articles of association provide that dividends may be declared and paid out of the profits of the Company or, if permitted by the Companies Act, out of capital. Under the laws of the Cayman Islands, our company may declare and pay a dividend out of either profit or share premium account; provided that in no circumstances may a dividend be paid if that would result in our company being unable to pay its debts as they fall due in the ordinary course of business.

*Voting rights.* Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law or provided for in our post-offering memorandum and articles of association. In respect of matters requiring shareholders' vote, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to fifteen votes. At any general meeting a resolution put to the vote of the meeting shall be decided on by way of a poll

save that the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast at a meeting, while a special resolution requires the affirmative vote of no less than two-thirds of the votes cast attaching to the issued and outstanding ordinary shares at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our post-offering memorandum and articles of association. Our shareholders may, among other things, divide and combine their shares by ordinary resolution.

*General meetings of shareholders.* As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our post-offering memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by the chairman or a majority of our board of directors. Advance notice of at least seven (7) calendar days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of one or more of our shareholders holding shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to the issued and outstanding shares in our company entitled to vote at such general meeting.

The Companies Act provides shareholders with only limited rights to requisition a general meeting and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our post-offering memorandum and articles of association provide that upon the requisition of any one or more of our shareholders holding shares which carry in aggregate not less than ten percent (10%) of the votes attaching to the outstanding shares of our company entitled to vote at general meetings, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our post-offering memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders.

*Transfer of ordinary shares.* Subject to the restrictions set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in writing and in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the Nasdaq Stock Market may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they must, within one calendar month after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the Nasdaq Stock Market, be suspended and the register closed at such times and for such periods as our board of directors may from



time to time determine, provided, however, that the registration of transfers may not be suspended nor the register closed for more than 30 calendar days in any year as our board may determine.

*Liquidation.* On the winding up of our company, if the assets available for distribution amongst our shareholders will be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus will be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. If our assets available for distribution are insufficient to repay all of the paid-up capital, such assets will be distributed so that, as nearly as may be, the losses are borne by our shareholders in proportion to the par value of the shares held by them.

*Calls on shares and forfeiture of shares.* Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

*Redemption, repurchase and surrender of shares.* We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner as may be determined, before the issue of such shares, by our board of directors or by the shareholders by ordinary resolution. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a new issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

*Variation of rights of shares.* Whenever the capital of our company is divided into different classes, the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be materially adversely varied with the consent in writing of the holders of no less than two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of the class by a majority of two-thirds of the votes cast at such meeting. The rights conferred upon the holders of the shares of any class issued will not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation, allotment, or issue of further shares ranking *pari passu* with such existing class of shares.

*Issuance of additional shares.* Our post-offering memorandum and articles of association authorize our board of directors to issue additional ordinary shares from time to time as our board of directors may determine, to the extent of available authorized but unissued shares.

*Inspection of books and records.* Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records (other than our memorandum and articles of association, special resolutions which have been passed by our shareholders, and our register of mortgages and charges). Under Cayman Islands law, the names of our current directors can be obtained from a search conducted at the Registrar of Companies. However, we intend to provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

*Anti-takeover provisions.* Some provisions of our post-offering memorandum and articles of association may discourage, delay, or prevent a change of control of our company or management that shareholders may consider favorable, including provisions that:

- authorize our board of directors to issue additional ordinary shares from time to time as our board of directors may determine, to the extent of available authorized but unissued shares; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our post-offering memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

*Changes in capital.* Our shareholders may from time to time by ordinary resolution:

- increase our share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

Our shareholders may, by special resolution, subject to confirmation by the Grand Court of the Cayman Islands on an application by our company for an order confirming such reduction, reduce our share capital or any capital redemption reserve in any manner permitted by law.

*Exempted company.* We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

*Exclusive forum.* Unless we consent in writing to the selection of an alternative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising under the Securities Act and the Exchange Act. Any person or entity purchasing or otherwise acquiring any of our shares, ADSs or other securities shall be deemed to have notice of and consented to the provisions of our post-offering memorandum and articles of association. See “Risk Factors — Risks relating to the ADSs — You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law” and “Risk Factors — Risks relating to the ADSs — Forum selection provisions in our post-offering memorandum and articles of association and our deposit agreement with the depository bank could limit the

ability of holders of our ordinary shares, ADSs, or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary bank, and potentially others.”

#### **Differences in corporate law**

The Companies Act is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

*Mergers and Similar Arrangements.* The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (ii) a “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the surviving or consolidated company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose, a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote at a general meeting of such subsidiary are owned by the parent company.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissenting shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other rights save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and

- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

When a takeover offer is made and accepted by holders of 90.0% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four-month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, a dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

*Shareholders' Suits.* In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) so that a non-controlling shareholder may be permitted to commence a class action against or derivative actions in the name of the company to challenge actions where:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a "fraud on the minority."

*Indemnification of directors and executive officers and limitation of liability.* Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of directors and officers, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against the consequences of committing a crime, or against the indemnified person's own fraud or dishonesty.

This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our post-offering amended and restated memorandum and articles of association.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

*Directors' fiduciary duties.* Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer, or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company — a duty to act in good faith in the best interests of the company, a duty not to make a personal profit based on his position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

*Shareholder action by written consent.* Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. The Companies Act and our post-offering memorandum and articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held, and any such resolution in writing shall be as valid and effective as if the same had been passed at a general meeting of our company duly convened and held.

*Shareholder proposals.* Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders; provided that it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Companies Act provides shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our post-offering memorandum and articles of association allow our shareholders holding shares which carry in aggregate not less than ten percent of the total number of votes attaching to all issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our post-offering amended and restated articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

*Cumulative voting.* Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director.

Under the Companies Act of the Cayman Islands, cumulative voting for the election of directors is not permitted unless so provided in the memorandum and articles of association. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands, but our post-offering memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

*Removal of directors.* Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, directors may be removed by an ordinary resolution of our shareholders or by the board of directors. A director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) is prohibited by any applicable law or designated stock exchange rules from being a director; (v) without special leave of absence from our board, is absent from

meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (vi) is removed from office pursuant to any other provision of our articles of association.

*Transactions with interested shareholders.* The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting shares within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into bona fide in the best interests of the company and not with the effect of constituting a fraud on the minority shareholders.

*Dissolution; winding up.* Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by either an order of the courts of the Cayman Islands or by the board of directors.

Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so. Under the Companies Act, our company may be dissolved, liquidated, or wound up by a special resolution of our shareholders.

*Variation of rights of shares.* Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, if our share capital is divided into more than one class of shares, the rights attached to any such class may only be materially adversely varied with the consent in writing of the holders of not less than two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by a majority of two-thirds of the votes cast at such a meeting. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the shares of that class, be deemed to be materially adversely varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any shares of any class by our company.

*Amendment of governing documents.* Under the Delaware General Corporation Law, a corporation’s governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under the Companies Act and our post-offering memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

*Rights of non-resident or foreign shareholders.* There are no limitations imposed by our post-offering memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our post-offering memorandum and articles of association that require our company to disclose shareholder ownership above any particular ownership threshold.

## History of share capital

The following is a summary of changes in our share capital in the past three years.

### Ordinary shares

On May 28, 2021, Mr. Yang Lu transferred 900,000 ordinary shares through an entity controlled by him to Lucy Zhang for consideration of USD2,833,574 due to debt-to-equity swap for settlement of a convertible loan between Mr. Yang Lu and Lucy Zhang's father, each of Lucy Zhang and her father is an independent third party to Mr. Lu and us. Such convertible loan was provided by Lucy Zhang's father to Mr. Lu for the purpose of investing on our company. On July 5, 2021, we issued (i) 9,000,000 ordinary shares to Nortye Talent Limited and (ii) 6,000,000 ordinary shares to Nortye International Limited for nominal consideration as reservation for future transfers to employees upon their exercise of share incentive awards. On the same day, we issued (i) 5,000,000 ordinary shares to PECO International Limited for nominal consideration as compensation to certain management personnel and (ii) 16,990,000 ordinary shares to Archer Future Limited and 2,550,000 ordinary shares to DH Future Limited, for Mr. Yang Lu and Mr. Donghui Yang's family trust, respectively.

### Preferred shares

Our ultimate holding company was incorporated in the Cayman Islands on May 9, 2018. Before the completion of the restructuring in 2019, we completed the Series A investments. From January 2020 to April 2020, Series A investors exercised the options and converted their equity interests in Adlai Hangzhou to Series A preferred shares of the Company. As a result, we issued (i) 3,500,000 Series A preferred shares to LAI NUO (BVI) LIMITED; (ii) 6,060,000 Series A preferred shares to JIN YIN (BVI) LIMITED; (iii) 3,430,000 Series A preferred shares to LV YI (BVI) LIMITED; and (iv) 1,570,000 Series A preferred shares to Yingzhi International Limited.

In parallel with our reorganization, we also completed our series B financing issuing certain convertible loans by Hangzhou Adlai. Meanwhile, we also entered into a forward contract with Series B investors to grant them an option to convert their convertible loans of Hangzhou Adlai to Series B preferred shares of the Company. During April 2020 to May 2020, Series B investors had exercised the option, and we issued (i) 1,000,000 Series B preferred shares to BJCR Management Ltd. for consideration of RMB25,000,000; (ii) 960,000 Series B preferred shares to Ningbo Meishan Bonded Port Area Yahui Xinrun Investment Management Center (Limited Partnership) for consideration of RMB24,000,000; (iii) 640,000 Series B preferred shares to Beijing Yahui Qianfeng Equity Investment Partnership (Limited Partnership) for consideration of RMB16,000,000; (iv) 2,000,000 Series B preferred shares to QHYM Investment Ltd. for consideration of RMB50,000,000; and (v) 2,000,000 Series B preferred shares to Dexuan (Shanghai) Enterprise Management Center (Limited Partnership) for consideration of RMB50,000,000. On May 20, 2019, we entered into a warrant agreement with China Equities HK Limited under the condition of a bank facility agreement. In July 2021, China Equities HK Limited elected to exercise cashless exchange of such warrants, and we issued 100,000 Series B preferred shares to China Equities HK Limited.

Since the end of 2019, we attracted another round of investment and entered into a series of share purchase agreements, by, among others, with six investors pursuant to which the investors agreed to subscribe for a total of 14,653,013 Series C preferred shares. During December 2019 to August 2020, we issued (i) 1,150,158 Series C preferred shares to Hongkong Tigermed Co., Limited for consideration of USD5,000,000; (ii) 4,600,632 Series C preferred shares to ATCG Holdings Limited for consideration of USD20,000,000; (iii) 230,032 Series C preferred shares to Pingtan Hongtu No. 5 Venture Capital Partnership (Limited Partnership) for consideration of USD1,000,000; (iv) 2,300,316 Series C preferred shares to Pingtan Yingke Shengxin Chuangye Partnership (Limited Partnership) for consideration of USD10,000,000; (v) 621,085 Series C preferred shares to Pingtan Puxin Yingke Ruiyuan Venture Capital Partnership (Limited Partnership) for consideration of USD2,700,000; and (vi) 5,750,790 Series C preferred shares to UNIQUE MARK VENTURES LIMITED for consideration of USD25,000,000.

Since early 2021, pursuant to a series of share purchase agreements entered into by, among others, our ultimate holding company, our founders and more than ten investors, the investors agreed to subscribe for 14,722,505 Series D preferred shares. As a result, from May to July of 2021, we issued (i) 2,268,025 Series D

preferred shares to ATCG Holdings Limited for consideration of USD15,000,000; (ii) 756,008 Series D preferred shares to Hangzhou Tigermed Equity Investment Partnership (Limited Partnership) for consideration of USD5,000,000; (iii) 2,066,927 Series D preferred shares to Triwise Kangnuo Investment Limited for consideration of USD13,670,000; (iv) 1,239,854 Series D preferred shares to Qingdao Mukui Equity Investment Partnership (Limited Partnership) for consideration of USD8,200,000; (v) 680,407 Series D preferred shares to Wuxi Guolian Guokang Health Industry Investment Centre (Limited Partnership) for consideration of USD4,500,000; (vi) 453,605 Series D preferred shares to Week8 Holdings (HK) Limited for consideration of USD3,000,000; (vii) 302,403 Series D preferred shares to Ningbo Menovo Ruihe Equity Investment Partnership (Limited Partnership) for consideration of USD2,000,000; (viii) 4,536,050 Series D preferred shares to Xianjin Zhizao Industry Investment Fund II (Limited Partnership) for consideration of USD30,000,000; (ix) 226,802 Series D preferred shares to Adlai Nortye Investment Limited for consideration of USD1,500,000; (x) 453,605 Series D preferred shares to Legendstar Fund IV, L.P. for consideration of USD3,000,000; (xi) 1,512,017 Series D preferred shares to Phantom Capital Fund L.P. for consideration of USD10,000,000 and (xii) 226,802 Series D preferred shares to WuXi Biologics Healthcare Venture for consideration of USD1,500,000.

Immediately prior to the completion of this offering, issued and outstanding ordinary shares held by Archer Future Limited will be re-designated as Class B ordinary shares on a one-for-one basis, and the remaining issued and outstanding ordinary shares will be re-designated as Class A ordinary shares on a one-for-one basis.

#### ***Grant of share incentive awards***

We have granted options to purchase our ordinary shares to certain of our directors, executive officers, employees, and consultants. See “Management — Share incentive plans.”

#### **Shareholders agreement**

Our currently effective shareholders agreement was entered into on April 15, 2021 by and among us, our shareholders, and certain other parties named therein.

The current shareholders agreement provides for certain special rights, including registration right, right of first refusal and right of co-sale, and contains provisions governing the board of directors and other corporate governance matters. Those special rights as well as the corporate governance provisions will terminate upon the completion of this offering.



## DESCRIPTION OF AMERICAN DEPOSITARY SHARES

### American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent Class A ordinary shares (or a right to receive Class A ordinary shares) deposited with The Hong Kong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property that may be held by the depositary. The deposited shares, together with any other securities, cash or other property held by the depositary, are referred to as the deposited securities. The depositary's office at which the ADSs will be administered and its principal executive office are located at 240 Greenwich Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the Class A ordinary shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. For directions on how to obtain copies of those documents, see "Where You Can Find Additional Information."

### Dividends and Other Distributions

#### *How will you receive dividends and other distributions on the shares?*

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent.

**Cash.** The depositary will convert any cash dividend or other cash distribution we pay on the Class A ordinary shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation." The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. *If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.*

**Shares.** The depositary may distribute additional ADSs representing any Class A ordinary shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell Class A ordinary shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new Class A ordinary shares. The depositary may sell a portion of the distributed Class A ordinary shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

**Rights to purchase additional shares.** If we offer holders of our Class A ordinary shares any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. *In that case, you will receive no value for them.* The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of Class A ordinary shares, new ADSs representing the new Class A ordinary shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

**Other Distributions.** The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. *This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.*

#### **Deposit, Withdrawal and Cancellation**

##### ***How are ADSs issued?***

The depositary will deliver ADSs if you or your broker deposits Class A ordinary shares or evidence of rights to receive Class A ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

##### ***How can ADS holders withdraw the deposited securities?***

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the Class A ordinary shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

**How do ADS holders interchange between certificated ADSs and uncertificated ADSs?**

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

**Voting Rights****How do you vote?**

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our memorandum and articles of association or similar documents, to vote or to have its agents vote the Class A ordinary shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

*Except by instructing the depositary as described above, you will not be able to exercise voting rights unless you surrender your ADSs and withdraw the Class A ordinary shares. However, you may not know about the meeting enough in advance to withdraw the Class A ordinary shares.* In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote the Class A ordinary shares represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. *This means that you may not be able to exercise voting rights and there may be nothing you can do if the Class A ordinary shares represented by your ADSs are not voted as you requested.*

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to depository securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

**Fees and Expenses**

**Persons depositing or withdrawing shares or ADS holders must pay:**

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs

\$.05 (or less) per ADS per calendar year

**For:**

Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property

Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates

Any cash distribution to ADS holders

Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders

Depositary services

Persons depositing or withdrawing shares or ADS holders must pay:	For:
Registration or transfer fees	Transfer and registration of Class A ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw Class A ordinary shares
Expenses of the depositary	Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement) Converting foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or Class A ordinary shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates, or the custodian or we may convert currency and pay U.S. dollars to the depositary. Where the depositary converts currency itself or through any of its affiliates, the depositary acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained by it or its affiliate in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary's obligation to act without negligence or bad faith. The methodology used to determine exchange rates used in currency conversions made by the depositary is available upon request. Where the custodian converts currency, the custodian has no obligation to obtain the most favorable rate that could be obtained at the time or to ensure that the method by which that rate will be determined will be the most favorable to ADS holders, and the depositary makes no representation that the rate is the most favorable rate and will not be liable for any direct or indirect losses associated with the rate. In certain instances, the depositary may receive dividends or other distributions from us in U.S. dollars that represent the proceeds of a conversion of foreign currency or translation from foreign currency at a rate that was obtained or determined by us and, in such cases, the depositary will not engage in, or be responsible for, any foreign currency transactions and neither it nor we make any representation that the rate obtained or determined by us is the most favorable rate and neither it nor we will be liable for any direct or indirect losses associated with the rate.

### **Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depository may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depository sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

### **Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities**

The depository will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depository may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depository as a holder of deposited securities, the depository will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depository receives new securities in exchange for or in lieu of the old deposited securities, the depository will hold those replacement securities as deposited securities under the deposit agreement. However, if the depository decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depository may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depository will continue to hold the replacement securities, the depository may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADSs in exchange for new ADSs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depository may call for surrender of those ADSs or cancel those ADSs upon notice to the ADS holders.

### **Amendment and Termination**

#### ***How may the deposit agreement be amended?***

We may agree with the depository to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depository for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depository notifies ADS holders of the amendment. *At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.*

#### ***How may the deposit agreement be terminated?***

The depository will initiate termination of the deposit agreement if we instruct it to do so. The depository may initiate termination of the deposit agreement if

- 60 days have passed since the depository told us it wants to resign but a successor depository has not been appointed and accepted its appointment;

- we delist the ADSs from an exchange in the United States on which they were listed and do not list the ADSs on another exchange in the United States or make arrangements for trading of ADSs on the U.S. over-the-counter market;
- we delist our shares from an exchange outside the United States on which they were listed and do not list the shares on another exchange outside the United States;
- the depository has reason to believe the ADSs have become, or will become, ineligible for registration on Form F-6 under the Securities Act of 1933;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depository will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depository may sell the deposited securities. After that, the depository will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depository will sell as soon as practicable after the termination date.

After the termination date and before the depository sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depository may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind that have not settled if it would interfere with the selling process. The depository may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depository will continue to collect distributions on deposited securities, but, after the termination date, the depository is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to ADS holders (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

#### **Limitations on Obligations and Liability**

##### ***Limits on our Obligations and the Obligations of the Depository; Limits on Liability to Holders of ADSs***

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depository will not be a fiduciary or have any fiduciary duty to holders of ADSs;
- are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
- are not liable if we or it exercises discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;

- are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
- the depository has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depository agree to indemnify each other under certain circumstances.

#### **Requirements for Depository Actions**

Before the depository will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of Class A ordinary shares, the depository may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any Class A ordinary shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depository may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depository or our transfer books are closed or at any time if the depository or we think it advisable to do so.

#### **Your Right to Receive the Shares Underlying your ADSs**

ADS holders have the right to cancel their ADSs and withdraw the underlying Class A ordinary shares at any time except:

- when temporary delays arise because: (i) the depository has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our Class A ordinary shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of Class A ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

#### **Direct Registration System**

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is a feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depository to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depository of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depository will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and

delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depository's reliance on and compliance with instructions received by the depository through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depository.

**Shareholder Communications; Inspection of Register of Holders of ADSs**

The depository will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depository will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

**Jury Trial Waiver**

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our Class A ordinary shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws. If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law.

You will not, by agreeing to the terms of the deposit agreement, be deemed to have waived our or the depository's compliance with U.S. federal securities laws or the rules and regulations promulgated thereunder.



## SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering and the concurrent private placement, we will have ADSs outstanding, representing Class A ordinary shares, or approximately % of our outstanding ordinary shares. All of the ADSs sold in this offering will be freely transferable by persons other than by our “affiliates” without restriction or further registration under the Securities Act. Sales of substantial amounts of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our ordinary shares or the ADSs. We intend to apply to list the ADSs on the Nasdaq Stock Market, but we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by the ADSs.

### Lock-up agreements

We and each of our officers, directors who beneficially own our shares, holders of share-based awards, approximately 63.9% of our existing shareholders (representing over 77.7% of our total outstanding and issued shares on an as-converted basis prior to this offering) and Nippon Kayaku have agreed, subject to some exceptions, not to transfer or dispose of, directly or indirectly, any ADSs, ordinary shares or any securities convertible into or exchangeable or exercisable for ADSs or ordinary shares, for a period of 180 days after the date of the underwriting agreement. After the expiration of the 180-day period, the ordinary shares or ADSs held by our directors, officers, our existing shareholders, holders of share-based awards and Nippon Kayaku may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

### Rule 144

All of our ordinary shares that will be outstanding upon the completion of this offering and the concurrent private placement, other than those ordinary shares sold in this offering, are “restricted securities” as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, beginning 90 days after the date of this prospectus, a person who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of ours and has beneficially owned our restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and will be entitled to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our restricted securities for at least six months may sell a number of restricted securities within any three-month period that (together with any sales aggregated with them) does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares of the same class, in the form of ADSs or otherwise, which immediately after this offering and the concurrent private placement will equal Class A ordinary shares; or
- the average weekly trading volume of our ordinary shares of the same class, in the form of ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice, and the availability of current public information about us.

### Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell those ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

## TAXATION

*The following summary of Cayman Islands, PRC, and U.S. federal income tax considerations of an investment in the ADSs or ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax considerations relating to an investment in the ADSs or ordinary shares, such as the tax considerations under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China, and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Maples and Calder (Hong Kong) LLP, our Cayman Islands legal counsel; to the extent it relates to PRC tax law, it is the opinion of Han Kun Law Offices, our PRC legal counsel.*

### **Cayman Islands taxation**

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains, or appreciations, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not a party to any double tax treaties that are applicable to any payments made to or by the Company.

Further, no stamp duty is payable in respect of the issue of our ordinary shares or on an instrument of transfer in respect of our ordinary shares, unless the relevant instruments are executed in, or after execution brought within, the jurisdiction of the Cayman Islands or our company holds interests in land in the Cayman Islands.

Payments of dividends and capital in respect of the ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the ADSs, nor will gains derived from the disposal of the ADSs be subject to Cayman Islands income or corporate tax.

### **People's Republic of China taxation**

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside China with "de facto management body" within China is considered a resident enterprise. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts, and properties of an enterprise. In April 2009, the SAT issued a circular, known as SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise's primary assets, accounting books, and records, company seals, and board and shareholder meeting minutes are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China.

Our company is incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are maintained, outside the PRC. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes. For the same reasons, we believe our other entities outside China are not PRC resident enterprises either. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities

and uncertainties remain with respect to the interpretation of the term “de facto management body.” There can be no assurance that the PRC government will ultimately take a view that is consistent with us.

If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders (including the ADS holders) if such dividends are deemed to be sourced within the PRC. In addition, non-PRC resident enterprise shareholders (including the ADS holders) may be subject to PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares at a rate of 10% if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including the ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us) if such dividends or gains are deemed to be sourced within the PRC. These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise.

Pursuant to the PRC Enterprise Income Tax Law and its implementation rules, if a non-resident enterprise has not set up an organization or establishment in China, or has set up an organization or establishment but the income derived has no actual connection with such organization or establishment, it will be subject to a withholding tax on its PRC-sourced income at a rate of 10%. Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, the tax rate in respect to dividends paid by a PRC enterprise to a Hong Kong enterprise is reduced to 5% from a standard rate of 10% if the Hong Kong enterprise directly holds at least 25% of the PRC enterprise. Pursuant to the Notice of the State Administration of Taxation on the Issues concerning the Application of the Dividend Clauses of Tax Agreements, or SAT Circular 81, a Hong Kong resident enterprise must meet the following conditions, among others, in order to enjoy the reduced tax rate: (i) it must directly own the required percentage of equity interests and voting rights in the PRC resident enterprise; and (ii) it must have directly owned such percentage in the PRC resident enterprise throughout the 12 months prior to receiving the dividends. Furthermore, in accordance with the Measures for Non-resident Taxpayers’ Enjoyment of Treaty Benefits, which became effective in January 2020, where non-resident enterprises determine through self-assessment that they meet the conditions for entitlement of reduced tax rate according to tax treaties, they may enjoy such entitlement after reporting required information to competent tax authorities provided that they shall collect and retain relevant documents for future reference and inspections. Accordingly, our subsidiary Adlai Nortye (HK) Limited may be able to enjoy the 5% tax rate for the dividends it receives from its PRC incorporated subsidiaries if they satisfy the conditions prescribed under SAT Circular 81 and other relevant tax rules and regulations and complete necessary government formalities. However, according to SAT Circular 81, if the relevant tax authorities determine our transactions or arrangements are for the primary purpose of enjoying a favorable tax treatment, the relevant tax authorities may adjust the favorable tax rate on dividends in the future.

Provided that our Cayman Islands holding company is not deemed to be a PRC resident enterprise, holders of the ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our ordinary shares or ADSs. However, under SAT Circular 7 and SAT Circular 37, where a non-resident enterprise conducts an “indirect transfer” by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a “substance over form” principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. However, sales of shares and ADSs by investors through a public stock exchange where such shares or ADSs are acquired on a public stock exchange are currently exempt from these indirect transfer rules under SAT Circular 7 and SAT Circular 37. We and our non-PRC resident investors may be at risk of being required to file a return and being

taxed under SAT Circular 7 and SAT Circular 37, and we may be required to expend valuable resources to comply with SAT Circular 7 and SAT Circular 37, or to establish that we should not be taxed under these Circulars.

#### **United States federal income tax considerations**

The following discussion is a general discussion of certain U.S. federal income tax considerations relating to the ownership and disposition of ADSs or ordinary shares by U.S. Holders (as defined below) that acquire ADSs in this offering and holds ADSs as “capital assets” (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion does not address any aspect of U.S. federal gift or estate tax, alternative minimum tax, the Medicare tax on net investment income, or the state, local or non-U.S. tax consequences of an investment in the ADSs or ordinary shares. This discussion is based on the Code, its legislative history, existing, temporary and proposed regulations promulgated thereunder, published rulings, court decisions, and the income tax treaty between the U.S. and the PRC, or the Treaty, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. No ruling has been obtained and no ruling will be requested from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below, and as a result, there can be no assurance that the IRS will not disagree with or challenge any of the statements provided below.

This discussion is not a complete description of all tax considerations that may be relevant to particular investors in light of their individual circumstances or investors subject to special tax rules, such as:

- brokers or dealers in securities or currencies;
- mutual funds and pension plans;
- traders in securities that elect to use a mark-to-market method of tax accounting for securities holdings;
- banks or certain financial institutions;
- insurance companies;
- tax-exempt organizations, qualified retirement plans, individual retirement accounts or other tax deferred accounts;
- S-corporations, partnerships or other entities treated as partnerships or other pass-through entities for U.S. federal income tax purposes or persons holding ADSs or ordinary shares through any such entities;
- regulated investment companies or real estate investment trusts;
- persons that hold ADSs or ordinary shares as part of a hedge, straddle, constructive sale, conversion transaction, or other integrated investment;
- corporations that accumulate earnings to avoid U.S. federal income tax;
- persons whose functional currency for tax purposes is not the U.S. dollar;
- persons holding ADSs or ordinary shares in connection with a trade or business or permanent establishment outside the United States;
- U.S. expatriates; or
- persons that actually or constructively own 10% or more of (i) the total combined voting power of all classes of our voting stock or (ii) the total value of all classes of our stock (including ADSs or ordinary shares).

Each prospective investor is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S., and other tax considerations of the ownership and disposition of ADSs or ordinary shares.

#### **General**

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of ADSs or ordinary shares that is:

- an individual citizen or resident of the United States for U.S. federal income tax purposes;

- a corporation, or other entity classified as a corporation for U.S. federal income tax purposes, that was created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) the trust has a valid election in effect to be treated as a U.S. person.

For U.S. federal income tax purposes, income earned through an entity or arrangement classified as a partnership for U.S. federal income tax purposes is attributed to its owners. Accordingly, if a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of ADSs or ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships holding the ADSs or ordinary shares and their partners are urged to consult their tax advisors regarding an investment in the ADSs or ordinary shares.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by ADSs. The remainder of this discussion assumes that a U.S. Holder of the ADSs will be treated in this manner. Accordingly, deposits or withdrawals of ordinary shares for ADSs will generally not be subject to U.S. federal income tax.

Recent Treasury regulations may in some circumstances prohibit a U.S. Holder from claiming a foreign tax credit with respect to certain non-U.S. taxes that are not creditable under applicable income tax treaties, or the Foreign Tax Credit Regulations. Accordingly, a U.S. Holder should consult their tax advisor regarding the credibility or deductibility of any PRC taxes imposed on dividends on, or on dispositions of, ADSs, particularly if the U.S. Holder is not eligible to claim Treaty benefits. The discussion below regarding the credibility of PRC taxes does not address the foreign tax credit consequences to the U.S. Holder if such U.S. Holder is not eligible to claim the benefits of the Treaty.

#### **Dividends**

The following discussion is subject to the discussion under “Passive Foreign Investment Company” below. If we make cash distributions and you are a U.S. Holder, the gross amount of any distributions with respect to your ADSs or ordinary shares (including the amount of any taxes withheld therefrom) will be includible in your gross income on the day you actually or constructively receive such income as dividend income if the distributions are made from our current or accumulated earnings and profits, calculated according to U.S. federal income tax principles. We do not intend to calculate our earnings and profits according to U.S. federal income tax principles. Accordingly, you should expect that distributions on ADSs or ordinary shares, if any, will generally be treated as dividend income for U.S. federal income tax purposes. Dividends received on ADSs or ordinary shares will not be eligible for the dividends received deduction generally allowed to U.S. corporations. Dividends received by individuals and certain other non-corporate U.S. Holders may be subject to tax at the lower capital gain tax rate applicable to “qualified dividend income,” provided that certain conditions are satisfied, including that (1) the ADSs or ordinary shares on which the dividends are paid are readily tradeable on an established securities market in the United States, or, in the event that we are deemed to be a PRC resident enterprise under the PRC tax law, we are eligible for the benefits of the Treaty, (2) we are neither a PFIC nor treated as such with respect to such a U.S. Holder for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met. We expect ADSs (but not our ordinary shares), which we intend to apply to list on the Nasdaq Stock Market, will be considered readily tradeable on an established securities market in the United States, although there can be no assurance in this regard. U.S. Holders should consult their own tax advisors regarding the potential availability of the reduced dividend tax rate with respect of the ADSs and our ordinary shares.

As described under “Taxation — People’s Republic of China taxation,” we may be classified as a “resident enterprise” of China. In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law and are eligible for the benefits of the Treaty, dividends, if any, we pay on our ordinary shares, regardless of whether such shares are represented by ADSs, would be eligible for the favorable tax rate applicable to long-term capital gains, subject to applicable limitations and provided that we are not (and are

not treated with respect to the U.S. Holder as) a PFIC for the taxable year of the distribution or the preceding taxable year. U.S. Holders should consult their tax advisors regarding the availability of this tax rate for dividends paid with respect to our ADSs and our ordinary shares. Dividends paid on ADSs or ordinary shares, if any, will generally be treated as income from foreign sources and will generally constitute passive category income for U.S. foreign tax credit purposes. Any amount withheld in respect of PRC withholding tax will be treated as distributed to you for purposes of determining the amount of any taxable dividend. Depending on the U.S. Holder's individual facts and circumstances, a U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any nonrefundable PRC withholding taxes imposed on dividends received on ADSs or ordinary shares. For example, under the Foreign Tax Credit Regulations, in absence of a valid election to claim the benefits of an applicable income tax treaty, in order for any such foreign taxes to be creditable, foreign income tax rules of the applicable jurisdiction must be consistent with certain U.S. federal income tax principles. We have not determined whether the PRC income tax system meets these principles. Additionally, a U.S. Holder that is eligible to claim benefits under the Treaty will not be entitled to a foreign tax credit for the amount of any PRC withholding taxes with respect to which the holder is entitled to obtain a refund from the PRC taxing authorities. A U.S. Holder who does not elect to claim a foreign tax credit for foreign taxes withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of, and the various limitations on their ability to, claim the foreign tax credit under their particular circumstances.

#### ***Sale or other disposition***

The following discussion is subject to the discussion under "Passive Foreign Investment Company" below. A U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or ordinary shares. The holder's adjusted tax basis will generally equal the amount the holder paid (including the offering price for ADS or ordinary shares and trading fee, transaction levy and brokerage fee paid in connection with such purchase). Any gain or loss the U.S. Holder recognizes will generally be long-term capital gain or loss if ADSs or ordinary shares have been held for more than one year and will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes. Long-term capital gain of individuals and certain other non-corporate U.S. Holders will generally be eligible for a more favorable rate of taxation. The deductibility of a capital loss may be subject to limitations.

Gains from dispositions of ADSs or ordinary shares may be subject to PRC tax if such gains are deemed as income derived from sources within China for PRC tax purposes or result from an "indirect transfer" (see "— People's Republic of China taxation.") In that case, the amount realized would include the gross amount of the proceeds of the sale or disposition before deduction of the PRC tax. Any gain generally would constitute U.S.-source income. However, a U.S. Holder that is eligible for the benefits of the Treaty may be able to elect to treat its gain as PRC-source gain for foreign tax credit purposes. If a U.S. Holder is not eligible for the benefits of the Treaty or fails to treat any such gain as PRC-source, then such U.S. Holder would generally not be able to use any foreign tax credit arising from any PRC tax imposed on the disposition of ADSs or ordinary shares unless such credit can be applied (subject to applicable limitations) against U.S. federal income tax due on other income derived from foreign sources in the same income category (generally, the passive category). Recently finalized Treasury regulations may also impose additional limitations on the creditability of any PRC tax on sales or dispositions of ADSs or ordinary shares. For instance, such Treasury regulations generally preclude a U.S. Holder from claiming a foreign tax credit with respect to PRC income taxes on gains on dispositions of ADSs or ordinary shares if the U.S. Holder does not elect to apply the benefits of the Treaty. However, in that case it is possible that any PRC taxes on disposition gains may either be deductible or reduce the amount realized on the disposition. We also note that any PRC VAT will not be creditable for foreign tax credit purposes. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of the ADSs or ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

**Passive foreign investment company**

If we were classified as a PFIC for any taxable year during which a U.S. Holder holds the ADSs or ordinary shares, the U.S. Holder would generally be subject to adverse U.S. tax consequences, in the form of increased tax liabilities (subject to certain elections described below, if timely made) and special U.S. tax reporting requirements.

A non-U.S. corporation is a PFIC for U.S. federal income tax purposes for any taxable year in which (i) at least 75% of its gross income is “passive” income, such as interest and income from financial investments (the “income test”) or (ii) at least 50% of the average value of its assets (generally determined on a quarterly basis) consists of assets that produce or are held to produce passive income (the “asset test”). For purposes of making a PFIC determination, the non-U.S. corporation will be treated as owning its proportionate share of the assets and earning its proportionate share of the gross income of any other corporation of which it owns, directly or indirectly, 25% or more (by value) of the stock. For purposes of the asset test, any cash and cash invested in short-term, interest bearing, debt instruments, or bank deposits that are readily convertible into cash will generally count as producing passive income or held for the production of passive income, and goodwill should be treated as a non-passive asset to the extent that it is associated with activities that produce or are intended to produce non-passive income.

Based on current estimates of our gross income and the value of our gross assets (including goodwill) and the manner in which we conduct our business, we do not expect to be a PFIC for U.S. federal income tax purposes for the 2023 taxable year there can be no assurance that we will not be a PFIC for 2023 or any future taxable year as PFIC status is tested for each taxable year and will depend on the composition of our assets and income and the value of our assets (which may fluctuate significantly with our market capitalization) in such taxable year. With certain exceptions, we do not currently generate any income from our primary business, and our gross income is currently comprised primarily of interest and other investment income (which is passive) and governmental grants and the Option Grant Fee (which are both likely to be active income). Therefore, our PFIC status under the income test for any taxable year in which we do not generate significant income from our primary business, including the current taxable year, will likely depend on the relative amounts of governmental grants and the Option Grant Fee against the amounts of interest and other passive income we earn. The receipt of governmental grants is subject to various conditions and there can be no assurance that we will continue to receive governmental grants in future taxable years or as to the amount of governmental grants that we will receive in any taxable year. Additionally, the Option Grant Fee is not a reoccurring payment in future taxable years and is subject to repayment if certain conditions under the Nippon Kayaku Agreement are not satisfied. We cannot assure you that such conditions under the Nippon Kayaku Agreement will be satisfied and that the option grant fee will not be subject to repayment to Nippon Kayaku. Further, we will hold a substantial amount of cash and cash equivalents following the offering and while we continue to do so, our PFIC status for any taxable year will depend on the value of our goodwill. The value of our goodwill may be determined, in large part, by reference to the market price of the ADSs and ordinary shares, which is likely to be volatile given the nature of our business and the current market conditions. Therefore, we could be a PFIC for any taxable year if our market capitalization were to decrease significantly while we hold substantial cash and cash equivalents, or if the gross income that we and our subsidiaries earn from investing the portion of the cash raised in the offering is substantial in comparison with the gross income from our business operation. Furthermore, the application of the PFIC rules is subject to uncertainty in several respects, and there can be no assurance that the IRS will not challenge our application of the PFIC rules. Accordingly, we cannot assure you that we will not become a PFIC for the current or any future taxable year. *Our counsel expresses no opinion with respect to our expectations contained in this paragraph.*

If we are a PFIC for any taxable year during which a U.S. Holder holds the ADSs or ordinary shares, we generally will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding years during which the U.S. Holder holds the ADSs or ordinary shares, unless we cease to be a PFIC and the U.S. Holder makes a “deemed sale” election with respect to the ADSs or ordinary shares. If such election is timely made, the U.S. Holder will be deemed to have sold the ADSs and ordinary shares held by the U.S. Holder at their fair market value on the last day of the last taxable year in which we were a PFIC and any gain from such deemed sale would be subject to the consequences described in the following two paragraphs. In addition, a new holding period would be deemed to begin for the ADSs and ordinary shares for purposes of the PFIC rules. After the deemed sale election, the U.S. Holder’s ADSs or ordinary shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

If we were a PFIC for any taxable year during which you held the ADSs or ordinary shares, certain adverse U.S. federal income tax rules would apply. You would generally be subject to additional taxes and interest charges on certain “excess distributions” we make and on any gain realized on the disposition or deemed disposition of your ADSs or ordinary shares, regardless of whether we continue to be a PFIC in the year in which you receive an “excess distribution” or dispose of or are deemed to have disposed of, the ADSs or ordinary shares. Distributions in respect of ADSs or ordinary shares during a taxable year in which we are a PFIC would generally constitute “excess distributions” if, in the aggregate, they exceed 125% of the average amount of distributions with respect to your ADSs or ordinary shares over the three preceding taxable years or, if shorter, the portion of your holding period before such taxable year.

To compute the tax on “excess distributions” or any gain, (i) the “excess distribution” or the gain would be allocated ratably to each day in your holding period, (ii) the amount allocated to the current year and any tax year prior to the first taxable year in which we were a PFIC would be taxed as ordinary income in the current year, (iii) the amount allocated to other taxable years would be taxable at the highest applicable marginal rate in effect for that year, and (iv) an interest charge at the rate for underpayment of taxes for any period described under (iii) above would be imposed on the resulting tax liability on the portion of the “excess distribution” or gain that is allocated to such period. In addition, if we were a PFIC (or treated as a PFIC with respect to you) for any taxable year in which we make a distribution or the preceding taxable year, such distribution would not qualify for taxation at the more favorable tax rate if we are deemed to be a PRC resident enterprise under PRC tax law, as discussed in the “Dividends” section above.

Under certain attribution rules, if we were a PFIC for any taxable year in which you hold the ADSs or ordinary shares, you would be deemed to own your proportionate share of lower-tier PFICs, and would be subject to U.S. federal income tax under the PFIC rules described in the preceding paragraphs on (i) a distribution on the shares of a lower-tier PFIC and (ii) a disposition of shares of a lower-tier PFIC, both as if such U.S. Holder directly held the shares of such lower-tier PFIC.

You might be able to make a “mark-to-market” election with respect to the ADSs, but not our ordinary shares, in order to elect out of the tax treatment discussed above. If you make a valid mark-to-market election, you will include in gross income for each taxable year that we are treated as a PFIC an amount equal to the excess, if any, of the fair market value of your ADSs as of the close of such taxable year over your adjusted basis in such ADSs. You will be permitted a deduction for the excess, if any, of the adjusted basis of your ADSs over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on ADSs included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on any sale or other disposition of ADSs, will be treated as ordinary income. Ordinary loss treatment also will apply to the deductible portion of any mark-to-market loss on ADSs, as well as to any loss realized on a sale or disposition of ADSs, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs. Your basis in your ADSs will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations that are not PFICs generally will apply to distributions by us, except that the favorable rate discussed in the “Dividends” section above that may apply if we are deemed to be a PRC resident enterprise under PRC tax law will not apply to any distribution if we are a PFIC (or treated as a PFIC with respect to you) in the taxable year of the distribution or the preceding taxable year. If a U.S. Holder makes a mark-to-market election in respect of ADSs and we cease to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC.

The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter, or regularly traded, on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. For those purposes, we expect that the ADSs will each be treated as marketable stock upon their listing on the Nasdaq Stock Market, which we expect to be a qualified exchange for these purposes. We anticipate that the ADSs should qualify as being regularly traded, although there can be no assurance in this regard. U.S. Holders of ordinary shares are advised to consult their own tax advisor regarding their eligibility to make such election. Because a mark-to-market election cannot technically be made for equity interests in lower-tier PFICs that we own, if we are a PFIC for any taxable year, a U.S. Holder generally will continue to be subject to the general PFIC rules with respect to the holder’s indirect interest in any investments held by us that are treated as equity interest in a



PFIC for U.S. federal income tax purposes. You should consult your tax advisor as to the availability and desirability of a mark-to-market election if we were a PFIC, as well as the impact of such election on interests in any lower-tier PFICs. The PFIC rules provide for a separate election, referred to as a qualified electing fund election, which, if available, results in a tax treatment different from (and generally less adverse than) the general PFIC tax treatment described above. That election, however, will not be available to you as we do not intend to provide the information you would need to make or maintain that election.

If you own the ADSs or ordinary shares during any taxable year that we are a PFIC, you will generally be required to file an annual report containing such information as the United States Treasury Department may require. You should consult your own tax advisor regarding the application of the PFIC rules to your investment in ADSs or ordinary shares and the elections discussed above.

***U.S. information reporting and backup withholding rules***

Dividend payments with respect to ADSs or ordinary shares and the proceeds received on the sale or other disposition of ADSs or ordinary shares may be subject to information reporting to the IRS and to backup withholding, unless you are an exempt recipient. Backup withholding will not apply, however, if you provide a taxpayer identification number certifying that you are not subject to backup withholding and make any other required certification or if you are otherwise exempt from backup withholding. Any amounts withheld under the backup withholding rules from a payment to you will be refunded or credited against your U.S. federal income tax liability, provided that you timely file an appropriate claim for refund with the IRS and provide any required information. Backup withholding is not an additional tax. Certain U.S. Holders who hold “specific foreign financial assets,” including stock of a non-U.S. corporation that is not held in an account maintained by a U.S. “financial institution” may be required to attach to their tax returns for the year certain specified information. A U.S. Holder who fails to timely furnish the required information may be subject to a penalty. You are advised to consult with your tax advisor regarding the application of the U.S. information reporting and backup withholding rules to your particular circumstances.

**PROSPECTIVE INVESTORS IN THE ADSs OR ORDINARY SHARES SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS AS WELL AS ANY TAX CONSEQUENCES RESULTING FROM OWNING OR DISPOSING THE ADSs OR ORDINARY SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF THE TAX LAWS OF ANY STATE, LOCAL, NON-US JURISDICTION, OR ANY INCOME TAX TREATY, AND ESTATE, GIFT AND INHERITANCE LAWS.**

## UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated \_\_\_\_\_, between us and Cantor Fitzgerald & Co., 499 Park Avenue, New York, New York 10022 and CLSA Limited, 18/F One Pacific Place, 88 Queensway, Hong Kong, as representatives of the underwriters named below (the “Representatives”) and the sole book-running managers of this offering, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the ADSs shown opposite its name below:

Underwriter	Number of ADSs
Cantor Fitzgerald & Co.	
CLSA Limited	
Total	

The underwriting agreement provides that the obligations of the several underwriters are subject to certain conditions precedent such as the receipt by the underwriters of officers’ certificates and legal opinions and approval of certain legal matters by their counsel. We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part. In addition, the underwriters have advised us that they do not intend to confirm sales to any account over which they exercise discretionary authority.

The underwriters are expected to make offers and sales both inside and outside the U.S. through their respective selling agents. Any offers or sales in the U.S. will be conducted by broker-dealers registered with the SEC. CLSA Limited is not a broker-dealer registered with the SEC and may not make sales in the United States or to U.S. persons. CLSA Limited has agreed that it does not intend to and will not offer or sell any of the ADSs in the United States or to U.S. persons in connection with this offering.

### Option to purchase additional ADSs

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of \_\_\_\_\_ ADSs from us at the public offering price set forth on the cover page of this prospectus, less underwriting discounts and commissions. To the extent the option is exercised, each underwriter will be obligated, subject to certain conditions, to purchase a number of additional ADSs approximately proportionate to that underwriter’s initial purchase commitment as indicated in the table above.

### Indication of interest

A potential investor has indicated an interest to purchase up to US\$50.0 million of ADSs in this offering, which represents no more than \_\_\_\_\_ % of the total ADSs in this offering. Because indications of interest are not binding agreements or commitments to purchase, such investor may determine to purchase fewer ADSs than it has indicated an interest in purchasing or not to purchase any ADSs in this offering. The underwriters will receive the same underwriting discounts and commissions on any ADSs purchased by this investor as they will on any other ADSs sold to the public in this offering.

### Commission and expenses

The underwriters have advised us that they propose to offer the ADSs to the public at the public offering price set forth on the cover page of this prospectus and to certain dealers. After the initial offering, the Representatives may change the offering price and other selling terms.

The following table shows the public offering price, underwriting discounts and commissions that we are to pay the underwriters and the proceeds, before expenses, to us in connection with this offering. Such amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase additional ADSs.

	Per ADS		Total	
	Without Option to Purchase Additional ADSs	With Option to Purchase Additional ADSs	Without Option to Purchase Additional ADSs	With Option to Purchase Additional ADSs
Public offering price	\$	\$	\$	\$
Underwriting discounts and commissions	\$	\$	\$	\$
Proceeds to us, before expenses	\$	\$	\$	\$

We estimate expenses payable by us in connection with this offering, other than the underwriting discounts and commissions referred to above, will be approximately \$ . We have also agreed to reimburse the underwriters for up to \$ million of certain of their counsels' fees and expenses.

### Listing

We intend to list the ADSs on the Nasdaq Stock Market under the trading symbol "ANL." At this time, the Nasdaq Stock Market has not yet approved our application to list the ADSs. The closing of this offering is conditioned upon the Nasdaq Stock Market's final approval of our listing application, and there is no guarantee or assurance that the ADSs will be approved for listing on the Nasdaq Stock Market.

### No sales of similar securities

We and each of our officers, directors who beneficially own our shares, holders of share-based awards, approximately 63.9% of our existing shareholders (representing over 77.7% of our total outstanding and issued shares on an as-converted basis prior to this offering) and Nippon Kayaku (collectively, the "Lock-Up Parties") have agreed, subject to certain exceptions, not to, without the prior written consent of the Representative, directly or indirectly, for a period of 180 days after the date of the underwriting agreement:

- sell, offer to sell, contract to sell or lend, effect any short sale or establish or increase a "put equivalent position" (as defined in Rule 16a-1(h) under the Exchange Act) or liquidate or decrease any "call equivalent position" (as defined in Rule 16a-1(b) under the Exchange Act), pledge, hypothecate or grant any security interest in, or in any other way transfer or dispose of, any ADSs or any securities convertible into or exchangeable or exercisable for ADSs, in each case whether now owned or hereafter acquired by the Lock-Up Parties or with respect to which the Lock-Up Parties have or hereafter acquire the power of disposition (collectively, the "Lock-Up Securities"),
- make any demand for, or exercise any right with respect to the registration of any of the Lock-Up Securities, or the filing of any registration statement, prospectus or prospectus (or an amendment or supplement thereto) in connection therewith, under the Securities Act of 1933, as amended,
- enter into any swap, hedge or any other agreement or any transaction that transfers, in whole or in part, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of ordinary shares, ADSs or other securities, in cash or otherwise, or
- publicly announce the intention to do any of the foregoing.

The Lock-Up Parties may transfer the Lock-Up Securities in certain circumstances, including:

- (i) as a bona fide gift or gifts;
- (ii) to any immediate family member in a transaction not involving a disposition for value, or to any trust for the direct or indirect benefit of the Lock-Up Parties or the immediate family of the Lock-Up Parties (for the purposes of the lock-up agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin);
- (iii) by operation of law and/or pursuant to a qualified domestic order or in connection with a divorce settlement;

- (iv) by will or intestate succession to the legal representative, heir, beneficiary or immediate family of the Lock-Up Parties upon the death of the Lock-Up Parties;
- (v) in sales of Lock-Up Securities acquired in open market transactions after the completion of the Offering; provided that no filing under the Exchange Act or other public announcement shall be required or shall be voluntarily made in connection with subsequent sales of Lock-Up Securities acquired in such open market transactions;
- (vi) in transfers or dispositions of Lock-Up Securities to us pursuant to any contractual arrangement in effect on the date of this lock-up agreement that provides for the repurchase of the undersigned's Lock-Up Securities by us in connection with the termination of the undersigned's employment with us;
- (vii) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act, provided that such plan does not provide for the transfer of Lock-Up Securities during the Lock-Up Period, and provided, further that no filing under the Exchange Act or other public announcement shall be required or shall be voluntarily made in connection with such establishment of a trading plan; or
- (viii) if the undersigned is a corporation, partnership or other business entity, the distribution, not involving a disposition for value, of Lock-Up Securities to members, limited partners, shareholders or other equity holders of the undersigned.

*provided that*, (1) prior to any such transfer, (other than transfers pursuant to clause (v) above) the Representative receives a signed lock-up agreement, substantially in the form of the lock-up agreement, for the balance of the lock-up period from each donee, trustee, distributee or transferee, as the case may be, (2) any such transfer shall not involve a disposition for value, (3) in the case of the first three bullet points above, such transfers are not required to be reported with the SEC under the Exchange Act, and (4) the Lock-Up Parties do not otherwise voluntarily effect any public filing or report regarding such transfers.

Each of the Representatives may, in its sole discretion and at any time or from time to time before the termination of the 180-day period release all or any portion of the securities subject to lock-up agreements.

#### **Market making, stabilization and other transactions**

The underwriters may make a market in the ADSs as permitted by applicable laws and regulations. However, the underwriters are not obligated to do so, and the underwriters may discontinue any market-making activities at any time without notice in their sole discretion. Accordingly, no assurance can be given as to the liquidity of the trading market for the ADSs, that you will be able to sell any of the ADSs held by you at a particular time or that the prices that you receive when you sell will be favorable.

The underwriters have advised us that they, pursuant to Regulation M under the Exchange Act, may engage in short sale transactions, stabilizing transactions, syndicate covering transactions or the imposition of penalty bids in connection with this offering. These activities may have the effect of stabilizing or maintaining the market price of the ADSs at a level above that which might otherwise prevail in the open market. Establishing short sales positions may involve either "covered" short sales or "naked" short sales.

"Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional ADSs in this offering. The underwriters may close out any covered short position by either exercising their option to purchase additional ADSs or purchasing the ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase ADSs through the option to purchase additional ADSs.

"Naked" short sales are sales in excess of the option to purchase additional ADSs. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in this offering.

A stabilizing bid is a bid for the purchase of ADSs on behalf of the underwriters for the purpose of fixing or maintaining the price of the ADSs. A syndicate covering transaction is the bid for or the purchase of ADSs

on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that might otherwise exist in the open market. A penalty bid is an arrangement permitting the underwriters to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the ADSs originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member.

Neither we, nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the ADSs. The underwriters are not obligated to engage in these activities and, if commenced, may end any of these activities at any time. These transactions may be effected on the NASDAQ in the over-the-counter market or otherwise.

#### **Passive market making**

The underwriters may also engage in passive market making transactions in the ADSs on the Nasdaq Global Market in accordance with Rule 103 of Regulation M during a period before the commencement of offers or sales of the ADSs in this offering and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded. Passive market making may cause the price of the ADSs to be higher than the price that otherwise would exist in the open market in the absence of those transactions. The underwriters are not required to engage in passive market making and, if commenced, may end passive market making activities at any time.

#### **Electronic distribution**

A prospectus in electronic format may be made available by e-mail or on the websites or through online services maintained by one or more of the underwriters, selling group members (if any) or their affiliates. The underwriters may agree with us to allocate a specific number of ADSs for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' websites and any information contained in any other website maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

#### **Other activities and relationships**

The underwriters and certain of their respective affiliates are full service financial institutions engaged in a wide range of activities for their own accounts and the accounts of customers, which may include, among other things, corporate finance, mergers and acquisitions, merchant banking, equity and fixed income sales, trading and research, derivatives, foreign exchange, futures, asset management, custody, clearance and securities lending. The underwriters and certain of their affiliates have, from time to time, performed, and may in the future perform, various investment banking and financial advisory services for us and our affiliates, for which they received or will receive customary fees and expenses.

We have granted Cantor Fitzgerald & Co. a right of first refusal to participate in any public or certain private offerings of our equity securities within a period of three years following the later date of the completion of this offering or the termination of the Cantor Fitzgerald & Co's engagement, subject to certain limitations.

In addition, in the ordinary course of their business, the underwriters and their respective affiliates may, directly or indirectly, hold long or short positions, trade and otherwise conduct such activities in or with respect to debt or equity securities and/or bank debt of, and/or derivative products. Such investment and securities activities may involve our securities and instruments. The underwriters and their respective affiliates may also make investment recommendations or publish or express independent research views in respect of

such securities or instruments and may at any time hold, or recommend to clients that they acquire, long or short positions in such securities and instruments.

#### **Stamp taxes**

If you purchase ADSs offered in this prospectus, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus.

#### **Selling restrictions**

No action has been taken in any jurisdiction (except in the U.S.) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

#### ***United Arab Emirates***

The ADSs have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (1) in compliance with all applicable laws and regulations of the United Arab Emirates; and (2) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

#### ***Canada***

This prospectus constitutes an “exempt offering document” as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the ADSs. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this prospectus or on the merits of the ADSs and any representation to the contrary is an offence.

**Canadian investors are advised that this prospectus has been prepared in reliance on section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“NI 33-105”). Pursuant to section 3A.3 of NI 33-105, this prospectus is exempt from the requirement that the issuer and the underwriters provide investors with certain conflicts of interest disclosure pertaining to “connected issuer” and/or “related issuer” relationships that may exist between the issuer and the underwriters as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.**

#### ***Resale restrictions***

The offer and sale of the ADSs in Canada is being made on a private placement basis only and is exempt from the requirement that the issuer prepares and files a prospectus under applicable Canadian securities laws. Any resale of the ADSs acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, pursuant to a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the ADSs outside of Canada.

#### ***Representations of purchasers***

Each Canadian investor who purchases the ADSs will be deemed to have represented to the issuer and the underwriters that the investor (i) is purchasing the ADSs as principal, or is deemed to be purchasing as

principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an “accredited investor” as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* (“NI 45-106”) or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a “permitted client” as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*.

#### *Taxation and eligibility for investment*

Any discussion of taxation and related matters contained in this prospectus does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the ADSs and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the ADSs or with respect to the eligibility of the ADSs for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

#### *Rights of action for damages or rescission*

Securities legislation in certain of the Canadian jurisdictions provides certain purchasers of securities pursuant to an offering memorandum (such as this prospectus), including where the distribution involves an “eligible foreign security” as such term is defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and in Multilateral Instrument 45-107 *Listing Representation and Statutory Rights of Action Disclosure Exemptions*, as applicable, with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum, or other offering document that constitutes an offering memorandum, and any amendment thereto, contains a “misrepresentation” as defined under applicable Canadian securities laws. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed under, and are subject to limitations and defenses under, applicable Canadian securities legislation. In addition, these remedies are in addition to and without derogation from any other right or remedy available at law to the investor.

#### *Language of documents*

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the ADSs described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur Canadien confirme par les présentes qu’il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d’achat ou tout avis) soient rédigés en anglais seulement.*

#### **Australia**

This document does not constitute a prospectus, product disclosure statement or other disclosure document under the Australia’s Corporations Act 2001 (Cth) (the “Corporations Act”) of Australia. This document has not been lodged with the Australian Securities & Investments Commission and is only directed to the categories of exempt persons set out below. Accordingly, if you receive this document in Australia:

You confirm and warrant that you are either:

- a “sophisticated investor” under section 708(8)(a) or (b) of the Corporations Act;
- a “sophisticated investor” under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant’s certificate to the company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made; or
- a “professional investor” within the meaning of section 708(11)(a) or (b) of the Corporations Act.

To the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance.

You warrant and agree that you will not offer any of the ADSs issued to you pursuant to this document for resale in Australia within 12 months of those ADSs being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

#### ***European Economic Area***

In relation to each member state of the European Economic Area (each a “Member State”), no ADSs have been offered or will be offered pursuant to the offer described herein in that Member State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation, except that the ADSs may be offered to the public in that Member State at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or
- (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of ADSs shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

Each person in a Member State who acquires any ADSs in the offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the issuer and the underwriters that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any ADSs being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the issuer and the underwriters that the ADSs acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a Member State to qualified investors, in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale. Neither the issuer nor the underwriters have authorised, nor do they authorise, the making of any offer of ADSs through any financial intermediary, other than offers made by the underwriters which constitute the final placement of securities contemplated in this document.

The issuer and the underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to any ADSs in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase, or subscribe for, any ADSs and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In Member States, this document is being distributed only to, and is directed only at, persons who are “qualified investors” within the meaning of Article 2(e) of the Prospectus Regulation (“Qualified Investors”). This document must not be acted on or relied on in any Member State by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available in any Member State only to Qualified Investors and will be engaged in only with such persons.



**France**

The ADSs are being issued and sold outside the Republic of France and that, in connection with their initial distribution, the underwriters have not offered or sold and will not offer or sell, directly or indirectly, any ADSs to the public in the Republic of France, and that they has not distributed and will not distribute or cause to be distributed to the public in the Republic of France this prospectus or any other offering material relating to the ADSs, and that such offers, sales and distributions have been and will be made in the Republic of France only to qualified investors (investisseurs qualifiés) in accordance with Article L.411-2 of the Monetary and Financial Code and décret no. 98-880 dated October 1, 1998.

**Germany**

Each person who is in possession of this prospectus is aware that no German sales prospectus (Verkaufsprospekt) within the meaning of the Securities Sales Prospectus Act (Wertpapier-Verkaufsprospektgesetz, the “Act”) of the Federal Republic of Germany has been or will be published with respect to the ADSs. In particular, the underwriters have represented that they have not engaged and have agreed that they will not engage in a public offering (öffentliches Angebot) within the meaning of the Act with respect to any of the ADSs otherwise than in accordance with the Act and all other applicable legal and regulatory requirements.

**Peoples’ Republic of China**

This prospectus may not be circulated or distributed in the PRC and the ADSs may not be offered or sold, and will not offer or sell to any person for re-offering or resale directly or indirectly to any resident of the PRC except pursuant to applicable laws, rules and regulations of the PRC. For the purpose of this paragraph only, the PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

**Hong Kong**

No ADSs have been, may be or will be offered or sold in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell ADSs or debentures, whether as principal or agent; or to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made thereunder; or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”), or which do not constitute an offer to the public within the meaning of the C(WUMP)O. No document, invitation or advertisement relating to the ADSs has been issued or may be issued or will be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

This document has not been and will not be registered with the Registrar of Companies in Hong Kong. Accordingly, this document may not be issued, circulated or distributed in Hong Kong, and the ADSs may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the ADSs will be required, and is deemed by the acquisition of the ADSs, to confirm that he is aware of the restriction on offers of the ADSs described in this document and the relevant offering documents and that he is not acquiring, and has not been offered any ADSs in circumstances that contravene any such restrictions.

**Japan**

The offering has not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948 of Japan, as amended) (the “FIEA”). The ADS may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means, unless otherwise provided herein, any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

**Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ADSs may not be circulated or distributed, nor may the ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) under Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the ADSs under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation’s securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore (“Regulation 32”)

Where the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that trust has acquired the ADSs under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

**Switzerland**

The ADSs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the ADSs or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the issuer or the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or FINMA, and the offer of ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of securities.

**Israel**

This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968, or the Securities Law, and has not been filed with or approved by the Israel Securities Authority. In the State of

Israel, this document is being distributed only to, and is directed only at, and any offer of the ADSs is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of NIS 50 million and “qualified individuals”, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of same and agree to it.

#### ***United Kingdom***

In relation to the United Kingdom, no ADSs have been offered or will be offered pursuant to the offer described herein to the public in the United Kingdom prior to the publication of a prospectus in relation to the securities which has been approved by the UK Financial Conduct Authority, except that the ADSs may be offered to the public in the United Kingdom at any time:

- (i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- (ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the underwriters for any such offer; or
- (iii) in any other circumstances falling within Section 86 of the Financial Services and Markets Act 2000 (as amended) (the “FSMA”),

provided that no such offer of the ADSs shall require the issuer or any underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

Each person in the United Kingdom who acquires any ADSs in the offer or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the issuer and the underwriters that it is a qualified investor within the meaning of the UK Prospectus Regulation.

In the case of any ADSs being offered to a financial intermediary as that term is used in Article 5(1) of the UK Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the issuer and the underwriters that the ADSs acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the United Kingdom to qualified investors, in circumstances in which the prior consent of the underwriters has been obtained to each such proposed offer or resale. Neither the issuer nor the underwriters have authorised, nor do they authorise, the making of any offer of ADSs through any financial intermediary, other than offers made by the underwriters which constitute the final placement of ADSs contemplated in this document.

The issuer and the underwriters and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of this provision, the expression an “offer to the public” in relation to the securities in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase or subscribe for any securities and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018.

In the United Kingdom, this document is being distributed only to, and is directed only at, persons who are “qualified investors” within the meaning of Article 2(e) of the UK Prospectus Regulation who are also: (i) persons who fall within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”); (ii) persons falling within Article 49(2) of the Order; or (iii) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in

the United Kingdom by persons who are not relevant persons. Any investment or investment activity to which this document relates is available in the United Kingdom only to relevant persons and will be engaged in only with such persons.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may only be communicated or caused to be communicated in connection with the issue or sale of the ADSs in circumstances in which Section 21(1) of the FSMA does not apply. All applicable provisions of the FSMA and the Order must be complied with in respect of anything done by any person in relation to the ADSs in, from or otherwise involving the United Kingdom.

**EXPENSES RELATED TO THIS OFFERING**

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the FINRA filing fee, and the stock exchange market entry and listing fee, all amounts are estimates.

<b>SEC Registration Fee</b>	<b>US\$</b>
FINRA filing fee	
Stock exchange market entry and listing fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Miscellaneous	
<b>Total</b>	<b>US\$</b>

**LEGAL MATTERS**

We are being represented by O'Melveny & Myers LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Latham & Watkins LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the Class A ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Maples and Calder (Hong Kong) LLP. Certain legal matters as to PRC law will be passed upon for us by Han Kun Law Offices and for the underwriters by Zhong Lun Law Firm. O'Melveny & Myers LLP may rely upon Maples and Calder (Hong Kong) LLP with respect to matters governed by Cayman Islands law and Han Kun Law Offices with respect to matters governed by PRC law.

**EXPERTS**

The consolidated financial statements of Adlai Nortye Ltd. as of and for the years ended December 31, 2021 and 2022 have been included herein and in the registration statement in reliance upon the report of Mazars USA LLP, independent registered public accounting firm, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The offices of Mazars USA LLP located at 135 West 50th Street, New York, New York 10020.

## ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include but are not limited to:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors as compared to those of the United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our memorandum and articles of association does not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors, and shareholders, be arbitrated.

A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, or to bring an action against us or these individuals in the United States, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States.

Cogency Global Inc., with the address at 122 East 42nd Street, 18th Floor, New York, NY 10168, acts as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Maples and Calder (Hong Kong) LLP, our legal counsel as to Cayman Islands law, and Han Kun Law Offices, our legal counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the federal securities laws of the United States or the securities laws of any state in the United States; or
- entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the federal securities laws of the United States or the securities law of any state in the United States.

We have also been advised by Maples and Calder (Hong Kong) LLP that although there is no statutory enforcement in the Cayman Islands of judgments obtained in a U.S. court (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will, at common law, recognize and enforce a foreign monetary judgment of a foreign court of competent jurisdiction without any re-examination of the merits of the underlying dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the a liquidated sum for which such judgment has been given, provided such judgment, provided such judgment (i) is given by a foreign court of competent jurisdiction, (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (iii) is final and conclusive, (iv) is not in respect of taxes, a fine or a penalty, and (v) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.



However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the United States courts under civil liability provisions of the securities laws if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Han Kun Law Offices has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in China will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security, or social public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit. However, it would be difficult for foreign shareholders to establish sufficient nexus to China by virtue only of holding the ADSs or ordinary shares. In addition, it will be difficult for U.S. shareholders to originate actions against us in China in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to China for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

**WHERE YOU CAN FIND ADDITIONAL INFORMATION**

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to the underlying Class A ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 of which this prospectus forms a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC.

All information filed with the SEC can be obtained over the internet at the SEC's website at [www.sec.gov](http://www.sec.gov).

## ADLAI NORTYE LTD.

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## ADLAI NORTYE LTD.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and  
Shareholders of Adlai Nortye Ltd.

**Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated statements of financial position of Adlai Nortye Ltd. (the “Company”) as of December 31, 2021 and 2022, and the related consolidated statements of operations and comprehensive loss, changes in shareholders’ equity, and cash flows for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2022, and the results of its operations and its cash flows for each of the three years then ended in the period ended December 31, 2022, in conformity with International Financial Reporting Standards (IFRS) and its related interpretations as issued by the International Accounting Standards Board.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Mazars USA LLP

We have served as the Company’s auditor since 2022.

New York, New York  
April 13, 2023

**ADLAI NORTYE LTD.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE**  
**LOSS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

	Notes	Year ended December 31,	
		2021	2022
		\$'000	\$'000
<b>REVENUE</b>	4	45,726	—
Other operating income, net		183	259
Administrative expenses		(12,450)	(13,039)
Research and development expenses		(42,105)	(54,490)
<b>Total operating loss</b>		(8,646)	(67,270)
Other income and gains		213	2,079
Other expenses		(70)	(1,395)
Investment income		32	550
Fair value gain on financial assets at fair value through profit or loss (“FVTPL”)		40	484
Fair value (loss)/gain on financial liabilities at FVTPL	15	(46,910)	7,195
Finance costs	5	(1,337)	(433)
<b>LOSS BEFORE TAX</b>		<b>(56,678)</b>	<b>(58,790)</b>
Income tax expense	6	—	—
<b>LOSS FOR THE YEAR</b>		<b>(56,678)</b>	<b>(58,790)</b>
Attributable to:			
Ordinary Equity Holders of the Parent		(56,678)	(58,790)
<b>OTHER COMPREHENSIVE LOSS</b>			
Exchange differences on translation of the financial statements of subsidiaries		(94)	(3,157)
Other comprehensive loss for the year, net of tax		(94)	(3,157)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(56,772)</b>	<b>(61,947)</b>
Attributable to:			
Ordinary Equity Holders of the Parent		(56,772)	(61,947)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
Loss for the year (\$ per share)	8	(2.23)	(2.31)
Weighted average common shares outstanding . . . . .	8	25,440,000	25,440,000

The accompanying notes are an integral part of the Consolidated Financial Statements

**ADLAI NORTYE LTD.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2021 AND 2022**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

	Notes	Year ended December 31,	
		2021	2022
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		64,131	42,758
Financial assets at FVTPL	12	53,809	21,287
Prepayments, other receivables and other assets	11	6,604	2,258
<b>Total current assets</b>		<b>124,544</b>	<b>66,303</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	3,655	3,713
Right-of-use assets	10(a)	2,934	2,162
Other intangible assets		97	89
Prepayments, other receivables and other assets	11	455	327
<b>Total non-current assets</b>		<b>7,141</b>	<b>6,291</b>
<b>Total assets</b>		<b>131,685</b>	<b>72,594</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables		2,981	13,098
Other payables and accruals	13	3,224	3,877
Interest-bearing bank borrowings	14	10,457	4,307
Lease liabilities	10(b)	834	1,001
Financial liabilities at FVTPL	15	—	290,368
<b>Total current liabilities</b>		<b>17,496</b>	<b>312,651</b>
<b>Non-current liabilities</b>			
Lease liabilities	10(b)	2,054	1,236
Financial liabilities at FVTPL	15	297,563	—
<b>Total non-current liabilities</b>		<b>299,617</b>	<b>1,236</b>
<b>Total liabilities</b>		<b>317,113</b>	<b>313,887</b>
<b>SHAREHOLDERS' DEFICIT</b>			
Ordinary shares (par value of \$0.0001 per share; 442,456,586 shares authorized and 40,440,000 shares issued and outstanding as of December 31, 2021 and 2022)	17	4	4
Series A convertible preferred shares (par value of US\$0.0001 per share; 14,560,000 and 14,560,000 shares authorized, issued and outstanding as of December 31, 2021 and 2022, respectively)		10,980	10,980
Additional paid-in capital	18	6,415	6,415
Share option reserve	18	7,606	13,688
Exchange fluctuation reserve	18	(1,002)	(4,159)
Accumulated deficit	18	(209,431)	(268,221)
<b>Total shareholders' deficit</b>		<b>(185,428)</b>	<b>(241,293)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>131,685</b>	<b>72,594</b>

The accompanying notes are an integral part of the Consolidated Financial Statements

**ADLAI NORTYE LTD.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022**  
**(All amounts in thousands, except share and per share data, or as otherwise noted)**

	Attributable to owners of the parent						Total deficits
	Ordinary Shares	Additional paid-in capital	Series A convertible preferred shares	Share option reserve	Exchange fluctuation reserve	Accumulated losses	
	\$'000 (note 17)	\$'000 (note 18)	\$'000	\$'000 (note 18)	\$'000 (note 18)	\$'000	
At January 1, 2021	3	6,416	10,980	4,220	(908)	(152,753)	(132,042)
Loss for the year	—	—	—	—	—	(56,678)	(56,678)
Other comprehensive income for the year:							
Exchange differences on translation of the financial statements of subsidiaries	—	—	—	—	(94)	—	(94)
Issuance of shares for the trust arrangement under the Share Incentive Plan	1	(1)	—	—	—	—	—
Share-based compensation	—	—	—	3,386	—	—	3,386
At December 31, 2021	<u>4</u>	<u>6,415</u>	<u>10,980</u>	<u>7,606</u>	<u>(1,002)</u>	<u>(209,431)</u>	<u>(185,428)</u>
Loss for the year	—	—	—	—	—	(58,790)	(58,790)
Other comprehensive income for the year							
Exchange differences on translation of the financial statements of subsidiaries	—	—	—	—	(3,157)	—	(3,157)
Issuance of shares for the trust arrangement under the Share Incentive Plan	—	—	—	—	—	—	—
Share-based compensation	—	—	—	6,082	—	—	6,082
At December 31, 2022	<u>4</u>	<u>6,415</u>	<u>10,980</u>	<u>13,688</u>	<u>(4,159)</u>	<u>(268,221)</u>	<u>(241,293)</u>

The accompanying notes are an integral part of the Consolidated Financial Statements

**ADLAI NORTYE LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

	Notes	Year ended December 31,	
		2021	2022
		\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(56,678)	(58,790)
Adjustments for:			
Finance costs	5	1,337	433
Investment income		(32)	(550)
Fair value loss/(gain) on financial liabilities at FVTPL	15	46,910	(7,195)
Fair value gain on financial assets at FVTPL		(40)	(484)
Loss/(gain) on disposal of items of property, plant and equipment		5	(7)
Depreciation of property, plant and equipment	9	861	931
Amortization of intangible assets		16	20
Depreciation of right-of-use assets	10(a)	951	1,090
Equity-settled share-based payment expenses	19	3,386	6,082
(Increase)/Decrease in prepayments, other receivables and other assets		(419)	4,346
(Increase)/Decrease in non-current assets		(157)	128
Increase in current assets		(390)	—
Increase in trade payables		600	10,117
Increase in other payables and accruals		619	656
Decrease in advances from customers		(3)	—
<b>Net cash flows used in operating activities</b>		<b>(3,034)</b>	<b>(43,223)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(1,018)	(1,249)
Purchases of intangible assets		(102)	(19)
Proceeds from disposal of items of property, plant and equipment		—	17
Purchases of financial assets at FVTPL		(81,234)	(58,980)
Disposal of financial assets at FVTPL		27,465	88,057
Received investment income of financial assets at FVTPL		32	550
<b>Net cash flows (used in)/provided from investing activities</b>		<b>(54,857)</b>	<b>28,376</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issuance of financial instruments measured at FVTPL		97,370	—
Addition of bank borrowings		12,411	7,897
Bank borrowings interest paid		(427)	(292)
Repayment of bank borrowings		(10,430)	(13,315)
Transaction costs for issuance of convertible redeemable preferred shares		(758)	—
Payment for lease liabilities		(966)	(1,070)
<b>Net cash flows from/(used in) financing activities</b>		<b>97,200</b>	<b>(6,780)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>39,309</b>	<b>(21,627)</b>
Cash and cash equivalents at beginning of year		24,261	64,131
Effect of foreign exchange rate changes, net		561	254
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>64,131</b>	<b>42,758</b>

The accompanying notes are an integral part of the Consolidated Financial Statements



**ADLAI NORTYE LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED**  
**DECEMBER 31, 2021 AND 2022**

(All amounts in thousands, except share and per share data, or as otherwise noted)

**1. CORPORATE AND GROUP INFORMATION**

Adlai Nortye Ltd. (the “Company”) is a limited liability company incorporated in the Cayman Islands on 9 May 2018. The registered office of the Company is located at Harneys Fiduciary (Cayman) Limited, 4<sup>th</sup> Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The Company is an investing holding company. The Company’s subsidiaries were involved in the research and development of pharmaceutical products.

As of the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Date and place of incorporation / registration and place of operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Alpine Bioscience Ltd. (“Alpine BVI”)	British Virgin Islands 8 January 2018	One share of par value \$1	100%	—	Investment holding
Adlai Nortye (BVI) Ltd. (“Adlai BVI”)	British Virgin Islands 10 May 2018	One share of par value \$1	100%	—	Investment holding
Adlai Nortye USA Inc. (“Adlai US”)	The United States 30 January 2018	10,000 shares of par value \$0.0001 each	—	100%	Clinical studies and testing, and technology development and transfer
Adlai Nortye (Switzerland) AG (“Adlai Swiss”)	Switzerland 21 June 2022	100 shares of par value CHF1’000 each	—	100%	Investment holding
Adlai Nortye PTE.LTD (“Adlai SGP”)	Singapore 22 April 2022	One share of par value \$1	—	100%	Investment holding
Adlai Nortye (HK) Limited (“Adlai HK”)	Hong Kong 24 April 2018	HKD 0.001	—	100%	Investment holding
杭州阿诺生物医药科技有限公司 Hangzhou Adlai Nortye Biopharma Co., Ltd* (“Adlai Hangzhou”)	the People’s Republic of China (“PRC”)/ Mainland China 14 September 2004	RMB 200,000	—	100%	Product research and development, technology transfer and consulting services business
上海阿德莱诺泰生物医药科技有限公司 Shanghai Adlai Nortye Biopharma Co., Ltd* (“Adlai Shanghai”)	the People’s Republic of China (“PRC”)/ Mainland China 22 December 2021	RMB 10,000	—	100%	Product research and development, technology transfer and consulting services business
杭州塘创未来科技有限公司 Hangzhou Changchuang Weilai Technology Co., Ltd	the People’s Republic of China (“PRC”)/ Mainland China 2 November 2022	RMB 10,000	—	100%	Product research and development, technology transfer and consulting services business

\* The English name of the subsidiary registered in the PRC represents the best efforts made by management of the Company to translate its Chinese name as the subsidiary does not have an official English name.

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**2.1 BASIS OF PRESENTATION**

The consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated upon consolidation.

**2.2 BASIS OF PREPARATION**

Notwithstanding that the Group recorded net liabilities of \$241,293 as of December 31, 2022 and continually incurred losses from operations, the Consolidated Financial Statements have been prepared on a going concern basis. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months from December 31, 2022 because the convertible redeemable preferred shares would not be contractually redeemable within the next 12 months.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from January 1, 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Consolidated Financial Statements throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Recently issued accounting pronouncements:

In 2016, the IASB issued IFRS 16, which increases lease transparency and comparability among organizations. Under the new standard, lessees will be required to recognize all assets and liabilities arising from leases on the balance sheet, with the exception of leases with a term of 12 months or less, which permits a lessee to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities. IFRS 16 is effective for fiscal years beginning after January 1, 2019. The Company adopted the new lease accounting standard as of January 1, 2019. Adoption of this update increased the amounts of total assets and total liabilities on the Company’s consolidated financial position, and did not have a material impact on the Company’s consolidated results of operations and cash flows.

The Consolidated Financial Statements have been prepared under the historical cost convention except for certain financial liabilities which have been measured at fair value at the end of each of the Relevant Periods.

**2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs**

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective in the Consolidated Financial Statements.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>(2)</sup></i>
IFRS 17	<i>Insurance Contracts<sup>(1)</sup></i>
Amendments to IFRS 17	<i>Insurance Contracts<sup>(1)(3)</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current<sup>(1)</sup></i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies<sup>(1)</sup></i>
Amendments to IAS 8	<i>Definition of Accounting Estimates<sup>(1)</sup></i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction<sup>(1)</sup></i>
Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9<sup>(1)</sup></i>

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**2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)**

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- (1) Effective for annual periods beginning on or after 1 January 2023
- (2) No mandatory effective date yet determined but available for adoption
- (3) As a consequence of the amendments to IFRS 17 issued in October 2020, the effective date of IFRS 17 was deferred to January 1, 2023, and IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group expects that these standards will not have a significant effect on the Group's financial performance and financial position.

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) contractual arrangements with other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

All assets and liabilities for which fair value is measured or disclosed in the Consolidated Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset or cash-generating unit's value in use and its fair value less cost of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Group are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Group are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	10% to 19%
Office equipment	19% to 20%
Motor vehicles	19%
Electronic equipment	19% to 20%
Leasehold improvements	The shorter of remaining lease terms or estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss and other comprehensive income in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

*Computer software*

Computer software is stated at cost less any impairment losses and amortized on a straight-line basis over its estimated useful life of 5 years.

The estimated useful life of software is determined by considering the period of the economic benefits to the Group, as well as by referring to industry practice.

Research and development costs

All research costs are charged to expense as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the Group's ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Offices	2 to 5 years
Office equipment	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Financial assets

*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income.

This category includes derivative instruments and equity investments which the Group has not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss and other comprehensive income. Reassessment only occurs if there is either a change in the



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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*General approach*

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

default occurring on the financial instrument as of the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

*Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods.

Financial liabilities

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments, interest-bearing bank and other borrowings and certain financial instruments designated at FVTPL.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

The company assessed the contract characteristics of each series of convertible redeemable preferred shares to determine whether they should be classified as equity instruments or financial liabilities. The Series B, C, and D Preferred Shares and Series B Convertible Loans were classified as financial liabilities measured at fair value through profit or loss. The decision was based on the presence of a redemption feature and a conversion option with a price adjustment feature, which are considered financial liabilities under IAS 32.

The company also determined that the Series B Convertible Loans are a hybrid instrument that includes a non-derivative host contract and embedded derivatives, which should be accounted for at fair value through profit or loss.

*Financial liabilities at amortized cost (loans and borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Derivative financial instruments

*Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as warrants. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

*Current versus non-current classification*

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows):

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash and cash equivalents at high-quality and accredited financial institutions in amounts that could exceed the \$250,000 maximum amount insured by the Federal Deposit Insurance Corporation (FDIC). The Company does not believe that its cash and cash equivalents are subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In compliance with IFRIC 23, accruals for risk on income tax are part of the income tax within the statements of operations and comprehensive loss and income tax payable within the statements of financial position.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

*Sales of intellectual property*

Revenue from sales of intellectual property is recognized when control of the intellectual property is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the intellectual property.

When the consideration of sales of intellectual property includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the intellectual property to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Milestone payments and sales-based royalties represent a form of variable consideration which is included in the transaction price to the extent that it is highly probable that a significant reversal of accumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When the Group cannot conclude that it is highly probable that a significant revenue reversal of cumulative revenue under the contract will not occur, the Group constrains the related variable consideration resulting in its exclusion from the transaction price.

As part of the accounting for this arrangement, the Group must use significant judgement to determine: (a) the performance obligations; and (b) the method to estimate variable consideration.

At contract inception, the Group assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct.

The Group uses judgement to determine whether milestones or other variable consideration, except for royalties, should be included in the transaction price. The transaction price is allocated to each performance obligation on a relative stand-alone selling price basis, for which the Group recognizes revenue as or when the performance obligations under the contract are satisfied. If a milestone or other variable consideration relates specifically to the Group's efforts to satisfy a single performance obligation or to a specific outcome from

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

satisfying the performance obligation, the Group generally allocates that milestone amount entirely to that performance obligation once it is highly probable that a significant revenue reversal would not occur.

The Group recognizes revenue only when it satisfies a performance obligation by transferring control of the promised goods or services. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied over time if it meets one of the following criteria:

The counterparty simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

The Group's performance creates or enhances an asset that the counterparty controls as the asset is created or enhanced

The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The portion of the transaction price that is allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services is transferred to the counterparty. If the performance obligation is satisfied over time, the portion of the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group adopts an appropriate method of measuring progress for purposes of recognizing revenue. The Group evaluates the measure of progress at the end of each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

**Upfront fees**

Upfront payment is allocated to the performance obligations based on the Group's best estimate of their relative stand-alone selling prices. The Group recognizes revenues from non-refundable upfront fees at a point in time when the transfer of control of the intellectual property to the counterparty occurs and the counterparty is able to use and benefit from the intellectual property.

**Milestone payments**

At the inception of each arrangement that includes milestone payments, the Group evaluates whether the milestones are considered highly probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Group, such as regulatory approvals, are not considered highly probable of being achieved until those approvals are received. The Group evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone in making this assessment. There is considerable judgement involved in determining whether it is highly probable that a significant reversal of cumulative revenue would not occur. At the end of each subsequent reporting period, the Group re-evaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Milestone payments are allocated to performance obligations based on the Group's best estimate of their relative stand-alone selling prices unless the criteria under IFRS 15.85 are met, in which case the milestone payments are allocated entirely to the performance obligation which the milestone payments are specifically related to.

The Group assessed that achievement of all the remaining contractual milestones is highly uncertain and the related milestone payments are not included in the transaction price. Milestones are achieved when the triggering event described in the related agreement occurs.

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Sales royalties*

The Group recognizes revenue for a sales-based royalty promised in exchange for the sales of intellectual property only when (or as) the later of the following events occurs:

- (a) the subsequent sale occurs; and
- (b) the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied.

*Revenue from other sources*

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

*Interest income*

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 19 to the Consolidated Financial Statements.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognized as of the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Other employee benefits

*Pension schemes*

The employees of the Group's subsidiaries who operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to



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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The subsidiary in the U.S. maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the U.S. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiary in the U.S. with respect to the retirement benefits plans is to make the specified contributions under the plans.

*Housing fund — Mainland China*

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These consolidated financial statements are presented in United States dollars (“\$”), which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of operations and comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of the initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The functional currencies of certain subsidiaries established in the PRC are currencies other than \$. As of the end of the reporting period, the assets and liabilities of these entities are translated into \$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into \$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of profit or loss and other comprehensive income.

For the purpose of the consolidated statement of cash flows, the cash flows of the subsidiaries established in the PRC are translated into \$ at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of the subsidiaries established in the PRC which arise throughout the year are translated into \$ at the weighted average exchange rates for the year.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

Use of Estimates

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

*Fair value of financial liabilities measured at FVTPL*

The fair value of the financial liabilities, including convertible redeemable preferred shares, convertible loans, forwards and warrants, are measured at FVTPL and determined using the valuation techniques, including the discounted cash flow method and the back-solve method. Such valuation requires the Group to make estimates of the key assumptions including the risk-free interest rate, discount for lack of marketability ("DLOM") and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 15 to the Consolidated Financial Statements.

*Fair value of share-based payment*

The fair value of the awarded shares is determined at the grant dates by the binomial option-pricing model. Significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield, are made by management. Further details are included in note 19 to the Consolidated Financial Statements.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the consolidated financial statements, and the reported

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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**

amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the valuation and accounting for financial liabilities at FVTPL and equity awards.

*Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

*Deferred tax assets*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 6 to the Consolidated Financial Statements.

*Uncertain tax positions*

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used, by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

The Group has evaluated the uncertain tax position of each of the companies within the Group as of December 31, 2021 and 2022, the Group did not have any significant unrecognized uncertain tax positions.

*Leases — Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

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**4. REVENUE**

An analysis of revenue is as follows:

	<u>2021</u>	<u>2022</u>
	\$'000	\$'000
Revenue from contracts with customer		
Sales of intellectual property	45,726	—
<b>Total</b>	<u>45,726</u>	<u>—</u>

The Group entered into a collaboration agreement with one customer in the year ended December 31, 2021 for a list of patents and related research material, know-how, and research results generated through studies of the five products. The terms of the arrangement include: non-refundable upfront fees of RMB 295,000 (approximately equivalent to \$45,726), milestone payments for the achievement of specified certain development and sales targets and sales-based royalties.

Revenue of \$45,726 for the year ended December 31, 2021 was derived from the upfront fee for the sale of intellectual property to a single customer, recognized at a point in time, and there was no further performance obligation to be performed.

**5. FINANCE COSTS**

An analysis of finance costs is as follows:

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2022</u>
	\$'000	\$'000
Transaction cost for issuance of the Group's convertible redeemable preferred shares	758	—
Interest expenses on bank and other borrowings	421	295
Interest expenses on lease liabilities	158	138
<b>Total</b>	<u>1,337</u>	<u>433</u>

**6. INCOME TAX**

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains.

British Virgin Islands

The subsidiaries incorporated in British Virgin Islands are not subject to income tax under the current laws of British Virgin Islands.

Singapore

The subsidiary incorporated in Singapore is subject to Singapore corporate income tax effectively at the rate of 4.25%-17.00% on any estimated assessable profits arising in Singapore during the period presented. In the first three years since the establishment of the Singapore subsidiary, the first SGD100 of assessable profits

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**6. INCOME TAX (continued)**

of this subsidiary are taxed at an effective tax rate of 4.25% and the next SGD100 of assessable profits are taxed at an effective tax rate of 8.5%, and the remaining assessable profits are taxed at 17%.

Switzerland

The subsidiary incorporated in Switzerland is subject to a total corporate income tax rate of 11.9%, including 8.5% federal, and Zug cantonal and communal tax, during the Relevant Periods on the estimated assessable profits of the Swiss subsidiary. If the main business is operated in other cantons, the total corporate income tax, including federal, cantonal, and communal tax, could be up to 21.6%.

The United States

The subsidiary incorporated in the United States (“U.S.”) is subject to U.S. federal income tax and New Jersey state income tax at the rates of 21% and 9%, respectively, during the Relevant Periods on the estimated assessable profits arising in the United States.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the period presented. The first HKD2,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on January 1, 2008.

Pursuant to the relevant regulations on extension for expiries of unused tax losses of High and New Technology Enterprises and Small and Medium-sized Technological Enterprises issued in August 2018, the accumulated tax losses that did not expire from 2018 will have expiries extending from 5 years to 10 years from then on. Adlai Hangzhou qualified as a High and New Technology Enterprise during the years 2022-2024.

The income tax expense of the Group for the Relevant Periods is analyzed as follows:

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Current	—	—
Deferred	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

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**6. INCOME TAX (continued)**

	Year ended December 31,	
	2021	2022
	\$'000	\$'000
Loss before tax	(56,678)	(58,790)
Tax at the statutory tax rate (25%)	(14,169)	(14,698)
Lower tax rates for specific provinces or enacted by local authority	13,240	2,933
Expenses not deductible for tax	603	2,171
Income not subject to tax	(2,890)	(4)
Additional deductible allowance for qualified research and development costs	(1,109)	(1,681)
Valuation allowance	4,325	11,279
Current income tax expense	—	—
Tax charge at the Group's effective rate	—	—

The Group has accumulated tax losses arising in Adlai Hangzhou in Mainland China of \$50,612 and \$83,103 as of December 31, 2021 and 2022, respectively, that will expire in five to ten years after the loss incurring year for offsetting against future taxable profits.

The Group also has accumulated tax losses in the U.S. of \$45,980 and \$46,201 as of December 31, 2021 and 2022, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred, subject to 80% taxable income limitation annually.

Deferred tax assets have not been recognized in respect of these tax losses as they have been incurred in subsidiaries that were loss-making in the past and it is not probable that they will generate sufficient taxable income in the foreseeable future to utilize such tax losses.

According to the double tax avoidance arrangements and other applicable PRC laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5%.

Under the current laws of the United States of America, dividends payable by a U.S. entity to non-U.S. resident enterprises shall be subject to 30% withholding tax, unless the respective non-U.S. resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with U.S. that provides for a reduced withholding tax rate or an exemption from withholding tax.

According to Swiss tax policy, a Swiss entity is subject to a 35% withholding tax when the entity pays dividends to a non-Swiss resident enterprise. However, according to the Agreement for the Avoidance of Double Taxation signed between Switzerland and Singapore, the withholding tax rate will be reduced to 5% if the non-Swiss resident enterprise is a Singapore resident enterprise.

**7. DIVIDENDS**

No dividends have been declared and paid by the Company or the Group during the Relevant Periods.

**8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 25,440,000 and 25,440,000 in issue during the years ended December 31, 2021 and 2022, respectively.

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**8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**  
**(continued)**

The calculation of the basic loss per share amount is based on the loss for the years attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue or deemed to be in issue during the year ended December 31, 2021 and 2022.

Basic loss per share is computed on the basis of the weighted average number of ordinary shares outstanding during the period of the financial statements.

Diluted loss per share of ordinary stock is computed on the basis of the weighted average number of shares of ordinary stock and dilutive securities (such as stock options and convertible securities) outstanding. As of December 31, 2021 the Company had 62,967,406 dilutive shares consisting of 57,543,414 relating to convertible preferred stock and 5,423,992 relating to options. As of December 31, 2022 the Company had 64,300,522 dilutive shares consisting of 57,543,414 relating to convertible preferred stock and 6,757,108 relating to options. Dilutive securities that have an anti-dilutive effect on diluted loss per share are excluded from the calculation.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2021 and 2022 in respect of a dilution as the impact of the outstanding share options, restricted stock units and warrant liability had an anti-dilutive effect on the basic loss per share amounts presented.

**9. PROPERTY, PLANT AND EQUIPMENT**

	<u>Leasehold improvements</u>	<u>Plant and machinery</u>	<u>Office equipment</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2021, net of accumulated depreciation	1,758	1,676	98	18	180	3,730
Additions	192	509	2	—	23	726
Depreciation provided during the year	(385)	(364)	(34)	(6)	(72)	(861)
Disposals	—	(3)	—	—	(1)	(4)
Exchange realignment	36	24	2	—	2	64
At December 31, 2021, net of accumulated depreciation	<u>1,601</u>	<u>1,842</u>	<u>68</u>	<u>12</u>	<u>132</u>	<u>3,655</u>
As of December 31, 2021:						
Cost	1,991	3,217	163	240	287	5,898
Accumulated depreciation	<u>(390)</u>	<u>(1,375)</u>	<u>(95)</u>	<u>(228)</u>	<u>(155)</u>	<u>(2,243)</u>
Net carrying amount	<u>1,601</u>	<u>1,842</u>	<u>68</u>	<u>12</u>	<u>132</u>	<u>3,655</u>

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**9. PROPERTY, PLANT AND EQUIPMENT (continued)**

	<u>Lease hold improvements</u>	<u>Plant and machinery</u>	<u>Office equipment</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2022, net of accumulated depreciation	1,601	1,842	68	12	132	3,655
Additions	710	360	—	168	11	1,249
Depreciation provided during the year	(416)	(412)	(31)	(19)	(53)	(931)
Disposals	—	—	—	(10)	—	(10)
Exchange realignment	(121)	(117)	(4)	—	(8)	(250)
At Dec 31, 2022, net of accumulated depreciation	<u>1,774</u>	<u>1,673</u>	<u>33</u>	<u>151</u>	<u>82</u>	<u>3,713</u>
As of December 31, 2022						
Cost	2,532	3,386	150	199	276	6,543
Accumulated depreciation	(758)	(1,713)	(117)	(48)	(194)	(2,830)
Net carrying amount	<u>1,774</u>	<u>1,673</u>	<u>33</u>	<u>151</u>	<u>82</u>	<u>3,713</u>

During the Relevant Periods, none of the Group's property, plant and equipment were pledged.

There was no impairment for the Group's property, plant and equipment during the Relevant Periods.

**10. LEASES**

The Group has lease contracts of properties and used in its operation with lease terms between 2 and 5 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	<u>Offices</u>	<u>Office equipment</u>	<u>Total</u>
	\$'000	\$'000	\$'000
As of January 1, 2021	3,497	337	3,834
Depreciation provided during the year	(821)	(130)	(951)
Exchange realignment	49	2	51
As of December 31, 2021	<u>2,725</u>	<u>209</u>	<u>2,934</u>
	<u>Offices</u>	<u>Office equipment</u>	<u>Total</u>
	\$'000	\$'000	\$'000
As of January 1, 2022	2,725	209	2,934
Additions	463	—	463
Depreciation provided during the year	(961)	(129)	(1,090)
Exchange realignment	(141)	(4)	(145)
As of December 31, 2022	<u>2,086</u>	<u>76</u>	<u>2,162</u>



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**10. LEASES (continued)**

## (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	<u>Lease liabilities</u>	
	<u>\$'000</u>	
As of January 1, 2021		(3,635)
Accretion of interest recognized during the year		(160)
Payments		966
Exchange realignment		(59)
As of December 31, 2021		<u>(2,888)</u>
As of January 1, 2022		(2,888)
Additions		(463)
Accretion of interest recognized during the year		(133)
Payments		1,070
Exchange realignment		177
As of December 31, 2022		<u>(2,237)</u>
	<u>2021</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Analyzed into:		
Current portion	834	1,001
Non-current portion	2,054	1,236
Total	<u>2,888</u>	<u>2,237</u>

## (c) The amounts recognized in profit or loss in relation to leases are as follows:

	<u>Year ended December 31,</u>	
	<u>2021</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Interest on lease liabilities	158	133
Depreciation charge of right-of-use assets	951	1,090
Total amount recognized in profit or loss	<u>1,109</u>	<u>1,223</u>

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**11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

	As of December 31,	
	2021	2022
	\$'000	\$'000
Current:		
Prepayments (Note i)	4,673	1,912
VAT deductible tax	1,586	100
Deposits and other receivables	345	246
	<u>6,604</u>	<u>2,258</u>
Non-current:		
Deposits and other receivables	208	—
Prepaid expenses	247	327
	<u>455</u>	<u>327</u>
Total	<u>7,059</u>	<u>2,585</u>

Note i:

The amount represents prepayments for Contract Research Organizations (“CROs”) and deposit of property, plant and equipment not yet placed in use.

Other receivables had no historical default. The financial assets included in the above balances relate to receivables which were categorized in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking factors and information. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group’s deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

**12. FINANCIAL ASSETS AT FVTPL**

	As of December 31,	
	2021	2022
	\$'000	\$'000
Current:		
Wealth management product	46,269	21,287
Dual currency structured deposit	7,540	—
Total	<u>53,809</u>	<u>21,287</u>

During the Relevant Periods, the Group used surplus capital to purchase dual currency structured deposit and wealth management product from domestic commercial banks, which preserved capital and liquidity. The dual currency structured deposits held as of December 31, 2021 were compound financial instruments which combined traditional bank deposits with foreign currency derivatives with investment periods from 1 to 3 months. The wealth management product held as of December 31, 2021 was an investment into a mutual fund whose portfolio included a mixture of fixed income assets and asset-backed securities, which were redeemable

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**12. FINANCIAL ASSETS AT FVTPL (continued)**

on any work day. The wealth management product held as of December 31, 2022 was an investment into a mutual fund whose portfolio included a mixture of fixed income assets, preferred shares and repos, which were redeemable every 3 months. The returns on all of these financial products were not guaranteed, hence their contractual cash flows did not qualify solely as payments of principal and interest. Therefore, those products were accounted at fair value through profit or loss. Further details are included in note 20(c) to the Consolidated Financial Statements.

**13. OTHER PAYABLES AND ACCRUALS**

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Other payables and accruals (Note i)	738	255
Payroll and bonus payables	2,486	3,622
<b>Total</b>	<u><u>3,224</u></u>	<u><u>3,877</u></u>

Note i:

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables and accruals at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

**14. INTEREST-BEARING BANK BORROWINGS**

	<u>As of December 31,</u>	
	<u>2021</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Revolving Facility, 5.3% interest, due March 8, 2022, unsecured (Note i)	784	—
Non-Revolving Facility, 4.35% interest, due March 22, 2022, guaranteed (Note ii)	3,137	—
Non-Revolving Facility, 4.35% interest, due May 1, 2022, guaranteed (Note ii)	3,137	—
Non-Revolving Facility, LPR+1.73% interest, due March 25, 2022, guaranteed (Note iii)	1,569	—
Non-Revolving Facility, 4.2% interest, due March 31, 2022 (Note iv)	1,830	—
Non-Revolving Facility, 5.22% interest, due March 22, 2023, guaranteed (Note iii)	—	1,436
Non-Revolving Facility, 4.8% interest, due April 24, 2023, guaranteed (Note v)	—	2,871
<b>Total</b>	<u><u>10,457</u></u>	<u><u>4,307</u></u>
	<u>Bank borrowings</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>
As of January 1, 2021	<u>8,296</u>	<u>8,296</u>
Additions	12,411	12,411
Repayments	(10,430)	(10,430)
Effect of foreign exchange rate changes	180	180
As of December 31, 2021	<u><u>10,457</u></u>	<u><u>10,457</u></u>
Additions	7,897	7,897
Repayments	(13,316)	(13,316)
Effect of foreign exchange rate changes	(731)	(731)
As of December 31, 2022	<u><u>4,307</u></u>	<u><u>4,307</u></u>

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**14. INTEREST-BEARING BANK BORROWINGS (continued)**

All of the Group's bank borrowings were obtained from third party financial institutions. As of December 31, 2021 and 2022, the Group's credit facilities were \$10,457 and \$4,307, respectively, of which nil and nil was unused by the Group.

Notes:

- (i) In March 2021, Adlai Hangzhou entered into a revolving facility agreement for a facility amount of RMB 5,000 and at an interest rate of 5.3% per annum. The revolving facility agreement was repaid at the maturity date of September 25, 2021.  
 In September 2021, Adlai Hangzhou entered into a revolving facility agreement for a facility amount of RMB 5,000 and at an interest rate of 5.3% per annum. The revolving facility agreement was repaid at the maturity date of March 8, 2022.  
 In March 2022, Adlai Hangzhou entered into a revolving facility agreement for a facility amount of RMB 5,000 and at an interest rate of 5.3% per annum. The revolving facility agreement was repaid at the maturity date of September 3, 2022.
- (ii) In May 2021, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 20,000 and at an interest rate of 4.35% per annum, guaranteed by Mr. Yang Lu. The non-revolving facility agreement was repaid at the maturity date of May 31, 2022.  
 In June 2021, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 20,000 and at an interest rate of 4.35% per annum, guaranteed by Mr. Yang Lu. The non-revolving facility agreement was repaid at the maturity date of December 9, 2021.  
 In December 2021, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 20,000 and at an interest rate of 4.35% per annum, guaranteed by Mr. Yang Lu. The non-revolving facility agreement was repaid at the maturity date of March 22, 2022.
- (iii) In March 2021, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 10,000 and at a floating interest rate of LPR plus 1.73% per annum, guaranteed by Mr. Yang Lu. The non-revolving facility agreement was repaid at the maturity date of March 18, 2021.  
 In March 2022, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 10,000 and at an interest rate of 5.22% per annum, guaranteed by Mr. Yang Lu, the chief executive officer and chairman of our board of directors. The non-revolving facility agreement was repaid at the maturity date of March 22, 2023.
- (iv) In May 2019, the Company entered into a non-revolving facility agreement with SPD Silicon Valley Bank Co., Ltd ("SPD") which was conditional on the Company issuing warrant (the "CEHKL Warrant", further details are included in note 15 to the Consolidated Financial Statements) to China Equities HK Limited ("CEHKL"), an affiliate of SPD Bank. The total facility amount is \$10,000 at an interest of 8% per annum, with the maturity date on May 31, 2022.  
 In April 2021, the Company signed an amendment of its previous loan facility agreement. According to the amendment, it changed the interest rate to 4.2% per annum, and changed the facility availability period to December 31, 2021.  
 In April 2021, the Company borrowed \$3,000 from SPD. At the end of 2021, The outstanding balance is \$1,830 as of December 31, 2021. The facility agreement was repaid at the maturity date of March 31, 2022.
- (v) In April 2022, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 10,000 and at an interest rate of 4.80% per annum, guaranteed by Mr. Yang Lu, the chief executive officer and chairman of our board of directors. The non-revolving facility agreement was repaid at the maturity date of October 24, 2022.  
 In October 2022, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 20,000 and at an interest rate of 4.80% per annum, guaranteed by Mr. Yang Lu, the chief executive officer and chairman of our board of directors.

**15. FINANCIAL LIABILITIES AT FVTPL**

**Preferred shares and convertible loans**

In late 2015, Adlai Hangzhou raised up to RMB70,000 from the Founders and certain onshore investors ("Series A Investors").

In June 2018, the Company was established in the Cayman Island for seeking overseas listing opportunity, and the Company issued ordinary shares to the Founders and an option to the Series A Investors, which entitled Series A Investors to convert their equity interests in Adlai Hangzhou to up to 14,560,000 series A convertible preferred shares ("Series A Preferred Shares") of the Company, at par value of \$ 0.0001 per share,

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

upon completion of the Reorganization. From January 2020 to April 2020, Series A Investors exercised the option and converted their equity interests in Adlai Hangzhou to Series A Preferred Shares of the Company.

In June 2018, to accommodate the Group's Reorganization plan, certain onshore investors ("Series B Onshore Investors") entered into convertible loan subscription agreement (the "Series B Loan Agreement") with Adlai Hangzhou to issue a loan (the "Series B Convertible Loans") to Series B Onshore Investors for a total consideration of RMB165,000. Meanwhile, the Company entered into a forward contract with these Series B Onshore investors to grant them an option ("Series B Preferred Shares Forward") to convert Series B Convertible Loans issued by Adlai Hangzhou to 6,600,000 series B convertible redeemable preferred shares ("Series B Preferred Shares") of the Company, at par value of \$ 0.0001 per share, upon completion of the Reorganization. Pursuant to the Series B Loan Agreement, these loans bore interest at 15% per annum and shall mature upon the exercise of the Series B Preferred Shares Forward. The Series B Onshore Investors agreed Adlai Hangzhou's obligation of repayment the principal and accrued interests of these loans will be automatically relieved with the exercise of Series B Share Purchase Forward upon completion of the Reorganization. From April to May 2020, the Series B Onshore Investors have exercised their Series B Share Purchase Forward and converted their Series B Convertible Loans to an aggregate of 6,600,000 Series B Preferred Shares.

Concurrently, certain offshore investors ("Series B Offshore Investors") subscribed 6,907,896 Series B Preferred Shares ("Series B Preferred Shares") for a total consideration of \$27,000. The Series B Onshore Investors and Series B Offshore Investors are collectively referred to as "Series B Investors".

In December 2019, the Company issued 14,653,013 series C convertible redeemable preferred shares ("Series C Preferred Shares") of the Company for a total consideration of \$63,700 to certain investors ("Series C Investors").

In April 2021, the Company entered into a Series D share purchase agreement with certain investors ("Series D Investors") to issue an aggregate of 14,722,505 series D convertible redeemable preferred shares ("Series D Preferred Shares") for a total consideration of \$97,370 and paid in full as of December 31, 2021.

According to the original and amended Memorandum and Articles of Association ("MOA") upon the issuance of each series of convertible redeemable preferred shares, the Group designated Series B, C and D Preferred Shares and Series B Convertible Loans as financial liabilities measured at FVTPL and recognized Series A Preferred Shares as equity in accordance with the relevant IFRS. There is no significant change in the major terms of MOA of each series except mentioned otherwise in the notes to the Consolidated Financial Statements.

According to the MOA of the Company in May 2021, the key terms of the Series A, B, C and D Preferred Shares (collectively "Preferred Shares") are as follows:

***Conversion Rights (applicable to all Preferred Shares)***

Each holder of Preferred Shares may, at the option of the holder thereof, be converted at any time into fully-paid and nonassessable ordinary shares of the Company based on the then-effective applicable conversion price ("Applicable Conversion Price"). Each holder of Preferred Shares shall automatically be converted, based on the Applicable Conversion Price, into ordinary shares of the Company upon the closing of a Qualified IPO (as defined below).

The Applicable Conversion Price is initially equal to the original issue price for each class of Preferred Shares and shall be subject to adjustment from time to time, including but not limited to share splits, share subdivision, share combination and the like, being no less than par value.

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

If the Company issues any additional ordinary shares at a subscription price less than the corresponding original subscription price of the Series B, C and D Preferred Shares, the Company shall issue new corresponding Series B, C and D Preferred Shares to the holders of Series B, C and D Preferred Shares at the nominal price or the minimum price allowed by applicable laws until the Applicable Conversion Price for each holders of Series B, C and D Preferred Shares is reduced to such issue price.

If the Group fails to meet any of the below two committed business objectives (“Business Objectives”) within the timelines, the holders of Series C Preferred Shares are entitled to request the Founders, affiliates of the Founders and the Group (collectively referred to as “Warrantors”) to jointly make up the share compensation necessary to make the pre-money valuation of the Company immediately before the investment by the holders of Preferred Shares be adjusted to 70% thereof. The share compensation arrangement shall be made on the basis of a nominal transfer price. The Business Objectives are:

- a) promote at least three products (self-developed or by introduction) to the next clinical stage within eighteen months from the Series C Preferred Shares closing date, on the basis of existing clinical pipelines; and;
- b) obtain the approval of one new drug application from the competent authority for drug administration in the US or PRC by the 3rd anniversary of Series C Preferred Shares closing date.

Qualified IPO means an underwriter initial public offering of the Company completed no later than the earlier of (i) September 7, 2023 and (ii) two years after the date of Closing of the Series D Preferred Shares and which occurs on the New York Stock Exchange, NASDAQ, Hong Kong Exchanges and Clearing Market or such other reputable stock exchange approved by the a majority of all of the investor directors with (i) the pre-public offering market capitalization of no less than \$650,000, unless otherwise agreed by the investor directors; and (ii) shares held by the investors can be listed for trading or otherwise disposed of without transfer restrictions after any applicable statutory lock-up period.

***Voting Rights (applicable to all Preferred Shares)***

Except as otherwise required by law or as set forth herein, the holder of each ordinary share issued and outstanding shall have one vote for each ordinary share held by such holder, and the holder of Preferred Shares shall be entitled to the number of votes equal to the number of ordinary shares into which such Preferred Shares could be converted.

***Liquidation Preference (applicable to all Preferred Shares)***

Upon any liquidation, closure, dissolution, merger or acquisition of any Group company; or the transfer of a controlling interest (i.e., more than 50% of the equity) by the shareholders of any Group company (excluding the holders of Series A, B, C and D Preferred Shares); or the sale of the majority of any Group’s assets to third parties; or the transfer of the majority of any Group’s intellectual property to third parties; or any event that can be defined as a transfer of control of any Group company; or any transfer of the Shares of any Group company (excluding the shares of the Company held by the holders of Series A, B, C and D Preferred Shares) or shares held by the Founders or their affiliates without the prior written consent of the Investor Director Majority, Series C Investors and Series D Investors; or any breach of the Warrantors under the Series D Share Purchase Agreements, the Series C Share Purchase Agreements, the Series B Share Purchase Agreement, the Shareholders’ Agreement and these Articles, as applicable (“Transaction Documents”) which would cause the Series C Investors and Series D Investors to claim for termination of any of the Transaction Documents (each a “Liquidation Event”), whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders is distributed to the shareholders of the Company in the sequence as follows:

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

- a) Series D Preferred Shares
- b) Series C Preferred Shares
- c) Series B Preferred Shares
- d) Series A Preferred Shares

If there are any assets or funds remaining after the aggregate Series A, B, C and D Preferred Shares have been distributed or paid fully, the remaining assets and funds of the Company available for distribution is distributed on a pro rata basis among all holders of outstanding ordinary shares and Preferred Shares.

***Dividends (applicable to all Preferred Shares)***

Each holder of the ordinary shares (on as-converted basis) shall be entitled to receive dividends on a pro rata basis on the number of ordinary shares, out of any funds legally available therefor, pro rata based on the number of ordinary shares held by each holder.

***Redemption Rights (applicable to Series B, C and D Preferred Shares)***

At any time after the earlier of the following, any investors of Preferred Shares shall be entitled to require the Company to redeem all or portion of the outstanding Preferred Shares held by them, and/or require each of the Warrantors to jointly and severally redeem or repurchase all or portion of the outstanding Preferred Shares held by them:

- i. the Company fails to complete a Qualified IPO at the earlier of (a) September 7, 2023; and (b) two years after the date of Closing;
- ii. (applicable to Series C Investors and Series D Investors only) with respect to any Series C Investor or Series D Investor, such Series C Investor or Series D Investor fails to achieve the investment return which is 100% of its investment amount and plus an amount that would accrue on its investment amount at a simple interest rate of ten percent (10%) per annum (if such period is less than a year, such interest amount shall be calculated proportionally) through transfer, dividends of the Preferred Shares, or disposal in any other way approved by such Series C Investors or Series D Investors plus the value of the Preferred Shares (if any) still held by such Series C Investors or Series D Investors by September 7, 2023 (with respect to Series C Investors) or by three years following its closing of Series D (with respect to Series D Investors);
- iii. (applicable to Series C Investors only) the applicable Group company fails to meet any of the Committed Business Objectives within the timelines specified under these Articles;
- iv. (applicable to Series C Investors only) the applicable Group company fails to obtain approval of a new medicine application from the competent authority for drug administration of its first medicine in the U.S. or the PRC by December 30, 2022;
- v. (applicable to Series C Investors and Series D Investors only) the first disapproval or rejection by any competent governmental authority (including, without limitation, the National Medical Products Administration of the PRC or the U.S. Food and Drug Administration) of the application made by any Group company with respect to any of its new drugs;
- vi. in case that the Group companies meet the requirements for a Qualified IPO, any of the Group companies or the management shareholders refuses the Qualified IPO or declines to make necessary

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

- cooperation for such Qualified IPO, or the Group companies fail to complete the Qualified IPO due to any reasons attributable to any management shareholder;
- vii. without the written consent of the majority of investor directors, Series C Investors and Series D Investors, Mr. Yang Lu and Mr. Donghui Yang terminate their employment contracts with the applicable Group company or fail to comply their commitment to work full time as per the agreement with certain Series C Investors or Series D Investors prior to the latest to occur of the following events: (a) such Series C Investors or Series D Investors' exit; (b) the occurrence of a Qualified IPO; (c) the expiry of the two years period after the closing of Series D; and (d) September 7, 2023;
  - viii. material change of principal business or, business scope of the Group companies without the written consent of the majority of investor directors, Series C Investors and Series D Investors;
  - ix. any significant intellectual property of any Group company becomes invalid, frozen, or is transferred, authorized, pledged, encumbered, hypothecated to any third party without prior written consent of the majority of investor directors;
  - x. the occurrence of a material breach by any Group company or any management shareholders of any of their respective representations, warranties, covenants or undertakings under the Transaction Documents and failure by applicable Group companies or management shareholders to make remedy within thirty days after so required;
  - xi. the occurrence of a material breach by any Group company or any management shareholder of any of mandatory laws or regulations in the applicable jurisdiction; and
  - xii. the occurrence of any material dishonesty problem by any Group company or any management shareholder.

**Next Equity Financing Warrant**

In June 2018, in connection with the issuance of the Series B Preferred shares, the Company irrevocably issued to certain Series B Investors a warrant ("Next Equity Financing Warrant"), by which each of these Series B Investors shall be entitled but not obligated to purchase a certain number of the Company's Preferred Shares with a par value of \$0.0001 per share prior to the closing date of the Company's next round equity or equity-linked financing (the "Next Equity Financing"), at an exercise price per share of ninety-five percent (95%) of the subscription price per share for the investors in such Next Equity Financing.

The Next Equity Financing Warrant expired upon the closing date of the Company's Series C financing in August 2019 as none of these Series B Investors subscribed the Company's Series C Preferred Shares.

**CEHKL Warrant**

On May 20, 2019, the Company entered into a warrant agreement with China Equities HK Limited ("CEHKL"), under which the Company agreed to issue certain Series B Preferred Shares to CEHKL with agreed price ("CEHKL Warrant") and the CEHKL Warrant will expire on May 20, 2024. In July 2021, CEHKL elected to exercise the CEHKL Warrant and the Company issued 100,000 Series B Preferred Shares to CEHKL.

**Presentation and classification**

The Group and the Company have designated the Series B, C and D Preferred Shares and Series B Convertible Loans as financial liabilities measured at FVTPL upon initial recognition. The Next Equity



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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

Financing Warrant and CEHKL Warrant are initially recognized at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value.

The change in fair value of financial liabilities at FVTPL is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. The net gain or loss recognized in profit or loss includes any interest paid on the financial liabilities and is included in the loss on changes in fair value of financial liabilities at FVTPL line item. Management concluded that there is no credit risk of the financial liability that drives the change of the fair value of the financial liability.

The movements of the Group's financial liabilities at FVTPL are set out as follows:

	Series B Preferred Shares \$'000	Series C Preferred Shares \$'000	Series D Preferred Shares \$'000	CEHKL Warrant \$'000 (Note ii)	Total \$'000
<b>At January 1, 2021</b>	<b>78,283</b>	<b>74,697</b>	<b>—</b>	<b>303</b>	<b>153,283</b>
Issuance of Preferred Shares	303	—	97,370	(303)	97,370
Change in fair value	13,601	23,029	10,280	—	46,910
<b>At December 31, 2021</b>	<b>92,187</b>	<b>97,726</b>	<b>107,650</b>	<b>—</b>	<b>297,563</b>
Change in fair value	(1,803)	(594)	(4,798)	—	(7,195)
<b>At December 31, 2022</b>	<b>90,384</b>	<b>97,132</b>	<b>102,852</b>	<b>—</b>	<b>290,368</b>
				<b>As of December 31,</b>	
				<b>2021</b>	<b>2022</b>
				<b>\$'000</b>	<b>\$'000</b>
<b>Analyzed into:</b>					
Current portion (Note iii)				—	290,368
Non-current portion (Note iii)				297,563	—
<b>Total</b>				<b>297,563</b>	<b>290,368</b>

Notes:

- (i) In July 2021, CEHKL elected to exercise CEHKL Warrant and the Company issued 100,000 Series B Preferred Shares to CEHKL.
- (ii) Pursuant to the Company's amended and restated MOA upon the Series C Preferred Shares financing in August 2019:
- the holders of the Series C Preferred Shares were entitled to an option to require the Company to early redeem the whole preferred shares when the Company or any other group company fails to consummate a Qualified IPO at any time on or before 30 September 2021; and
  - the holders of the Series B Preferred Shares were entitled to an option to require the Company to early redeem the whole preferred shares when the Company or any other group company fails to consummate a Qualified IPO at any time on or before 1 June 2023.

With the Company entering into a series of Series D share purchase agreements from April 2021 to July 2021, the Company adopted an amended and restated MOA on May 28, 2021, pursuant to which the required latest completion date of a Qualified IPO by the Company under the Series C share purchase agreements was modified from September 30, 2021 to June 1, 2023.

As such, the Series C Preferred Shares were presented as a non-current liability as of December 31, 2021. Other financial liabilities measured at FVTPL were presented as a non-current liability as of December 31, 2021.

Series B, C and D Preferred Shares were reclassified as a current liability as of December 31, 2022 according to the MOA signed on May 28, 2021.

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

The Company has used the discounted cash flow method and back-solve method to determine the underlying share value of the Company and adopted equity allocation model to determine the fair value of each financial liability as of the dates of issuance and at the end of each of the Relevant Periods.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as of December 31, 2021 and 2022:

	As of December 31,	
	2021	2022
Fair value of ordinary shares of the Company	\$5.25	\$6.15
Risk-free interest rate (Note i)	0.47%	4.68%
Expected term	1.29 years	0.44 years
Volatility (Note ii)	49.38%	52.86%

Notes:

- (i) 1% increase/decrease in the risk-free interest rate with all other variables held constant would decrease/increase the fair value of convertible redeemable preferred shares by \$267/\$(698) and \$83/84 as of December 31, 2021 and 2022, respectively.
- (ii) 1% increase/decrease in volatility with all other variables held constant would decrease/increase the fair value of convertible redeemable preferred shares by \$119/\$50 and \$(49)/\$924 as of December 31, 2021 and 2022, respectively.

The Group estimated the risk-free interest rate based on the yield of the United States Government Bond with maturity close to the expected exit timing as of the valuation date. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on the annualized standard deviation of the daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

**16. WARRANTS**

In connection with issuance of Series B Preferred shares in August 2019, the Company irrevocably issued to CEHKL 171,559 Private Warrants ("CEHKL Warrants") at a fair value of \$486. Please refer to note 15 for details of the CEHKL Warrant.

None CEHKL Warrants were outstanding as of December 31, 2021 and 2022.

**17. ORDINARY SHARES**

**Issued and fully paid:**

	As of December 31,	
	2021	2022
	\$'000	\$'000
25,440,000 shares of \$0.0001 each	3	3
	=	=

The authorized share capital of the Company as of December 31, 2022 is \$50 divided into 500,000,000 Shares of par value of \$0.0001 each, including 442,456,586 ordinary shares.

In 2021, the Company issued 9,000,000 ordinary shares to Nortye Talent Limited and 6,000,000 ordinary shares to Nortye International Limited respectively to manage the Share Incentive Plan. All these ordinary shares in 2021 were unpaid shares as of December 31, 2021 and 2022. There was no movement in the Company's ordinary shares in 2022.

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**18. DEFICITS**

The amounts of the Group's deficits and the movement therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

## (i) Additional paid-in capital

The additional paid-in capital represents the difference between the par value of the shares issued and the consideration received.

## (ii) Share option reserve

The share option reverse of the Group represents the equity-settled share-based payments granted by the Group. Please refer to note 19 for details.

## (iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of Group companies whose functional currencies are different from the Group's presentation currency.

**19. SHARE INCENTIVE PLAN**Adlai Hangzhou Scheme

Adlai Hangzhou, a subsidiary of the Company, was once listed on the National Equities Exchange and Quotations ("NEEQ") (stock code 870946) and adopted a share incentive scheme (the "Adlai Hangzhou Scheme") for the primary purpose of providing incentives to eligible management and employees who render services to Adlai Hangzhou. On June 15, 2017, awards up to 1,220,000 shares were granted to management and employees at the exercise price of RMB7 per share. Awards granted under the Adlai Hangzhou Scheme shall have a contractual term of five years and generally vest over a four year period, with 25% of total awards vesting on the anniversary date one year after the vesting commencement date and the remaining 75% vesting subsequently in three equal annual instalments.

The fair value of the awards granted to management and employees were \$ 0.083 per share and \$ 0.0765 per share, respectively, using the binomial option-pricing model on the grant date. The variables and assumptions used in computing the fair value of the awards are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the awards.

The Group recognized \$81 of share-based payment expenses prior to 2021, and nil and nil share-based payment expenses for the years ended December 31, 2021 and 2022, respectively, in relation to the awards granted under the Adlai Hangzhou Scheme.

Adlai Share Incentive Plan

On June 8, 2020, the Company's Board of Directors approved a share incentive scheme (the "Share Incentive Plan") in order to provide additional incentives to employees and to promote the success of the Group's business. Unless otherwise cancelled or amended, the Share Incentive Plan will remain in force for 10 years. Under the Share Incentive Plan, the maximum aggregate number of shares shall not exceed 4,000,000 ordinary shares, as appropriately adjusted for subsequent stock splits, stock dividends and the like. On May 28, 2021, the Company's Board of Directors approved to further reserve 11,000,000 ordinary shares of the Company for the Share Incentive Plan for a total of 15,000,000 ordinary shares approved for the Share Incentive Plan. The exercise price of share options is determinable by the directors, but shall not be less than 100% of the fair market value on the grant date. Share options do not confer rights on the holders to dividends

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**19. SHARE INCENTIVE PLAN (continued)**

or to vote at shareholders' meetings. The awards may be granted but not be exercised prior to the last day of the six-month period following the listing date of the Company.

On July 5, 2021, the Company issued 6,000,000 and 9,000,000 ordinary shares reserved under the Share Incentive Plan to Nortye International Limited and Nortye Talent Limited, respectively, which are holding vehicles of two trusts established by the Company in order to facilitate the administration of the Share Incentive Plan. The sole purpose of the two trusts is to facilitate the issuance of ordinary shares under the Share Incentive Plan, and as such the 15,000,000 ordinary shares are not included in the Company's calculation of weighted average shares outstanding.

On September 8, 2020 and November 1, 2020, awards for 1,435,000 and 2,560,730 shares, respectively, were granted by the Company to its executives, employees and consultants.

On May 31, 2021, 3,348,483 awarded shares were granted by the Company to its executives, employees and consultants.

On October 1, 2021, 412,000 awarded shares were granted by the Company to its executives, employees and consultants.

On January 1, 2022, 83,500 options were granted to certain new employees; 376,172 options were granted to certain employees and managers for outstanding performance.

On April 1, 2022, 1,077,800 options were granted to certain new employees, promoted employees and senior managers; 33,336 options were granted to three consultants.

On July 1, 2022, 207,200 options were granted to five new employees.

On October 1, 2022, 179,200 options were granted to five new employees.

Accordingly, the Group measured the fair value of the awards as of the grant date and recognizes the amount as a compensation expense over the vesting period for each separately vesting portion of the awards.

	Number of awards	Weighted Average Exercise Price \$ per share	Weighted Average Grant Fair Value \$ per share	Weighted Average Remaining Contractual Life (in years)	Aggregate intrinsic value \$
Balances, January 1, 2021	3,995,730	1.45	0.76	9.78	1,464
Options granted	3,760,483	2.01	1.97	9.45	
Options forfeited/cancelled	(120,769)	1.67	0.69	8.83	
Options exercised	—	—	—	—	
Balances, December 31, 2021	<u>7,635,444</u>	<u>1.72</u>	<u>1.36</u>	<u>9.11</u>	<u>26,950</u>
Options granted	1,957,208	2.20	3.56	9.26	
Options forfeited/cancelled	(82,550)	2.11	2.68	8.79	
Options exercised	—	—	—	—	
Balances, December 31, 2022	<u>9,510,102</u>	<u>1.82</u>	<u>1.79</u>	<u>8.34</u>	<u>41,218</u>
Vested but not exercisable as of December 31, 2021	3,350,480	1.36	0.74	8.46	
Vested but not exercisable as of December 31, 2022	4,980,069	1.59	1.15	8.00	

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**19. SHARE INCENTIVE PLAN (continued)**

As of December 31, 2021 and 2022, there were 15,000,000 and 15,000,000 shares reserved for the option plan and there were 7,364,556 and 5,489,898 shares available for issuance, respectively.

The fair value of the award granted during the years ended December 31, 2021 and 2022 were \$ 7,410 and \$6,913. The Group recognized share-based payment expenses of \$3,386 and \$6,082, respectively, during the years ended December 31, 2021 and 2022.

The fair value of awards granted during the Relevant Periods was estimated as of the grant date using a binomial option-pricing model, taking into account the terms and conditions upon which the awards were granted. The following table lists the inputs to the model used:

	May 31, 2021	October 1, 2021	January 1, 2022	April 1, 2022	July 1, 2022	October 1, 2022
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00	0.00
Expected volatility (%)	46.13	49.00	48.73	48.78	48.88	48.82
Risk-free interest rate (%)	1.67	1.7	1.66	2.52	3.03	3.98
Expected life of options (year)	10.00	10.00	10.00	10.00	10.00	10.00

As of December 31, 2021 and 2022, the Company had 7,635,444 and 9,510,102 awards outstanding under the Share Incentive Plan, respectively. The exercise in full of the outstanding awards would, under the present capital structure of the Company, result in the issue of 7,635,444 and 9,510,102, respectively, additional ordinary shares of the Company and additional share capital of \$0.8 and \$1.0 (before issue expenses), respectively.

**20. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS**

(a) Major non-cash transactions

During the year ended December 31, 2021 and 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of nil and nil, respectively, in respect of lease arrangements for offices and equipment.

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**20. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

(b) Changes in liabilities arising from financing activities

	Financial instrument measured at FVTPL	New bank loans and other borrowings	Lease liabilities	Payable for issue costs	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At January 1, 2021</b>	153,283	8,309	3,635	—	165,227
Interest expense	—	422	160	—	582
Transaction costs for the issuance of convertible redeemable preferred shares	—	—	—	758	758
Additions	97,370	12,410	—	—	109,780
Disposal	—	—	—	—	—
Payment					
– financing cash flows	—	(10,430)	(966)	(758)	(12,154)
– operating cash flows	—	—	—	—	—
Interest paid	—	(427)	—	—	(427)
Change in fair value	46,910	—	—	—	46,910
Exchange adjustment	—	184	59	—	243
<b>At December 31, 2021</b>	<b><u>297,563</u></b>	<b><u>10,468</u></b>	<b><u>2,888</u></b>	<b><u>—</u></b>	<b><u>310,919</u></b>
Interest expense	—	295	138	—	433
Transaction costs for the issuance of convertible redeemable preferred shares	—	—	—	—	—
Additions	—	7,897	463	—	8,360
Disposal	—	—	—	—	—
Payment					
– financing cash flows	—	(13,316)	(936)	—	(14,252)
– operating cash flows	—	—	—	—	—
Interest paid	—	(290)	(134)	—	(424)
Change in fair value	(7195)	—	—	—	(7,195)
Exchange adjustment	—	(741)	(176)	—	(917)
<b>At December 31, 2022</b>	<b><u>290,368</u></b>	<b><u>4,313</u></b>	<b><u>2,243</u></b>	<b><u>—</u></b>	<b><u>296,924</u></b>

(c) Investment activities

	Dual currency structured deposit	Swap deposit	Wealth management product	Total
	\$'000	\$'000	\$'000	\$'000
<b>Year ended December 31, 2021</b>				
purchase	(17,000)	(17,965)	(46,269)	(81,234)
disposal	9,500	17,965	—	27,465
interest received	28	4	—	32
<b>Year ended December 31, 2022</b>				
purchase	(14,900)	—	(44,080)	(58,980)
disposal	22,439	—	65,618	88,057
interest received	19	—	531	550

**21. COMMITMENTS**

The Group did not have capital commitments at the end of each of the Relevant Periods.

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**22. RELATED PARTY TRANSACTIONS**

(a) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party.

Parties are also considered to be related if they are subject to common control. Members of key management of the Group and their close family members are also considered as related parties.

Name of related parties	Nature of relationship
Mr. Yang Lu	The chief executive officer and chairman of our board of directors and ultimate significant shareholder of the Company

As disclosed in note 14 (ii) and note 14 (iii) to the consolidated financial statements, the RMB70,000 and RMB40,000 non-revolving facility agreements provided by three third party banks were guaranteed by the ultimate significant shareholder, Mr. Yang Lu for the years ended December 31, 2021 and 2022, respectively.

**23. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments of the Group as of the end of each of the Relevant Periods are as follows:

	As of December 31,	
	2021	2022
	\$'000	\$'000
<b>Financial assets:</b>		
Financial assets at FVTPL:		
Dual currency structured deposit	7,540	—
Wealth management product	46,269	21,287
<b>Total</b>	<b>53,809</b>	<b>21,287</b>
Other financial assets:		
Financial assets included in prepayments, other receivables and other assets	6,604	2,258
Cash and cash equivalents	64,131	42,758
<b>Total</b>	<b>70,735</b>	<b>45,016</b>
<b>Financial liabilities:</b>		
Trade payables	2,981	13,098
Financial liabilities included in other payables and accruals	3,224	3,877
Interest-bearing bank and other borrowings	10,457	4,307
<b>Total</b>	<b>16,662</b>	<b>21,282</b>
Financial liabilities at FVTPL:		
Financial instruments measured at FVTPL	297,563	290,368
<b>Total</b>	<b>297,563</b>	<b>290,368</b>

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**24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As of December 31, 2021		As of December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Dual currency structured deposit	7,540	7,540	—	—
Wealth management product	46,269	46,269	21,287	21,287
Total	<u>53,809</u>	<u>53,809</u>	<u>21,287</u>	<u>21,287</u>
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	297,563	297,563	290,368	290,368
Total	<u>297,563</u>	<u>297,563</u>	<u>290,368</u>	<u>290,368</u>

Management has assessed that the fair values of cash and cash equivalents, interest-bearing bank and other borrowings, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and assumptions used to estimate the fair value, including a summary of significant unobservable inputs together with a quantitative sensitivity analysis, are set out in note 15 to the Consolidated Financial Statements.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as of the end of each of the Relevant Periods were assessed to be insignificant.

**Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:



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**24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**

As of December 31, 2021

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	\$'000	\$'000	\$'000	
<b>Financial assets</b>				
Dual currency structured deposit	—	—	7,540	7,540
Wealth management product	—	—	46,269	46,269
Total	—	—	<u>53,809</u>	<u>53,809</u>
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	—	—	<u>297,563</u>	<u>297,563</u>

As of December 31, 2022

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets</b>				
Dual currency structured deposit	—	—	—	—
Wealth management product	21,287	—	—	21,287
Total	<u>21,287</u>	<u>—</u>	<u>—</u>	<u>21,287</u>
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	—	—	<u>290,368</u>	<u>290,368</u>

Changes in Level 3 instruments for the years ended December 31, 2021 and 2022 are as follows:

	2021	2022
	\$'000	\$'000
<b>Financial assets</b>		
Balance as of January 1	—	53,809
Acquisitions		81,234
Disposals		(27,465)
Amount recognized in profit or loss		40
Balance as of December 31	<u>53,809</u>	<u>—</u>

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**24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)**

	2021	2022
	\$'000	\$'000
<b>Financial liabilities</b>		
Balance as of January 1	153,283	297,563
Acquisitions	97,370	—
Amount recognized in profit or loss	46,910	(7,195)
Balance as of December 31	<u>297,563</u>	<u>290,368</u>

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Information about Level 3 fair value measurements:

	As of December 31, 2021	
	Valuation techniques	Significant unobservable inputs
Dual currency structured deposit	Discounted cash flow method	Forward exchange rate of USD/CNY
Wealth management product	Discounted cash flow method	Expected return rate

The fair value of dual currency structured deposit has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The unobservable inputs are the forward exchange rates of USD/CNY. The expected rate of return is between 1.5% – 2% and is not guaranteed, it depends on the forward exchange rate of USD/CNY. The valuation requires the managers to make estimates about the expected forward exchange rate of USD/CNY on maturity of the dual currency structured deposit. The term of the structured deposit is from one to three months. The managers believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of reporting periods. The actual return rate of dual currency structured deposits held as at December 31, 2021 was 1.93%.

The fair value of wealth management product has been estimated using a discounted cash flow valuation model based on an assumption that is not supported by observable market prices or rates. The unobservable input is expected annual return rate. The expected rate of return is not guaranteed and depends on the market price of underlying financial instruments, including bank deposits, debentures, monetary funds, central bank bills with good liquidity. The wealth management product is open-ended and can be redeemed at any time. The valuation requires the managers to make estimates about the expected future cash flows including expected future return. The managers believe that the estimated fair values resulting from the valuation technique are reasonable, and that they were the most appropriate values at the end of reporting periods. The actual return rate of wealth management products held as at December 31, 2021 was 2.67%.

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, convertible redeemable preferred shares and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

**ADLAI NORTYE LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED**  
**DECEMBER 31, 2021 AND 2022 (continued)**  
**(All amounts in thousands, except share and per share data, or as otherwise noted)**

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**Foreign currency risk**

The Group has transactional currency exposures. Such exposures arise from purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the \$ and RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	Increase/ (decrease) in \$/RMB rate%	Increase/ (decrease) in profit before tax \$'000	Increase/ (decrease) in equity \$'000
<b>At December 31, 2021</b>			
If the \$ strengthens against the RMB	5	—	2,398
If the \$ weakens against the RMB	(5)	—	(2,651)
	Increase/ (decrease) in \$/RMB rate%	Increase/ (decrease) in profit before tax \$'000	Increase/ (decrease) in equity \$'000
<b>As of December 31, 2022</b>			
If the \$ strengthens against the RMB	5	—	1,939
If the \$ weakens against the RMB	(5)	—	(4,081)

**Liquidity risk**

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as of the end of each Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As of December 31, 2021				
	On demand \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Financial liabilities at FVTPL	—	—	297,563	—	297,563
Trade and bills payables	2,981	—	—	—	2,981
Financial liabilities included in other payables and accruals	3,224	—	—	—	3,224
Interest-bearing bank borrowings	—	10,457	—	—	10,457
<b>Total</b>	<b>6,205</b>	<b>10,457</b>	<b>297,563</b>	<b>—</b>	<b>314,225</b>

**ADLAI NORTYE LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED**  
**DECEMBER 31, 2021 AND 2022 (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

	As of December 31, 2022				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at FVTPL	—	290,368	—	—	290,368
Trade and bills payables	13,098	—	—	—	13,098
Financial liabilities included in other payables and accruals	3,877	—	—	—	3,877
Interest-bearing bank borrowings		4,307			4,307
<b>Total</b>	<b>16,975</b>	<b>294,675</b>	<b>—</b>	<b>—</b>	<b>311,650</b>

**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as of the end of each of the Relevant Periods are as follows:

	As of December 31,	
	2021	2022
	\$'000	\$'000
Total assets	131,685	72,594
Total liabilities	317,113	313,887
Asset-liability ratio (Note i)	0.42	0.23

Note i:

The asset-liability ratio is calculated by dividing total assets by total liabilities.

**26. SUBSEQUENT EVENTS**

(a) Cash deposit

On March 12, 2023, the Federal Deposit Insurance Corporation, or the FDIC, took control and was appointed receiver of Silicon Valley Bank. As of April 7, 2023, the Company had four accounts with Silicon Valley Bank with a total balance of \$4 which is below the FDIC limit. The Company does not expect any additional exposure or impact to our operations.

(b) Bank loan

In March 2023, Adlai Hangzhou repaid a non-revolving facility amount of RMB10,000 at the maturity date.

**ADLAI NORTYE LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED**  
**DECEMBER 31, 2021 AND 2022 (continued)**  
**(All amounts in thousands, except share and per share data, or as otherwise noted)**

**26. SUBSEQUENT EVENTS (continued)**

In March 2023, Adlai Hangzhou entered into a non-revolving facility agreement with a third party financial institution for a facility amount of RMB30,000 at an interest rate of 4.0% per annum, guaranteed by Mr. Yang Lu and Adlai Shanghai. The maturity date is August 31, 2023.

In March 2023, Adlai Hangzhou entered into a non-revolving facility agreement with a third party financial institution for a facility amount of RMB20,000 at an interest rate of 4.2% per annum, guaranteed by Mr. Yang Lu. The maturity date is March 27, 2024.

**27. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY**

The business transactions and assets of Adlai Hangzhou and Shanghai Adlai Nortye Biopharma Co., Ltd (“PRC Subsidiaries”) are primarily denominated in RMB, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the People’s Bank of China or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the People’s Bank of China. Approval of foreign currency payments by the People’s Bank of China or other regulatory institutions requires submitting a payment application form together with suppliers’ invoices, shipping documents and signed contracts. These currency exchange control measures imposed by the PRC government may restrict the ability of PRC Subsidiaries to transfer their net assets to the Company through loans, advances or cash dividends.

The net assets of PRC Subsidiaries in aggregate exceeded 25% of the Company’s consolidated net assets. Accordingly, condensed parent company financial statements have been prepared in accordance with Rule 5.04 and Rule 12-04 of SEC Regulation S-X.

The subsidiaries did not pay any dividends to the Company for the periods presented. For the purpose of presenting parent-only financial information, the Company records its investment in its subsidiaries under the cost method of accounting. Such investment is presented on the separate condensed balance sheets of the Company as “Investment in subsidiaries”. Certain information and footnote disclosures generally included in financial statements prepared in accordance with IFRSs are not required.

As of December 31, 2021 and 2022, there were no material contingencies, significant provisions for long-term obligations, or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements, if any.

**ADLAI NORTYE LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED**  
**DECEMBER 31, 2021 AND 2022 (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**27. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (continued)**

PARENT COMPANY BALANCE SHEETS

	December 31,	
	2021	2022
	\$'000	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	48,363	12,194
Prepayments, other receivables and other assets	1	36
<b>Total current assets</b>	<b>48,364</b>	<b>12,230</b>
<b>Non-current assets</b>		
Due from related parties	104,714	115,743
Investment in subsidiaries	64,216	94,300
<b>Total non-current assets</b>	<b>168,930</b>	<b>210,043</b>
<b>Total assets</b>	<b>217,294</b>	<b>222,273</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	761	888
Interest payables	—	—
Non-current liabilities due within one year	4	—
Financial liabilities at FVTPL	—	290,368
<b>Total current liabilities</b>	<b>761</b>	<b>291,260</b>
<b>Non-current liabilities</b>		
Long-term loans	—	—
Financial liabilities at FVTPL	297,563	—
<b>Total non-current liabilities</b>	<b>297,563</b>	<b>—</b>
<b>Total liabilities</b>	<b>298,324</b>	<b>291,260</b>
Ordinary shares (par value of \$0.0001 per share; 442,456,586 shares authorized and 40,440,000 shares issued and outstanding as of December 31, 2021 and 2022)	4	4
Series A convertible preferred shares (par value of US\$0.0001 per share; 14,560,000 and 14,560,000 shares authorized, issued and outstanding as of December 31, 2021 and 2022, respectively)	10,980	10,980
Additional paid-in capital	6,415	6,415
Share option reserve	5,647	11,730
Accumulated deficit	(104,076)	(98,116)
<b>Total shareholders' deficit</b>	<b>(81,030)</b>	<b>(68,987)</b>
<b>Total liabilities and shareholders' equity</b>	<b>217,294</b>	<b>222,273</b>

**ADLAI NORTYE LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED**  
**DECEMBER 31, 2021 AND 2022 (continued)**  
 (All amounts in thousands, except share and per share data, or as otherwise noted)

**27. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (continued)**

PARENT COMPANY STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	For the Years Ended December 31,	
	2021	2022
	\$'000	\$'000
<b>REVENUE</b>	—	—
Other operating income, net	—	156
Administrative expenses	(2,376)	(1,390)
Research and development expenses	—	—
<b>Total operating loss</b>	<b>(2,376)</b>	<b>(1,234)</b>
Other income and gains	173	—
Investment income	3	—
Fair value loss on financial liabilities at FVTPL	(46,910)	7,194
Finance costs	(399)	—
<b>LOSS BEFORE TAX</b>	<b>(49,509)</b>	<b>5,960</b>
Income tax expense	—	—
<b>LOSS FOR THE YEAR</b>	<b>(49,509)</b>	<b>5,960</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b>(49,509)</b>	<b>5,960</b>

PARENT COMPANY STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2021	2022
	\$'000	\$'000
Net cash flows used in operating activities	(1,610)	(1,134)
Net cash flows used in investing activities	(65,798)	(35,035)
Net cash flows from financing activities	96,428	—
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>29,020</b>	<b>(36,169)</b>
Cash and cash equivalents at beginning of year	19,343	48,363
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>48,363</b>	<b>12,194</b>

## ADLAI NORTYE LTD.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND  
COMPREHENSIVE LOSS FOR THE THREE MONTHS ENDED MARCH 31,  
2022 AND 2023 (UNAUDITED)**

(All amounts in thousands, except share and per share data, or as otherwise noted)

	Notes	Three Months ended March 31,	
		2022	2023
		\$'000	\$'000
<b>REVENUE</b>	4	—	—
Other operating income, net		104	194
Administrative expenses		(2,494)	(2,149)
Research and development expenses		(8,899)	(13,308)
<b>Total operating loss</b>		<b>(11,289)</b>	<b>(15,263)</b>
Other income and gains		92	258
Other expenses		(1)	—
Investment income		65	64
Fair value gain on financial assets at fair value through profit or loss ("FVTPL")		222	—
Fair value loss on financial liabilities at FVTPL	15	—	—
Finance costs	5	(157)	(80)
<b>LOSS BEFORE TAX</b>		<b>(11,068)</b>	<b>(15,021)</b>
Income tax expense	6	—	—
<b>LOSS FOR THE PERIOD</b>		<b>(11,068)</b>	<b>(15,021)</b>
Attributable to:			
Ordinary Equity Holders of the Parent		(11,068)	(15,021)
<b>OTHER COMPREHENSIVE LOSS</b>			
Exchange differences on translation of the financial statements of subsidiaries		558	282
Other comprehensive loss for the period, net of tax		558	282
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(10,510)</b>	<b>(14,739)</b>
Attributable to:			
Ordinary Equity Holders of the Parent		(10,510)	(14,739)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
For loss for the period (\$ per share)	8	(0.44)	(0.59)
Weighted average common shares outstanding	8	25,440,000	25,440,000

The accompanying notes are an integral part of the Consolidated Financial Statements



## ADLAI NORTYE LTD.

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2022 AND MARCH 31, 2023 (UNAUDITED)**  
**(All amounts in thousands, except share and per share data, or as otherwise noted)**

	Notes	As of	
		December 31, 2022	March 31, 2023
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		42,758	59,839
Financial assets at FVTPL	12	21,287	—
Prepayments, other receivables and other assets	11	2,258	1,871
<b>Total current assets</b>		<b>66,303</b>	<b>61,710</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	3,713	3,530
Right-of-use assets	10(a)	2,162	1,915
Other intangible assets		89	82
Prepayments, other receivables and other assets	11	327	300
<b>Total non-current assets</b>		<b>6,291</b>	<b>5,827</b>
<b>Total assets</b>		<b>72,594</b>	<b>67,537</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables		13,098	15,369
Other payables and accruals	13	3,877	4,521
Interest-bearing bank borrowings	14	4,307	10,187
Lease liabilities	10(b)	1,001	1,050
Financial liabilities at FVTPL	15	290,368	290,368
<b>Total current liabilities</b>		<b>312,651</b>	<b>321,495</b>
<b>Non-current liabilities</b>			
Lease liabilities	10(b)	1,236	945
<b>Total non-current liabilities</b>		<b>1,236</b>	<b>945</b>
<b>Total liabilities</b>		<b>313,887</b>	<b>322,440</b>
<b>SHAREHOLDERS' DEFICIT</b>			
Ordinary shares (par value of \$0.0001 per share; 442,456,586 shares authorized and 40,440,000 shares issued and outstanding as of December 31, 2022 and March 31,2023)	17	4	4
Series A convertible preferred shares (par value of US\$0.0001 per share; 14,560,000 and 14,560,000 shares authorized, issued and outstanding as of December 31, 2022 and March 31,2023, respectively)		10,980	10,980
Additional paid-in capital	18	6,415	6,415
Share option reserve	18	13,688	14,817
Exchange fluctuation reserve	18	(4,159)	(3,877)
Accumulated deficit	18	(268,221)	(283,242)
<b>Total shareholders' deficit</b>		<b>(241,293)</b>	<b>(254,903)</b>
<b>Total liabilities and shareholders' deficit</b>		<b>72,594</b>	<b>67,537</b>

The accompanying notes are an integral part of the Consolidated Financial Statements

## ADLAI NORTYE LTD.

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

	Attributable to owners of the parent						
	Ordinary Shares	Additional paid-in capital	Series A convertible preferred shares	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total deficits
	\$'000 (note 17)	\$'000 (note 18)	\$'000	\$'000 (note 18)	\$'000 (note 18)	\$'000	\$'000
At January 1, 2022	4	6,415	10,980	7,606	(1,002)	(209,431)	(185,428)
Loss for the period	—	—	—	—	—	(11,068)	(11,068)
Other comprehensive income for the period:							
Exchange differences on translation of the financial statements of subsidiaries	—	—	—	—	558	—	558
Share-based compensation	—	—	—	1,024	—	—	1,024
At March 31, 2022	<u>4</u>	<u>6,415</u>	<u>10,980</u>	<u>8,630</u>	<u>(444)</u>	<u>(220,499)</u>	<u>(194,914)</u>
	Attributable to owners of the parent						
Ordinary Shares	Additional paid-in capital	Series A convertible preferred shares	Share option reserve	Exchange fluctuation reserve	Accumulated losses	Total deficits	
\$'000 (note 17)	\$'000 (note 18)	\$'000	\$'000 (note 18)	\$'000 (note 18)	\$'000	\$'000	
At January 1, 2023	4	6,415	10,980	13,688	(4,159)	(268,221)	(241,293)
Loss for the period	—	—	—	—	—	(15,021)	(15,021)
Other comprehensive income for the period:							
Exchange differences on translation of the financial statements of subsidiaries	—	—	—	—	282	—	282
Share-based compensation	—	—	—	1,129	—	—	1,129
At March 31, 2023	<u>4</u>	<u>6,415</u>	<u>10,980</u>	<u>14,817</u>	<u>(3,877)</u>	<u>(283,242)</u>	<u>(254,903)</u>

The accompanying notes are an integral part of the Consolidated Financial Statements

## ADLAI NORTYE LTD.

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED)**  
**(All amounts in thousands, except share and per share data, or as otherwise noted)**

	Notes	Three Months ended March 31,	
		2022	2023
		\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		(11,068)	(15,021)
Adjustments for:			
Finance costs	5	157	80
Investment income		(65)	(63)
Fair value gain on financial assets at FVTPL		(183)	—
Depreciation of property, plant and equipment	9	224	254
Amortization of intangible assets		5	10
Depreciation of right-of-use assets	10(a)	293	270
Equity-settled share-based payment expenses	19	1,024	1,129
(Decrease)/Increase in prepayments, other receivables and other assets		(1,208)	388
Increase in non-current assets		39	27
Increase in trade payables		546	2,271
(Decrease) /Increase in other payables and accruals		(1,752)	648
<b>Net cash flows used in operating activities</b>		<b>(11,988)</b>	<b>(10,007)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		(203)	(22)
Purchases of financial assets at FVTPL		(58,169)	—
Disposal of financial assets at FVTPL		62,370	21,287
Received investment income of financial assets at FVTPL		65	63
<b>Net cash flows provided from investing activities</b>		<b>4,063</b>	<b>21,328</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Addition of bank and other borrowings		2,363	7,276
Bank and other borrowings interest paid		(120)	(51)
Repayment of bank and other borrowings		(7,343)	(1,436)
Payment for lease liabilities		(278)	(294)
<b>Net cash flows (used in)/from financing activities</b>		<b>(5,378)</b>	<b>5,495</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(13,303)</b>	<b>16,816</b>
Cash and cash equivalents at beginning of period		64,131	42,758
Effect of foreign exchange rate changes, net		162	265
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>50,990</b>	<b>59,839</b>

The accompanying notes are an integral part of the Consolidated Financial Statements

## ADLAI NORTYE LTD.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED)

(All amounts in thousands, except share and per share data, or as otherwise noted)

## 1. CORPORATE AND GROUP INFORMATION

Adlai Nortye Ltd. (the “Company”) is a limited liability company incorporated in the Cayman Islands on 9 May 2018. The registered office of the Company is located at Harneys Fiduciary (Cayman) Limited, 4<sup>th</sup> Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman, KY1-1002, Cayman Islands.

The Company is an investing holding company. The Company’s subsidiaries were involved in the research and development of pharmaceutical products.

As of the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Notes	Date and place of incorporation / registration and place of operations	Issued ordinary share/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Alpine Bioscience Ltd. (“Alpine BVI”)		British Virgin Islands 8 January 2018	One share of par value \$1	100%	—	Investment holding
Adlai Nortye (BVI) Ltd. (“Adlai BVI”)		British Virgin Islands 10 May 2018	One share of par value \$1	100%	—	Investment holding
Adlai Nortye USA Inc. (“Adlai US”)		The United States 30 January 2018	10,000 shares of par value \$0.0001 each	—	100%	Clinical studies and testing, and technology development and transfer
Adlai Nortye (Switzerland) AG (“Adlai Swiss”)		Switzerland 21 June 2022	100 shares of par value CHF1’000 each	—	100%	Investment holding
Adlai Nortye PTE.LTD (“Adlai SGP”)		Singapore 22 April 2022	One share of par value \$1	—	100%	Investment holding
Adlai Nortye (HK) Limited (“Adlai HK”)		Hong Kong 24 April 2018	HKD 0.001	—	100%	Investment holding
Hangzhou Adlai Nortye Biopharma Co., Ltd* (“Adlai Hangzhou”)		the People’s Republic of China (“PRC”)/ Mainland China 14 September 2004	RMB 200,000	—	100%	Product research and development, technology transfer and consulting services business
Shanghai Adlai Nortye Biopharma Co., Ltd* (“Adlai Shanghai”)		the People’s Republic of China (“PRC”)/ Mainland China 22 December 2021	RMB 10,000	—	100%	Product research and development, technology transfer and consulting services business
Hangzhou Changchuang Weilai Technology Co., Ltd		the People’s Republic of China (“PRC”)/ Mainland China 2 November 2022	RMB 10,000	—	100%	Product research and development, technology transfer and consulting services business

\* The English name of the subsidiary registered in the PRC represents the best efforts made by management of the Company to translate its Chinese name as the subsidiary does not have an official English name.

## ADLAI NORTYE LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
**(All amounts in thousands, except share and per share data, or as otherwise noted)**

**2.1 BASIS OF PRESENTATION**

The Unaudited Condensed Consolidated financial statements of the Group include the financial statements of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated upon consolidation.

**2.2 BASIS OF PREPARATION**

Notwithstanding that the Group recorded net liabilities of \$254,903 as of March 31, 2023 and continually incurred losses from operations, the Unaudited Condensed Consolidated Financial Statements have been prepared on a going concern basis. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next 12 months from March 31, 2023 because the convertible redeemable preferred shares would not be contractually redeemable within the next 12 months.

The Statement of financial position as of December 31, 2022, which has been derived from audited financial statements audited by /s/ Mazars USA LLP, as indicated in their report included on F-2, and the Unaudited Condensed Consolidated Financial Statements, which have been reviewed by /s/ Mazars USA LLP in accordance with standards established by the Public Company Accounting Oversight Board, as indicated in their report included herein, which does not express an opinion on those statements, have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from January 1, 2020, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Unaudited Condensed Consolidated Financial Statements throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Recently issued accounting pronouncements:

In 2016, the IASB issued IFRS 16, which increases lease transparency and comparability among organizations. Under the new standard, lessees will be required to recognize all assets and liabilities arising from leases on the balance sheet, with the exception of leases with a term of 12 months or less, which permits a lessee to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities. IFRS 16 is effective for fiscal years beginning after January 1, 2019. The Company adopted the new lease accounting standard as of January 1, 2019. Adoption of this update increased the amounts of total assets and total liabilities on the Company's Unaudited Condensed Consolidated financial position, and did not have a material impact on the Company's Unaudited Condensed Consolidated results of operations and cash flows.

The Unaudited Condensed Consolidated Financial Statements have been prepared under the historical cost convention except for certain financial liabilities which have been measured at fair value at the end of each of the Relevant Periods.

**2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs**

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective in the Unaudited Condensed Consolidated Financial Statements.

Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>(2)</sup></i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current<sup>(1)</sup></i>
Amendments to IAS 1	<i>Non-Current Liabilities with Covenants<sup>(1)</sup></i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback<sup>(1)</sup></i>

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**2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (continued)**

- 
- (1) Effective for annual periods beginning on or after 1 January 2024  
(2) No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group expects that these standards will not have a significant effect on the Group's financial performance and financial position.

**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) contractual arrangements with other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are Unaudited Condensed Consolidated from the date on which the Group obtains control, and continue to be Unaudited Condensed Consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Unaudited Condensed Consolidated Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Unaudited Condensed Consolidated Financial Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset or cash-generating unit's value in use and its fair value less cost of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Group are members of the same group;

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Plant and machinery	10% to 19%
Office equipment	19% to 20%
Motor vehicles	19%
Electronic equipment	19% to 20%
Leasehold improvements	The shorter of remaining lease terms or estimated useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any



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gain or loss on disposal or retirement recognized in the statement of profit or loss and other comprehensive income in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Other intangible assets (other than goodwill)

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

Computer software

Computer software is stated at cost less any impairment losses and amortized on a straight-line basis over its estimated useful life of 5 years.

The estimated useful life of software is determined by considering the period of the economic benefits to the Group, as well as by referring to industry practice.

Research and development costs

All research costs are charged to expense as incurred.

Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the Group's ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

## (a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Offices	2 to 5 years
Office equipment	2 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

**(b) Lease liabilities**

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. Variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

**(c) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

**Financial assets***Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

*Financial assets at amortized cost (debt instruments)*

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the asset is derecognized, modified or impaired.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss and other comprehensive income.

This category includes derivative instruments and equity investments which the Group has not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognized as other income in the statement of profit or loss and other comprehensive income when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in the statement of profit or loss and other comprehensive income. Reassessment only occurs if there is either a change in the

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's Unaudited Condensed Consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

*General approach*

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as of the reporting date with the risk of a

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

default occurring on the financial instrument as of the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

*Simplified approach*

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at the end of each of the Relevant Periods.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, derivative financial instruments, interest-bearing bank and other borrowings and certain financial instruments designated at FVTPL.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognized in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognized in the statement of profit or loss does not include any interest charged on these financial liabilities.

The company assessed the contract characteristics of each series of convertible redeemable preferred shares to determine whether they should be classified as equity instruments or financial liabilities. The Series B, C, and D Preferred Shares and Series B Convertible Loans were classified as financial liabilities measured at fair value through profit or loss. The decision was based on the presence of a redemption feature and a conversion option with a price adjustment feature, which are considered financial liabilities under IAS 32.

The company also determined that the Series B Convertible Loans are a hybrid instrument that includes a non-derivative host contract and embedded derivatives, which should be accounted for at fair value through profit or loss.

*Financial liabilities at amortized cost (loans and borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss and other comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss and other comprehensive income.

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**(All amounts in thousands, except share and per share data, or as otherwise noted)****2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Derivative financial instruments*Initial recognition and subsequent measurement*

The Group uses derivative financial instruments, such as warrants. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

*Current versus non-current classification*

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows):

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

Cash and cash equivalents

For the purpose of the Unaudited Condensed Consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the Unaudited Condensed Consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Financial instruments that potentially expose the Company to concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains its cash and cash equivalents at high-quality and accredited financial institutions in amounts that could exceed the \$250,000 maximum amount insured by the Federal Deposit Insurance Corporation (FDIC). The Company does not believe that its cash and cash equivalents are subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

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**(All amounts in thousands, except share and per share data, or as otherwise noted)****2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.



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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In compliance with IFRIC 23, accruals for risk on income tax are part of the income tax within the statements of operations and comprehensive loss and income tax payable within the statements of financial position.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition*Sales of intellectual property*

Revenue from sales of intellectual property is recognized when control of the intellectual property is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the intellectual property.

When the consideration of sales of intellectual property includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the intellectual property to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Milestone payments and sales-based royalties represent a form of variable consideration which is included in the transaction price to the extent that it is highly probable that a significant reversal of accumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. When the Group cannot conclude that it is highly probable that a significant revenue reversal of cumulative revenue under the contract will not occur, the Group constrains the related variable consideration resulting in its exclusion from the transaction price.

As part of the accounting for this arrangement, the Group must use significant judgement to determine: (a) the performance obligations; and (b) the method to estimate variable consideration.

At contract inception, the Group assesses the goods or services promised within each contract and determines those that are performance obligations, and assesses whether each promised good or service is distinct.

The Group uses judgement to determine whether milestones or other variable consideration, except for royalties, should be included in the transaction price. The transaction price is allocated to each performance obligation on a relative stand-alone selling price basis, for which the Group recognizes revenue as or when the performance obligations under the contract are satisfied. If a milestone or other variable consideration relates specifically to the Group's efforts to satisfy a single performance obligation or to a specific outcome from

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

satisfying the performance obligation, the Group generally allocates that milestone amount entirely to that performance obligation once it is highly probable that a significant revenue reversal would not occur.

The Group recognizes revenue only when it satisfies a performance obligation by transferring control of the promised goods or services. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied over time if it meets one of the following criteria:

The counterparty simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

The Group's performance creates or enhances an asset that the counterparty controls as the asset is created or enhanced

The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The portion of the transaction price that is allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services is transferred to the counterparty. If the performance obligation is satisfied over time, the portion of the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied. The Group adopts an appropriate method of measuring progress for purposes of recognizing revenue. The Group evaluates the measure of progress at the end of each reporting period and, if necessary, adjusts the measure of performance and related revenue recognition.

**Upfront fees**

Upfront payment is allocated to the performance obligations based on the Group's best estimate of their relative stand-alone selling prices. The Group recognizes revenues from non-refundable upfront fees at a point in time when the transfer of control of the intellectual property to the counterparty occurs and the counterparty is able to use and benefit from the intellectual property.

**Milestone payments**

At the inception of each arrangement that includes milestone payments, the Group evaluates whether the milestones are considered highly probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is highly probable that a significant reversal of cumulative revenue would not occur, the associated milestone value is included in the transaction price. Milestone payments that are not within the control of the Group, such as regulatory approvals, are not considered highly probable of being achieved until those approvals are received. The Group evaluates factors such as the scientific, clinical, regulatory, commercial, and other risks that must be overcome to achieve the particular milestone in making this assessment. There is considerable judgement involved in determining whether it is highly probable that a significant reversal of cumulative revenue would not occur. At the end of each subsequent reporting period, the Group re-evaluates the probability of achievement of all milestones subject to constraint and, if necessary, adjusts its estimate of the overall transaction price. Milestone payments are allocated to performance obligations based on the Group's best estimate of their relative stand-alone selling prices unless the criteria under IFRS 15.85 are met, in which case the milestone payments are allocated entirely to the performance obligation which the milestone payments are specifically related to.

The Group assessed that achievement of all the remaining contractual milestones is highly uncertain and the related milestone payments are not included in the transaction price. Milestones are achieved when the triggering event described in the related agreement occurs.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Sales royalties*

The Group recognizes revenue for a sales-based royalty promised in exchange for the sales of intellectual property only when (or as) the later of the following events occurs:

- (a) the subsequent sale occurs; and
- (b) the performance obligation to which some or all of the sales-based royalty has been allocated has been satisfied.

*Revenue from other sources*

Rental income is recognized on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognized as income in the accounting period in which they are incurred.

*Interest income*

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 19 to the Unaudited Condensed Consolidated Financial Statements.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognized as of the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Other employee benefits*Pension schemes*

The employees of the Group's subsidiaries who operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to

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contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The subsidiary in the U.S. maintains multiple qualified contributory savings plans as allowed under Section 401(k) of the Internal Revenue Code in the U.S. These plans are defined contribution plans covering substantially all its qualifying employees and provide for voluntary contributions by employees, subject to certain limits. The contributions are made by both the employees and the employer. The employees' contributions are primarily based on specified dollar amounts or percentages of employee compensation. The only obligation of the subsidiary in the U.S. with respect to the retirement benefits plans is to make the specified contributions under the plans.

*Housing fund — Mainland China*

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These Unaudited Condensed Consolidated financial statements are presented in United States dollars ("\$\$"), which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the statement of operations and comprehensive loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of the initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

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**2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The functional currencies of certain subsidiaries established in the PRC are currencies other than \$. As of the end of the reporting period, the assets and liabilities of these entities are translated into \$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into \$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the statement of profit or loss and other comprehensive income.

For the purpose of the Unaudited Condensed Consolidated statement of cash flows, the cash flows of the subsidiaries established in the PRC are translated into \$ at the exchange rates at the dates of the cash flows. Frequently recurring cash flows of the subsidiaries established in the PRC which arise throughout the year are translated into \$ at the weighted average exchange rates for the year.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**Use of Estimates

The preparation of the Group's Unaudited Condensed Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

*Fair value of financial liabilities measured at FVTPL*

The fair value of the financial liabilities, including convertible redeemable preferred shares, convertible loans, forwards and warrants, are measured at FVTPL and determined using the valuation techniques, including the discounted cash flow method and the back-solve method. Such valuation requires the Group to make estimates of the key assumptions including the risk-free interest rate, discount for lack of marketability ("DLOM") and volatility, which are subject to uncertainty and might materially differ from the actual results. Further details are included in note 15 to the Unaudited Condensed Consolidated Financial Statements.

*Fair value of share-based payment*

The fair value of the awarded shares is determined at the grant dates by the binomial option-pricing model. Significant estimates on assumptions, including the underlying equity value, discount rate, expected volatility, and dividend yield, are made by management. Further details are included in note 19 to the Unaudited Condensed Consolidated Financial Statements.

The preparation of the Unaudited Condensed Consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, as of the date of the Unaudited Condensed Consolidated financial statements, and the reported amount of revenues and expenses during the reporting

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)**

period. Actual results could differ from those estimates. Significant estimates include the valuation and accounting for financial liabilities at FVTPL and equity awards.

*Impairment of non-financial assets (other than goodwill)*

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

*Deferred tax assets*

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 6 to the Unaudited Condensed Consolidated Financial Statements.

*Uncertain tax positions*

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used, by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

The Group has evaluated the uncertain tax position of each of the companies within the Group as of December 31, 2022, and March 31, 2023, the Group did not have any significant unrecognized uncertain tax positions.

*Leases — Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

**4. REVENUE**

There were no revenues occurred in the Relevant Periods.

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**5. FINANCE COSTS**

An analysis of finance costs is as follows:

	Three Months ended March 31,	
	2022	2023
	\$'000	\$'000
Interest expenses on bank and other borrowings	116	52
Interest expenses on lease liabilities	41	28
<b>Total</b>	<b>157</b>	<b>80</b>

**6. INCOME TAX**

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains.

British Virgin Islands

The subsidiaries incorporated in British Virgin Islands are not subject to income tax under the current laws of British Virgin Islands.

Singapore

The subsidiary incorporated in Singapore is subject to Singapore corporate income tax effectively at the rate of 4.25%-17.00% on any estimated assessable profits arising in Singapore during the period presented. In the first three years since the establishment of the Singapore subsidiary, the first SGD100 of assessable profits of this subsidiary are taxed at an effective tax rate of 4.25% and the next SGD100 of assessable profits are taxed at an effective tax rate of 8.5%, and the remaining assessable profits are taxed at 17%.

Switzerland

The subsidiary incorporated in Switzerland is subject to a total corporate income tax rate of 11.9%, including 8.5% federal, and Zug cantonal and communal tax, during the Relevant Periods on the estimated assessable profits of the Swiss subsidiary. If the main business is operated in other cantons, the total corporate income tax, including federal, cantonal, and communal tax, could be up to 21.6%.

The United States

The subsidiary incorporated in the United States ("U.S.") is subject to U.S. federal income tax and New Jersey state income tax at the rates of 21% and 9%, respectively, during the Relevant Periods on the estimated assessable profits arising in the United States.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on any estimated assessable profits arising in Hong Kong during the period presented. The first HKD2,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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**6. INCOME TAX (continued)**Mainland China

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on January 1, 2008.

Pursuant to the relevant regulations on extension for expiries of unused tax losses of High and New Technology Enterprises and Small and Medium-sized Technological Enterprises issued in August 2018, the accumulated tax losses that did not expire from 2018 will have expiries extending from 5 years to 10 years from then on. Adlai Hangzhou qualified as a High and New Technology Enterprise during the years 2022 – 2024.

The income tax expense of the Group for the Relevant Periods is analyzed as follows:

	<b>Three months ended March 31,</b>	
	<b>2022</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	—	—
Deferred	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

The effective income tax rate used as of March 31 is based on management's estimate of the projected effective tax rate for the fiscal year. The Company's effective tax rate for the three months ended March 31, 2023 was 0%, as compared to 0% for the three months ended March 31, 2022. The Company's rate remains to be zero percent primarily due to the company's continued loss position where deferred tax assets were not recognized and it is not probable that it will generate sufficient taxable profit in the foreseeable future to recover the deferred tax assets.

The Group has accumulated tax losses arising in Adlai Hangzhou in Mainland China of \$83,103 and \$91,988 as of December 31, 2022 and March 31, 2023, respectively, that will expire in five to ten years after the loss incurring year for offsetting against future tax able profits.

The Group also has accumulated tax losses in the U.S. of \$46,201 and \$47,831 as of December 31, 2022 and March 31, 2023, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred, subject to 80% taxable income limitation annually.

Due to various complexities, including the number of legal entities and jurisdictions involved, the overall legal structure, and varying tax laws in relevant jurisdictions, the Company believes it is not currently practicable to estimate, within a reasonable range, the amount of any unrecognized deferred income taxes relating to investments in subsidiaries and interests in joint ventures.

According to the double tax avoidance arrangements and other applicable PRC laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, if an applicant's business activities do not constitute substantive business activities, it could result in the negative determination of the applicant's status as a "beneficial owner", and consequently, the applicant could be precluded from enjoying the above-mentioned reduced income tax rate of 5%.

Under the current laws of the United States of America, dividends payable by a U.S. entity to non-U.S. resident enterprises shall be subject to 30% withholding tax, unless the respective non-U.S. resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with U.S. that provides for a reduced withholding tax rate or an exemption from withholding tax.



**ADLAI NORTYE LTD.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
**(All amounts in thousands, except share and per share data, or as otherwise noted)****6. INCOME TAX (continued)**

According to Swiss tax policy, a Swiss entity is subject to a 35% withholding tax when the entity pays dividends to a non-Swiss resident enterprise. However, according to the Agreement for the Avoidance of Double Taxation signed between Switzerland and Singapore, the withholding tax rate will be reduced to 5% if the non-Swiss resident enterprise is a Singapore resident enterprise.

**7. DIVIDENDS**

No dividends have been declared and paid by the Company or the Group during the Relevant Periods.

**8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 25,440,000 and 25,440,000 in issue during the three months ended March 31, 2022, and 2023, respectively.

The calculation of the basic loss per share amount is based on the loss for the years attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue or deemed to be in issue during the three months ended March 31, 2022 and 2023.

Basic loss per share is computed on the basis of the weighted average number of ordinary shares outstanding during the period of the financial statements.

Diluted loss per share of ordinary stock is computed on the basis of the weighted average number of shares of ordinary stock and dilutive securities (such as stock options and convertible securities) outstanding. As of March 31, 2022, the Company had 63,258,770 dilutive shares consisting of 57,543,414 relating to convertible preferred stock and 5,715,356 relating to options. As of March 31, 2023, the Company had 64,300,522 dilutive shares consisting of 57,543,414 relating to convertible preferred stock and 6,757,108 relating to options. Dilutive securities that have an anti-dilutive effect on diluted loss per share are excluded from the calculation.

No adjustment has been made to the basic loss per share amounts presented for the three months ended March 31, 2022 and 2023 in respect of a dilution as the impact of the outstanding share options, restricted stock units and warrant liability had an anti-dilutive effect on the basic loss per share amounts presented.

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**9. PROPERTY, PLANT AND EQUIPMENT**

	<u>Lease hold improvements</u>	<u>Plant and machinery</u>	<u>Office equipment</u>	<u>Motor vehicles</u>	<u>Electronic equipment</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At January 1, 2023, net of accumulated depreciation	1,774	1,673	33	151	82	3,713
Additions	3	16	—	—	3	22
Depreciation provided during the period	(118)	(109)	(7)	(8)	(12)	(254)
Disposals	—	—	—	—	—	—
Exchange realignment	25	19	1	2	2	49
At March 31, 2023, net of accumulated depreciation	<u>1,684</u>	<u>1,599</u>	<u>27</u>	<u>145</u>	<u>75</u>	<u>3,530</u>
As of March 31, 2023						
Cost	2,570	3,434	152	202	283	6,641
Accumulated depreciation	(886)	(1,835)	(125)	(57)	(208)	(3,111)
Net carrying amount	<u>1,684</u>	<u>1,599</u>	<u>27</u>	<u>145</u>	<u>75</u>	<u>3,530</u>

During the Relevant Periods, none of the Group's property, plant and equipment were pledged.

There was no impairment for the Group's property, plant and equipment during the Relevant Periods.

**10. LEASES**

The Group has lease contracts of properties and used in its operation with lease terms between 2 and 5 years.

## (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

	<u>Offices</u>	<u>Office equipment</u>	<u>Total</u>
	\$'000	\$'000	\$'000
As of January 1, 2023	2,086	76	2,162
Additions	—	—	—
Depreciation provided during the period	(238)	(32)	(270)
Exchange realignment	23	—	23
As of March 31, 2023	<u>1,871</u>	<u>44</u>	<u>1,915</u>

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**10. LEASES (continued)**

## (b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	<u>Three Months ended March 31, 2023</u>	
	\$'000	
As of January 1, 2023	(2,237)	
Additions	—	
Accretion of interest recognized during the period	(28)	
Payments	294	
Exchange realignment	(24)	
As of March 31, 2023	<u>(1,995)</u>	
	As of	
	<u>December 31, 2022</u>	<u>March 31, 2023</u>
	\$'000	\$'000
Analyzed into:		
Current portion	1,001	1,050
Non-current portion	1,236	945
Total	<u>2,237</u>	<u>1,995</u>

## (c) The amounts recognized in profit or loss in relation to leases are as follows:

	<u>Three Months ended March 31,</u>	
	<u>2022</u>	<u>2023</u>
	\$'000	\$'000
Interest on lease liabilities	(133)	(28)
Depreciation charge of right-of-use assets	(293)	(270)
Total amount recognized in profit or loss	<u>(426)</u>	<u>(298)</u>

**11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**

	As of	
	<u>December 31, 2022</u>	<u>March 31, 2023</u>
	\$'000	\$'000
Current:		
Prepayments (Note i)	1,912	1,410
VAT deductible tax	100	191
Deposits and other receivables	246	270
	<u>2,258</u>	<u>1,871</u>

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**11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (continued)**

	As of	
	December 31, 2022	March 31, 2023
	\$'000	\$'000
<b>Non-current:</b>		
Prepaid expenses	327	300
	<u>327</u>	<u>300</u>
<b>Total</b>	<u><b>2,585</b></u>	<u><b>2,171</b></u>

Note i:

The amount represents prepayments for Contract Research Organizations ("CROs") and deposit of property, plant and equipment not yet placed in use.

Other receivables had no historical default. The financial assets included in the above balances relate to receivables which were categorized in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking factors and information. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Long ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables relate to a large number of diversified counterparties, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

**12. FINANCIAL ASSETS AT FVTPL**

	As of	
	December 31, 2022	March 31, 2023
	\$'000	\$'000
<b>Financial assets:</b>		
Financial assets at FVTPL:		
Wealth management product	<u>21,287</u>	<u>—</u>

During the Relevant Periods, the Group used surplus capital to purchase wealth management product from domestic commercial banks, which preserved capital and liquidity.

The wealth management product held as of December 31, 2022 was an investment into a mutual fund whose portfolio included a mixture of fixed income assets, preferred shares and repos, which were redeemable every 3 months. The returns on all of the financial product was not guaranteed, hence their contractual cash flows did not qualify solely as payments of principal and interest. Therefore, those products were accounted at fair value through profit or loss. Further details are included in note 20(c) to the Unaudited Condensed Consolidated Financial Statements.

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**13. OTHER PAYABLES AND ACCRUALS**

	As of	
	December 31, 2022	March 31, 2023
	\$'000	\$'000
Other payables and accruals (Note i)	255	183
Payroll and bonus payables	3,622	4,338
<b>Total</b>	<b>3,877</b>	<b>4,521</b>

Note i:

Other payables and accruals are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables and accruals at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

**14. INTEREST-BEARING BANK BORROWINGS**

	As of	
	December 31, 2022	March 31, 2023
	\$'000	\$'000
Non Revolving Facility, 5.22% interest, due March 22,2023, guaranteed (Note i)	1,436	—
Non Revolving Facility, 4.8% interest, due April 24,2023, guaranteed (Note ii)	2,871	2,910
Non Revolving Facility, 4.0% interest, due August 31,2023, guaranteed (Note iii)	—	4,367
Non Revolving Facility, 4.2% interest, due March 27, 2024, guaranteed (Note i)	—	2,910
<b>Total</b>	<b>4,307</b>	<b>10,187</b>

	Three Months ended
	March 31, 2023
	\$'000
As of January 1, 2023	4,307
Additions	7,277
Repayments	(1,436)
Effect of foreign exchange rate changes	39
<b>As of March 31, 2023</b>	<b>10,187</b>

All of the Group's bank borrowings were obtained from third party financial institutions. As of December 31, 2022 and March 31, 2023, the Group's credit facilities were \$4,307 and \$10,187, respectively, of which nil and nil was unused by the Group.

Notes:

- (i) In March 2022, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 10,000 and at an interest rate of 5.22% per annum, guaranteed by Mr. Yang Lu, the chief executive officer and chairman of our board of directors. The non-revolving facility agreement was repaid at the maturity date of March 22, 2023.
- In March 2023, Adlai Hangzhou entered into a non-revolving facility agreement with a third party financial institution for a facility amount of RMB 30,000 at an interest rate of 4.0% per annum, guaranteed by Mr. Yang Lu and Adlai Shanghai. The maturity date is August 31, 2023

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**14. INTEREST-BEARING BANK BORROWINGS (continued)**

- (ii) In October 2022, Adlai Hangzhou entered into a non-revolving facility agreement for a facility amount of RMB 20,000 and at an interest rate of 4.80% per annum, guaranteed by Mr. Yang Lu, the chief executive officer and chairman of our board of directors.
- (iii) In March 2023, Adlai Hangzhou entered into a non-revolving facility agreement with a third party financial institution for a facility amount of RMB 20,000 at an interest rate of 4.2% per annum, guaranteed by Mr. Yang Lu. The maturity date is March 27, 2024.

**15. FINANCIAL LIABILITIES AT FVTPL****Preferred shares and convertible loans**

In late 2015, Adlai Hangzhou raised up to RMB70,000 from the Founders and certain onshore investors (“Series A Investors”).

In June 2018, the Company was established in the Cayman Island for seeking overseas listing opportunity, and the Company issued ordinary shares to the Founders and an option to the Series A Investors, which entitled Series A Investors to convert their equity interests in Adlai Hangzhou to up to 14,560,000 series A convertible preferred shares (“Series A Preferred Shares”) of the Company, at par value of \$ 0.0001 per share, upon completion of the Reorganization. From January 2020 to April 2020, Series A Investors exercised the option and converted their equity interests in Adlai Hangzhou to Series A Preferred Shares of the Company.

In June 2018, to accommodate the Group’s Reorganization plan, certain onshore investors (“Series B Onshore Investors”) entered into convertible loan subscription agreement (the “Series B Loan Agreement”) with Adlai Hangzhou to issue a loan (the “Series B Convertible Loans”) to Series B Onshore Investors for a total consideration of RMB165,000. Meanwhile, the Company entered into a forward contract with these Series B Onshore investors to grant them an option (“Series B Preferred Shares Forward”) to convert Series B Convertible Loans issued by Adlai Hangzhou to 6,600,000 series B convertible redeemable preferred shares (“Series B Preferred Shares”) of the Company, at par value of \$ 0.0001 per share, upon completion of the Reorganization. Pursuant to the Series B Loan Agreement, these loans bore interest at 15% per annum and shall mature upon the exercise of the Series B Preferred Shares Forward. The Series B Onshore Investors agreed Adlai Hangzhou’s obligation of repayment the principal and accrued interests of these loans will be automatically relieved with the exercise of Series B Share Purchase Forward upon completion of the Reorganization. From April to May 2020, the Series B Onshore Investors have exercised their Series B Share Purchase Forward and converted their Series B Convertible Loans to an aggregate of 6,600,000 Series B Preferred Shares.

Concurrently, certain offshore investors (“Series B Offshore Investors”) subscribed 6,907,896 Series B Preferred Shares (“Series B Preferred Shares”) for a total consideration of \$27,000. The Series B Onshore Investors and Series B Offshore Investors are collectively referred to as “Series B Investors”.

In December 2019, the Company issued 14,653,013 series C convertible redeemable preferred shares (“Series C Preferred Shares”) of the Company for a total consideration of \$63,700 to certain investors (“Series C Investors”).

In April 2021, the Company entered into a Series D share purchase agreement with certain investors (“Series D Investors”) to issue an aggregate of 14,722,505 series D convertible redeemable preferred shares (“Series D Preferred Shares”) for a total consideration of \$97,370 and paid in full as of December 31, 2021.

According to the original and amended Memorandum and Articles of Association (“MOA”) upon the issuance of each series of convertible redeemable preferred shares, the Group designated Series B, C and D Preferred Shares and Series B Convertible Loans as financial liabilities measured at FVTPL and recognized Series A Preferred Shares as equity in accordance with the relevant IFRS. There is no significant change in the

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

major terms of MOA among of each series except mentioned otherwise in the notes to the Unaudited Condensed Consolidated Financial Statements.

According to the MOA of the Company in May 2021, the key terms of the Series A, B, C and D Preferred Shares (collectively “Preferred Shares”) are as follows:

***Conversion Rights (applicable to all Preferred Shares)***

Each holder of Preferred Shares may, at the option of the holder thereof, be converted at any time into fully-paid and nonassessable ordinary shares of the Company based on the then-effective applicable conversion price (“Applicable Conversion Price”). Each holder of Preferred Shares shall automatically be converted, based on the Applicable Conversion Price, into ordinary shares of the Company upon the closing of a Qualified IPO (as defined below).

The Applicable Conversion Price is initially equal to the original issue price for each class of Preferred Shares and shall be subject to adjustment from time to time, including but not limited to share splits, share subdivision, share combination and the like, being no less than par value.

If the Company issues any additional ordinary shares at a subscription price less than the corresponding original subscription price of the Series B, C and D Preferred Shares, the Company shall issue new corresponding Series B, C and D Preferred Shares to the holders of Series B, C and D Preferred Shares at the nominal price or the minimum price allowed by applicable laws until the Applicable Conversion Price for each holders of Series B, C and D Preferred Shares is reduced to such issue price.

If the Group fails to meet any of the below two committed business objectives (“Business Objectives”) within the timelines, the holders of Series C Preferred Shares are entitled to request the Founders, affiliates of the Founders and the Group (collectively referred to as “Warrantors”) to jointly make up the share compensation necessary to make the pre-money valuation of the Company immediately before the investment by the holders of Preferred Shares be adjusted to 70% thereof. The share compensation arrangement shall be made on the basis of a nominal transfer price. The Business Objectives are:

- a) promote at least three products (self-developed or by introduction) to the next clinical stage within eighteen months from the Series C Preferred Shares closing date, on the basis of existing clinical pipelines; and;
- b) obtain the approval of one new drug application from the competent authority for drug administration in the US or PRC by the 3rd anniversary of Series C Preferred Shares closing date.

Qualified IPO means an underwriter initial public offering of the Company completed no later than the earlier of (i) September 7, 2023 and (ii) two years after the date of Closing of the Series D Preferred Shares and which occurs on the New York Stock Exchange, NASDAQ, Hong Kong Exchanges and Clearing Market or such other reputable stock exchange approved by the a majority of all of the investor directors with (i) the pre-public offering market capitalization of no less than \$650,000, unless otherwise agreed by the investor directors; and (ii) shares held by the investors can be listed for trading or otherwise disposed of without transfer restrictions after any applicable statutory lock-up period.

***Voting Rights (applicable to all Preferred Shares)***

Except as otherwise required by law or as set forth herein, the holder of each ordinary share issued and outstanding shall have one vote for each ordinary share held by such holder, and the holder of Preferred Shares shall be entitled to the number of votes equal to the number of ordinary shares into which such Preferred Shares could be converted.

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)*****Liquidation Preference (applicable to all Preferred Shares)***

Upon any liquidation, closure, dissolution, merger or acquisition of any Group company; or the transfer of a controlling interest (i.e., more than 50% of the equity) by the shareholders of any Group company (excluding the holders of Series A, B, C and D Preferred Shares); or the sale of the majority of any Group's assets to third parties; or the transfer of the majority of any Group's intellectual property to third parties; or any event that can be defined as a transfer of control of any Group company; or any transfer of the Shares of any Group company (excluding the shares of the Company held by the holders of Series A, B, C and D Preferred Shares) or shares held by the Founders or their affiliates without the prior written consent of the Investor Director Majority, Series C Investors and Series D Investors; or any breach of the Warrantors under the Series D Share Purchase Agreements, the Series C Share Purchase Agreements, the Series B Share Purchase Agreement, the Shareholders' Agreement and these Articles, as applicable ("Transaction Documents") which would cause the Series C Investors and Series D Investors to claim for termination of any of the Transaction Documents (each a "Liquidation Event"), whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the shareholders is distributed to the shareholders of the Company in the sequence as follows:

- a) Series D Preferred Shares
- b) Series C Preferred Shares
- c) Series B Preferred Shares
- d) Series A Preferred Shares

If there are any assets or funds remaining after the aggregate Series A, B, C and D Preferred Shares have been distributed or paid fully, the remaining assets and funds of the Company available for distribution is distributed on a pro rata basis among all holders of outstanding ordinary shares and Preferred Shares.

***Dividends (applicable to all Preferred Shares)***

Each holder of the ordinary shares (on as-converted basis) shall be entitled to receive dividends on a pro rata basis on the number of ordinary shares, out of any funds legally available therefor, pro rata based on the number of ordinary shares held by each holder.

***Redemption Rights (applicable to Series B, C and D Preferred Shares)***

At any time after the earlier of the following, any investors of Preferred Shares shall be entitled to require the Company to redeem all or portion of the outstanding Preferred Shares held by them, and/or require each of the Warrantors to jointly and severally redeem or repurchase all or portion of the outstanding Preferred Shares held by them:

- i. the Company fails to complete a Qualified IPO at the earlier of (a) September 7, 2023; and (b) two years after the date of Closing;
- ii. (applicable to Series C Investors and Series D Investors only) with respect to any Series C Investor or Series D Investor, such Series C Investor or Series D Investor fails to achieve the investment return which is 100% of its investment amount and plus an amount that would accrue on its investment amount at a simple interest rate of ten percent (10%) per annum (if such period is less than a year, such interest amount shall be calculated proportionally) through transfer, dividends of the Preferred Shares, or disposal in any other way approved by such Series C Investors or Series D Investors plus the value of the Preferred Shares (if any) still held by such Series C Investors or Series D Investors by



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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

- September 7, 2023 (with respect to Series C Investors) or by three years following its closing of Series D (with respect to Series D Investors);
- iii. (applicable to Series C Investors only) the applicable Group company fails to meet any of the Committed Business Objectives within the timelines specified under these Articles;
  - iv. (applicable to Series C Investors only) the applicable Group company fails to obtain approval of a new medicine application from the competent authority for drug administration of its first medicine in the U.S. or the PRC by December 30, 2022;
  - v. (applicable to Series C Investors and Series D Investors only) the first disapproval or rejection by any competent governmental authority (including, without limitation, the National Medical Products Administration of the PRC or the U.S. Food and Drug Administration) of the application made by any Group company with respect to any of its new drugs;
  - vi. in case that the Group companies meet the requirements for a Qualified IPO, any of the Group companies or the management shareholders refuses the Qualified IPO or declines to make necessary cooperation for such Qualified IPO, or the Group companies fail to complete the Qualified IPO due to any reasons attributable to any management shareholder;
  - vii. without the written consent of the majority of investor directors, Series C Investors and Series D Investors, Mr. Yang Lu and Mr. Donghui Yang terminate their employment contracts with the applicable Group company or fail to comply their commitment to work full time as per the agreement with certain Series C Investors or Series D Investors prior to the latest to occur of the following events: (a) such Series C Investors or Series D Investors' exit; (b) the occurrence of a Qualified IPO; (c) the expiry of the two years period after the closing of Series D; and (d) September 7, 2023;
  - viii. material change of principal business or, business scope of the Group companies without the written consent of the majority of investor directors, Series C Investors and Series D Investors;
  - ix. any significant intellectual property of any Group company becomes invalid, frozen, or is transferred, authorized, pledged, encumbered, hypothecated to any third party without prior written consent of the majority of investor directors;
  - x. the occurrence of a material breach by any Group company or any management shareholders of any of their respective representations, warranties, covenants or undertakings under the Transaction Documents and failure by applicable Group companies or management shareholders to make remedy within thirty days after so required;
  - xi. the occurrence of a material breach by any Group company or any management shareholder of any of mandatory laws or regulations in the applicable jurisdiction; and
  - xii. the occurrence of any material dishonesty problem by any Group company or any management shareholder.

**Next Equity Financing Warrant**

In June 2018, in connection with the issuance of the Series B Preferred shares, the Company irrevocably issued to certain Series B Investors a warrant ("Next Equity Financing Warrant"), by which each of these Series B Investors shall be entitled but not obligated to purchase a certain number of the Company's Preferred Shares with a par value of \$0.0001 per share prior to the closing date of the Company's next round equity or

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

equity-linked financing (the “Next Equity Financing”), at an exercise price per share of ninety-five percent (95%) of the subscription price per share for the investors in such Next Equity Financing.

The Next Equity Financing Warrant expired upon the closing date of the Company’s Series C financing in August 2019 as none of these Series B Investors subscribed the Company’s Series C Preferred Shares.

**CEHKL Warrant**

On May 20, 2019, the Company entered into a warrant agreement with China Equities HK Limited (“CEHKL”), under which the Company agreed to issue certain Series B Preferred Shares to CEHKL with agreed price (“CEHKL Warrant”) and the CEHKL Warrant will expire on May 20, 2024. In July 2021, CEHKL elected to exercise the CEHKL Warrant and the Company issued 100,000 Series B Preferred Shares to CEHKL.

**Presentation and classification**

The Group and the Company have designated the Series B, C and D Preferred Shares and Series B Convertible Loans as financial liabilities measured at FVTPL upon initial recognition. The Next Equity Financing Warrant and CEHKL Warrant are initially recognized at fair value on the date on which the contract is entered into and are subsequently remeasured at fair value.

The change in fair value of financial liabilities at FVTPL is charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. The net gain or loss recognized in profit or loss includes any interest paid on the financial liabilities and is included in the loss on changes in fair value of financial liabilities at FVTPL line item. Management concluded that there is no credit risk of the financial liability that drives the change of the fair value of the financial liability.

The categories of the Group’s financial liabilities at FVTPL are set out as follows:

	As of	
	December 31, 2022	March 31, 2023
	\$'000	\$'000
Series B Preferred Shares	90,384	90,384
Series C Preferred Shares	97,132	97,132
Series D Preferred Shares	102,852	102,852
Total	<u>290,368</u>	<u>290,368</u>

There was no movement in financial liabilities at FVTPL in the three months ended March 31, 2023.

**Notes:**

(i) Pursuant to the Company’s amended and restated MOA upon the Series C Preferred Shares financing in August 2019:

- the holders of the Series C Preferred Shares were entitled to an option to require the Company to early redeem the whole preferred shares when the Company or any other group company fails to consummate a Qualified IPO at any time on or before 30 September 2021; and
- the holders of the Series B Preferred Shares were entitled to an option to require the Company to early redeem the whole preferred shares when the Company or any other group company fails to consummate a Qualified IPO at any time on or before 1 June 2023.

With the Company entering into a series of Series D share purchase agreements from April 2021 to July 2021, the Company adopted an amended and restated MOA on May 28, 2021, pursuant to which the

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**15. FINANCIAL LIABILITIES AT FVTPL (continued)**

required latest completion date of a Qualified IPO by the Company under the Series C share purchase agreements was modified from September 30, 2021 to June 1, 2023.

As such, the Series C Preferred Shares were presented as a current liability as of December 31, 2022 and March 31, 2023.

Series B and D Preferred Shares were presented as a current liability as of December 31, 2022 and March 31, 2023 accordingly.

The Company has used the discounted cash flow method and back-solve method to determine the underlying share value of the Company and adopted equity allocation model to determine the fair value of each financial liability as of the dates of issuance and at the end of each of the Relevant Periods.

Set out below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as of December 31, 2022, and March 31, 2023:

	As of	
	December 31, 2022	March 31, 2023
Fair value of ordinary shares of the Company	\$ 6.15	\$ 6.15
Risk-free interest rate (Note i)	4.68%	4.68%
Expected term	0.44 years	0.44 years
Volatility (Note ii)	52.86%	52.86%

## Notes:

- (i) 1% increase/decrease in the risk-free interest rate with all other variables held constant would decrease/increase the fair value of convertible redeemable preferred shares by \$83/84 and \$83/84 as of December 31, 2022, and March 31, 2023, respectively.
- (ii) 1% increase/decrease in volatility with all other variables held constant would decrease/increase the fair value of convertible redeemable preferred shares by \$(49)/\$924 and \$(49)/\$924 as of December 31, 2022 and March 31, 2023, respectively.

The Group estimated the risk-free interest rate based on the yield of the United States Government Bond with maturity close to the expected exit timing as of the valuation date. Under the option-pricing method, the cost of a put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on the annualized standard deviation of the daily stock price return of comparable companies for a period from the valuation date and with a similar time span to expiration.

**16. WARRANTS**

In connection with issuance of Series B Preferred shares in August 2019, the Company irrevocably issued to CEHKL 171,559 Private Warrants ("CEHKL Warrants") at a fair value of \$486. Please refer to note 15 for details of the CEHKL Warrant.

None of CEHKL was outstanding as of December 31, 2022 and March 31, 2023.

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**17. ORDINARY SHARES****Issued and fully paid:**

	As of	
	December 31, 2022	March 31, 2023
	\$'000	\$'000
25,440,000 shares of \$0.0001 each	3	3

The authorized share capital of the Company as of December 31, 2022 is \$50 divided into 500,000,000 Shares of par value of \$0.0001 each, including 442,456,586 ordinary shares. There was no movement in the Company's ordinary shares in the three months ended March 31, 2023.

**18. DEFICITS**

The amounts of the Group's deficits and the movement therein for the Relevant Periods are presented in the Unaudited Condensed Consolidated statements of changes in equity.

## (i) Additional paid-in capital

The additional paid-in capital represents the difference between the par value of the shares issued and the consideration received.

## (ii) Share option reserve

The share option reserve of the Group represents the equity-settled share-based payments granted by the Group. Please refer to note 19 for details.

## (iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of Group companies whose functional currencies are different from the Group's presentation currency.

**19. SHARE INCENTIVE PLAN**Adlai Hangzhou Scheme

Adlai Hangzhou, a subsidiary of the Company, was once listed on the National Equities Exchange and Quotations ("NEEQ") (stock code 870946) and adopted a share incentive scheme (the "Adlai Hangzhou Scheme") for the primary purpose of providing incentives to eligible management and employees who render services to Adlai Hangzhou. On June 15, 2017, awards up to 1,220,000 shares were granted to management and employees at the exercise price of RMB7 per share. Awards granted under the Adlai Hangzhou Scheme shall have a contractual term of five years and generally vest over a four year period, with 25% of total awards vesting on the anniversary date one year after the vesting commencement date and the remaining 75% vesting subsequently in three equal annual instalments.

The fair value of the awards granted to management and employees were \$ 0.083 per share and \$ 0.0765 per share, respectively, using the binomial option-pricing model on the grant date. The variables and assumptions used in computing the fair value of the awards are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the awards.

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**19. SHARE INCENTIVE PLAN (continued)**

The Group recognized \$81 of share-based payment expenses prior to 2021, and nil and nil share-based payment expenses for the three months ended March 31, 2022 and 2023, respectively, in relation to the awards granted under the Adlai Hangzhou Scheme.

Adlai Share Incentive Plan

On June 8, 2020, the Company's Board of Directors approved a share incentive scheme (the "Share Incentive Plan") in order to provide additional incentives to employees and to promote the success of the

Group's business. Unless otherwise cancelled or amended, the Share Incentive Plan will remain in force for 10 years. Under the Share Incentive Plan, the maximum aggregate number of shares shall not exceed 4,000,000 ordinary shares, as appropriately adjusted for subsequent stock splits, stock dividends and the like. On May 28, 2021, the Company's Board of Directors approved to further reserve 11,000,000 ordinary shares of the Company for the Share Incentive Plan for a total of 15,000,000 ordinary shares approved for the Share Incentive Plan. The exercise price of share options is determinable by the directors, but shall not be less than 100% of the fair market value on the grant date. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings. The awards may be granted but not be exercised prior to the last day of the six-month period following the listing date of the Company.

On July 5, 2021, the Company issued 6,000,000 and 9,000,000 ordinary shares reserved under the Share Incentive Plan to Nortye International Limited and Nortye Talent Limited, respectively, which are holding vehicles of two trusts established by the Company in order to facilitate the administration of the Share Incentive Plan. The sole purpose of the two trusts is to facilitate the issuance of ordinary shares under the Share Incentive Plan, and as such the 15,000,000 ordinary shares are not included in the Company's calculation of weighted average shares outstanding.

On September 8, 2020 and November 1, 2020, awards for 1,435,000 and 2,560,730 shares, respectively, were granted by the Company to its executives, employees and consultants.

On May 31, 2021, 3,348,483 awarded shares were granted by the Company to its executives, employees and consultants.

On October 1, 2021, 412,000 awarded shares were granted by the Company to its executives, employees and consultants.

On January 1, 2022, 83,500 options were granted to certain new employees; 376,172 options were granted to certain employees and managers for outstanding performance.

On April 1, 2022, 1,077,800 options were granted to certain new employees, promoted employees and senior managers; 33,336 options were granted to three consultants.

On July 1, 2022, 207,200 options were granted to five new employees.

On October 1, 2022, 179,200 options were granted to five new employees.

Accordingly, the Group measured the fair value of the awards as of the grant date and recognizes the amount as a compensation expense over the vesting period for each separately vesting portion of the awards.

## ADLAI NORTYE LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**19. SHARE INCENTIVE PLAN (continued)**

A summary of share option details is set forth below:

	As of	
	December 31, 2022	March 31, 2023
Number of awards	9,510,102	9,510,102
Weighted Average Exercise Price \$ per share	1.82	1.82
Weighted Average Grant Fair Value \$ per share	1.79	1.79
Weighted Average Remaining Contractual Life (in years)	8.34	8.10
Aggregate intrinsic value \$'000	41,218	41,218

There was no movement in number of awards during the three months ended March 31, 2023.

A summary of share option vested but not exercisable is set forth below:

	As of	
	December 31, 2022	March 31, 2023
Number of awards	4,980,069	5,968,077
Weighted Average Exercise Price \$ per share	1.59	1.67
Weighted Average Grant Fair Value \$ per share	1.15	1.31
Weighted Average Remaining Contractual Life (in years)	8.00	7.85

There were 15,000,000 shares reserved for the option plan and 5,489,898 shares available for issuance as of December 31, 2022 and March 31, 2023.

The fair value of the award granted during the three months ended March 31, 2023 was nil. The Group recognized share-based payment expenses of \$1,024 and \$1,129 during the three months ended March 31, 2022 and 2023, respectively.

The fair value of awards granted during the Relevant Periods was estimated as of the grant date using a binomial option-pricing model, taking into account the terms and conditions upon which the awards were granted. The following table lists the inputs to the model used:

	September 8, 2020	November 1, 2020	May 31, 2021	October 1, 2021	January 1, 2022	April 1, 2022	July 1, 2022	October 1, 2022
Dividend yield (%)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected volatility (%)	46.81	46.81	46.13	49.00	48.73	48.78	48.88	48.82
Risk-free interest rate (%)	0.85	1.05	1.67	1.7	1.66	2.52	3.03	3.98
Expected life of options (year)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00

As of December 31, 2022 and March 31, 2023, the Company had 9,510,102 and 9,510,102 awards outstanding under the Share Incentive Plan, respectively. The exercise in full of the outstanding awards would, under the present capital structure of the Company, result in the issue of 9,510,102 and 9,510,102, respectively, additional ordinary shares of the Company and additional share capital of \$1.0 and \$1.0 (before issue expenses), respectively.

## ADLAI NORTYE LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**20. NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF  
CASH FLOWS**

(a) Major non-cash transactions

During the three months ended March 31, 2023, the Group had non-cash additions to right- of-use assets and lease liabilities of nil, in respect of lease arrangements for offices and equipment.

(b) Changes in liabilities arising from financing activities

	Financial instrument measured at FVTPL	New bank loans	Lease liabilities	Total
At January 1, 2023	290,368	4,313	2,243	296,924
Interest expense	—	52	28	80
Additions	—	7,277	—	7,277
Disposal	—	—	—	—
Payment				
– financing cash flows .	—	(1,436)	(294)	(1,730)
– operating cash flows	—	—	—	—
Interest paid .	—	(51)	—	(51)
Change in fair value	—	—	—	—
Exchange adjustment .	—	39	24	63
At March 31, 2023	<u>290,368</u>	<u>10,194</u>	<u>2,001</u>	<u>302,563</u>

(c) Investment activities

	Dual currency structured deposit	Wealth management product	Total
	000	000	000
<b>Three Months ended March 31, 2022</b>			
purchase	(11,900)	(46,269)	(58,169)
disposal	15,900	46,470	62,370
interest received	—	65	65
<b>Three Months ended March 31, 2023</b>			
purchase	—	—	—
disposal	—	21,287	21,287
interest received	—	63	63

**21. COMMITMENTS**

The Group did not have capital commitments at the end of each of the Relevant Periods.

## ADLAI NORTYE LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**22. RELATED PARTY TRANSACTIONS**

## (a) Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control or exercise significant influence over the other party.

Parties are also considered to be related if they are subject to common control. Members of key management of the Group and their close family members are also considered as related parties.

Name of related parties	Nature of relationship
Mr. Yang Lu	The chief executive officer and chairman of our board of directors and ultimate significant shareholder of the Company

As disclosed in note 14 (ii) and note 14 (iii) to the Unaudited Condensed Consolidated financial statements, RMB40,000 and RMB 80,000 non-revolving facility agreements provided by three third party banks were guaranteed by the ultimate significant shareholder, Mr. Yang Lu for the periods ended December 31, 2022 and March 31, 2023, respectively.

**23. FINANCIAL INSTRUMENTS BY CATEGORY**

The carrying amounts of each of the categories of financial instruments of the Group as of the end of each of the Relevant Periods are as follows:

	As of	
	December 31, 2022	March 31, 2023
	\$'000	\$'000
<b>Financial assets:</b>		
Financial assets at FVTPL:		
Wealth management product	21,287	—
Total	21,287	—
Other financial assets:		
Financial assets included in prepayments, other receivables and other assets	2,258	1,871
Cash and cash equivalents	42,758	59,839
Total	45,016	61,710
<b>Financial liabilities:</b>		
Trade payables	13,098	15,369
Financial liabilities included in other payables and accruals	3,877	4,521
Interest-bearing bank and other borrowings	4,307	10,187
Total	21,282	30,077
Financial liabilities at FVTPL:		
Financial instruments measured at FVTPL	290,368	290,368
Total	290,368	290,368



## ADLAI NORTYE LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As of			
	December 31, 2022		March 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Wealth management product	21,287	21,287	—	—
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	290,368	290,368	290,368	290,368

Management has assessed that the fair values of cash and cash equivalents, interest-bearing bank and other borrowings, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The methods and assumptions used to estimate the fair value, including a summary of significant unobservable inputs together with a quantitative sensitivity analysis, are set out in note 15 to the Unaudited Condensed Consolidated Financial Statements.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as of the end of each of the Relevant Periods were assessed to be insignificant.

## ADLAI NORTYE LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)****Fair value hierarchy**

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

**As of December 31, 2022**

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial assets</b>				
Wealth management product	21,287	—	—	21,287
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	—	—	290,368	290,368

**As of March 31, 2023**

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
<b>Financial liabilities</b>				
Financial liabilities at FVTPL	—	—	290,368	290,368

During the Relevant Periods, there were no movements in Level 3 instruments.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, convertible redeemable preferred shares and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

***Foreign currency risk***

The Group has transactional currency exposures. Such exposures arise from purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the \$ and RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

## ADLAI NORTYE LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

	Increase/ (decrease) in \$/RMB rate%	Increase/ (decrease) in profit before tax \$'000	Increase/ (decrease) in equity \$'000
<b>At December 31, 2022</b>			
If the \$ strengthens against the RMB	5	—	1,939
If the \$ weakens against the RMB	(5)	—	(4,081)
	Increase/ (decrease) in \$/RMB rate%	Increase/ (decrease) in profit before tax \$'000	Increase/ (decrease) in equity \$'000
<b>At March 31, 2023</b>			
If the \$ strengthens against the RMB	5	—	1,541
If the \$ weakens against the RMB	(5)	—	1,392

**Liquidity risk**

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as of the end of each Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As of December 31, 2022				Total \$'000
	On demand \$'000	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	
Financial liabilities at FVTPL	—	290,368	—	—	290,368
Trade and bills payables	13,098	—	—	—	13,098
Financial liabilities included in other payables and accruals	3,877	—	—	—	3,877
Interest-bearing bank borrowings	—	4,307	—	—	4,307
<b>Total</b>	<u>16,975</u>	<u>294,675</u>	<u>—</u>	<u>—</u>	<u>311,650</u>

## ADLAI NORTYE LTD.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
(All amounts in thousands, except share and per share data, or as otherwise noted)

**25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

	As of March 31, 2023				
	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities at FVTPL	—	290,368	—	—	290,368
Trade and bills payables	15,369	—	—	—	15,369
Financial liabilities included in other payables and accruals	4,521	—	—	—	4,521
Interest-bearing bank borrowings	—	10,187	—	—	10,187
<b>Total</b>	<b>19,890</b>	<b>300,555</b>	<b>—</b>	<b>—</b>	<b>320,445</b>

**Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as of the end of each of the Relevant Periods are as follows:

	As of	
	December 31, 2022	March 31, 2023
	\$'000	\$'000
Total assets	72,594	67,537
Total liabilities	313,887	322,440
<b>Asset-liability ratio (Note i)</b>	<b>0.23</b>	<b>0.21</b>

Note i:

The asset-liability ratio is calculated by dividing total assets by total liabilities.

**26. SUBSEQUENT EVENTS**

## (a) Bank loan

In April 2023, Adlai Hangzhou repaid a non-revolving facility amount of 20 million RMB at the maturity date.

In April 2023, Adlai Hangzhou entered a non-revolving facility agreement with a third party financial institution for a facility amount of 30 million RMB, of which 20 million RMB was used in April, 2023, at an interest rate of 4.35% per annum, guaranteed by Mr. Yang Lu. The maturity date for the borrowing is September 1, 2023.

**ADLAI NORTYE LTD.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2023 (UNAUDITED) (continued)**  
**(All amounts in thousands, except share and per share data, or as otherwise noted)****26. SUBSEQUENT EVENTS (continued)**

In April 2023, Adlai Hangzhou entered into a non-revolving facility agreement with a third party financial institution for a facility amount of 10 million RMB at an interest rate of 4.2% per annum, guaranteed by Mr. Yang Lu. The maturity date is October 25, 2023.

In May 2023, Adlai Hangzhou entered into a non-revolving facility agreement with a third party financial institution for a facility amount of 10 million RMB at an interest rate of 4.2% per annum, guaranteed by Mr. Yang Lu. The maturity date is November 11, 2023.

In May 2023, ADLAI NORYE LTD entered into a non-revolving facility agreement with a third party financial institution for a facility amount of 7.04 million USD at an interest rate of 5.5% per annum, guaranteed by Adlai Hangzhou. The maturity date is November 17, 2023.

**(b) Share-based compensation**

In April 2023, 352,500 options were granted to the employees with an exercise price of \$2.20 under the 2020 Share Incentive Plan.

In April 2023, the Group adopted the 2023 Share Incentive Plan, which is effective upon the completion of this offering. The maximum aggregate number of ordinary shares that may be issued under this 2023 Share Incentive Plan is 15,000,000, including any reserved and issued share under the 2020 Share Incentive Plan.

**(c) Option agreement and concurrent private placement**

In April 2023, Adlai Nortye Pte Ltd. entered into an option agreement with Nippon Kayaku Co., Ltd. ("Nippon Kayaku"), a chemical company headquartered in Japan, to grant Nippon Kayaku an exclusive option to enter into a license agreement to further develop and commercialize products containing AN2025 in all therapeutic, prophylactic and/or diagnostic use in humans in Japan.

In May 2023, Nippon Kayaku paid a one-time option grant fee of US\$5.0 million, which is defined as the fee paid by Nippon Kayaku to Adlai Nortye to grant Nippon Kayaku the exclusive option to enter into the aforementioned license agreement. The option grant fee is refundable subject to certain conditions are not met.

Concurrently with, and subject to, the completion of this offering, Nippon Kayaku has agreed to purchase US\$40.0 million in Class A ordinary shares from the Company. This concurrent private placement is at a price per Class A ordinary share equal to the initial public offering price adjusted to reflect the American Depositary Shares ("ADS") -to-Class A ordinary share ratio.

## PART II

## INFORMATION NOT REQUIRED IN PROSPECTUS

**ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

The post-offering memorandum and articles of association that we expect to adopt and to become effective immediately prior to the completion of this offering provide that we shall indemnify our directors and officers (each an indemnified person) against all actions, proceedings, costs, charges, expenses, losses, damages, or liabilities incurred or sustained by such indemnified person, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities, or discretions, including, without prejudice to the generality of the foregoing, any costs, expenses, losses, or liabilities incurred by such indemnified person in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to the indemnification agreements, the form of which is filed as Exhibit 10.2 to this registration statement, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The underwriting agreement, the form of which is filed as Exhibit 1.1 to this registration statement, also provides indemnification by the underwriters for us and our officers and directors for certain liabilities, including liabilities arising under the Securities Act, but only to the extent that such liabilities are caused by information relating to the underwriters furnished to us in writing expressly for use in this registration statement and certain other disclosure documents.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

**ITEM 7. RECENT SALES OF UNREGISTERED SECURITIES.**

In the past three years, we have issued the following securities (including options to acquire our ordinary shares) that were not registered under the Securities Act. We believe that each of the following issuances was exempt from registration under the Securities Act pursuant to Section 4(a)(2) of the Securities Act regarding transactions not involving a public offering or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

Securities/Purchaser	Date of Issuance	Number of Shares	Consideration
<b>Ordinary shares</b>			
Lucy Zhang	May 28, 2021	900,000	USD2,833,574
Nortye Talent Limited	July 5, 2021	9,000,000	Nil
Nortye International Limited	July 5, 2021	6,000,000	Nil
PECO International Limited	July 5, 2021	5,000,000	Nil
Archer Future Limited	July 5, 2021	16,990,000	Nil
DH Future Limited	July 5, 2021	2,550,000	Nil
<b>Series A Preferred Shares</b>			
JIN YIN (BVI) LIMITED	January 20, 2020	6,060,000	USD606

Securities/Purchaser	Date of Issuance	Number of Shares	Consideration
Yingzhi International Limited	February 5, 2020	1,570,000	USD157
LV YI (BVI) LIMITED	March 30, 2020	3,430,000	USD343
LAI NUO (BVI) LIMITED	April 16, 2020	3,500,000	USD350
<b>Series B Preferred Shares</b>			
BJKR Management Ltd.	April 8, 2020	1,000,000	RMB25,000,000
Ningbo Meishan Bonded Port Area Yahui Xinrun Investment Management Center (Limited Partnership)	April 14, 2020	960,000	RMB24,000,000
Beijing Yahui Qianfeng Equity Investment Partnership (Limited Partnership)	April 14, 2020	640,000	RMB16,000,000
QHYM Investment Ltd.	May 6, 2020	2,000,000	RMB50,000,000
Dexuan (Shanghai) Enterprise Management Center (Limited Partnership)	May 15, 2020	2,000,000	RMB50,000,000
China Equities HK Limited	July 13, 2021	100,000	Nil
<b>Series C Preferred Shares</b>			
Hongkong Tigermed Co., Limited	December 23, 2019	1,150,158	USD5,000,000
ATCG Holdings Limited	January 22, 2020	4,600,632	USD20,000,000
Pingtang Hongtu No. 5 Venture Capital Partnership (Limited Partnership)	June 8, 2020	230,032	USD1,000,000
Pingtang Yingke Shengxin Chuangye Partnership (Limited Partnership)	June 15, 2020	2,300,316	USD10,000,000
Pingtang Puxin Yingke Ruiyuan Venture Capital Partnership (Limited Partnership)	June 16, 2020	621,085	USD2,700,000
UNIQUE MARK VENTURES LIMITED	August 24, 2020	5,750,790	USD25,000,000
<b>Series D Preferred Shares</b>			
ATCG Holdings Limited	May 28, 2021	2,268,025	USD15,000,000
Hangzhou Tigermed Equity Investment Partnership (Limited Partnership)	May 28, 2021	756,008	USD5,000,000
Triwise Kangnuo Investment Limited	May 28, 2021	2,066,927	USD13,670,000
Qingdao Mukui Equity Investment Partnership (Limited Partnership)	May 28, 2021	1,239,854	USD8,200,000
Wuxi Guolian Guokang Health Industry Investment Centre (Limited Partnership)	May 28, 2021	680,407	USD4,500,000
Week8 Holdings (HK) Limited	May 28, 2021	453,605	USD3,000,000
Ningbo Menovo Ruihe Equity Investment Partnership (Limited Partnership)	May 28, 2021	302,403	USD2,000,000
Xianjin Zhizao Industry Investment Fund II (Limited Partnership)	June 23, 2021	4,536,050	USD30,000,000
Adlai Nortye Investment Limited	June 23, 2021	226,802	USD1,500,000
Legendstar Fund IV, L.P.	June 23, 2021	453,605	USD3,000,000
Phantom Capital Fund L.P.	July 14, 2021	1,512,017	USD10,000,000
WuXi Biologics Healthcare Venture	July 14, 2021	226,802	USD1,500,000

**ITEM 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.****(a) Exhibits**

See Exhibit Index beginning on page II-4 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of “materiality” that are different from “materiality” under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

**(b) Financial statement schedules**

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

**ITEM 9. UNDERTAKINGS.**

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, and controlling persons of the registrant pursuant to the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.



## ADLAI NORTYE LTD.

## EXHIBIT INDEX

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1	Sixth Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
3.2	Form of Seventh Amended and Restated Memorandum and Articles of Association of the Registrant (effective immediately prior to completion of this offering)
4.1*	Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2	Registrant's Specimen Certificate for Ordinary Shares
4.3*	Form of Deposit Agreement, among the Registrant, the depository and the owners and holders of American Depositary Shares issued thereunder
5.1	Opinion of Maples and Calder (Hong Kong) LLP regarding the validity of the ordinary shares being registered and certain Cayman Islands tax matters
8.1	Opinion of Maples and Calder (Hong Kong) LLP regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.2	Opinion of Han Kun Law Offices regarding certain PRC tax matters (included in Exhibit 99.2)
10.1	Form of Employment Agreement between the Registrant and its executive officers
10.2	Form of Indemnification Agreement between the Registrant and its directors and executive officers
10.3+**	License Agreement, dated as of December 22, 2017, between the Registrant and Novartis
10.4+**	License Agreement, dated as of January 19, 2018, between the Registrant and Eisai
10.5+**	Right and Interest Transfer Agreement dated as of November 15, 2021, between the Registrant and Biotime
10.6+	Option agreement dated as of April 26, 2023, between the Registrant and Nippon
10.7	Subscription Agreement between the Registrant and Nippon Kayaku Co., Ltd., dated 2023
10.8	Adlai Nortye Ltd. 2020 Share Incentive Plan
10.9	Adlai Nortye Ltd. 2023 Share Incentive Plan
21.1	List of Subsidiaries
23.1	Consent of Mazars USA LLP
23.2	Consent of Maples and Calder (Hong Kong) LLP (included in Exhibit 5.1)
23.3	Consent of Han Kun Law Offices (included in Exhibit 99.2)
99.1	Code of Business Conduct and Ethics (effective immediately upon the completion of this offering)
99.2	Opinion of Han Kun Law Offices regarding certain PRC law matters
99.3	Consent of Ping Ji as Director Nominee
99.4	Consent of Lars Erik Birgerson as Director Nominee
99.5	Consent of Shaorong Liu as Director Nominee
99.6	Consent of Ming Lun Alan Tse as Director Nominee
99.7	Consent of Cheguo Cai as Director Nominee
107*	Filing Fee Table

\* To be filed by amendment.

\*\* Previously Filed.

+ Portions of this exhibit have been omitted in reliance of the revised Item 601 of Regulation S-K.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Hangzhou, China, on \_\_\_\_\_, 2023.

**Adlai Nortye Ltd.**

By: \_\_\_\_\_  
Name: Yang Lu  
Title: Chief Executive Officer, Chairman of  
Board of Directors

**POWER OF ATTORNEY**

Each person whose signature appears below constitutes and appoints each of Yang Lu and Wei (Vicky) Zhang as attorneys-in-fact with full power of substitution for him or her in any and all capacities to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended, the Securities Act, and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant, or the Shares, including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1, or the Registration Statement to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on \_\_\_\_\_, 2023.

Signature	Title
_____ Yang Lu	Chief Executive Officer, Chairman of Board of Directors
_____ Lars Erik Birgeron	President, Chief Medical Officer, Chief Executive Officer of U.S. Subsidiary
_____ Kaiyang Tang	Senior Vice President, Global Head of Clinical Operations
_____ Wei (Vicky) Zhang	Chief Financial Officer
_____ Victoria Elizabeth Demby	Senior Vice President, Global Head of Regulatory Affairs

**SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES**

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of Adlai Nortye Ltd. has signed this registration statement or amendment thereto in Hangzhou, China on \_\_\_\_\_, 2023.

**Adlai Nortye USA INC**

By: \_\_\_\_\_  
Name: Yang Lu  
Title: Director

**THE COMPANIES ACT (AS REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES  
SIXTH AMENDED AND RESTATED  
MEMORANDUM AND ARTICLES OF ASSOCIATION**

OF

**Adlai Nortye Ltd.**

(adopted by Special Resolution passed on June 23, 2021)

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June 23, 2021

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**CAYMAN ISLANDS**

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THE COMPANIES ACT (AS REVISED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

SIXTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

**Adlai Nortye Ltd.**

(adopted by Special Resolution passed on June 23, 2021)

1. The name of the Company is Adlai Nortye Ltd. The Company has a foreign character name in addition to its name. The foreign character name of the Company is .
2. The registered office of the Company is at Harneys Fiduciary (Cayman) Limited, 4<sup>th</sup> Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and shall include the following:
  - (a) To act and to perform all the functions of a holding company in all of its branches and to co-ordinate the policy and administration of any subsidiary company or companies wherever incorporated or carrying on business or of any group of companies of which the Company or any subsidiary company is a member or which are in any manner controlled directly or indirectly by the Company.
  - (b)
    - (i) To carry on the business of an investment company and to act as promoters and entrepreneurs and to carry on business as financiers, capitalists, concessionaires, merchants, brokers, traders, dealers, agents, importers and exporters and to undertake and carry on and execute all kinds of investment, financial, commercial, mercantile, trading and other operations.
    - (ii) To carry on whether as principals, agents or otherwise howsoever the business of realtors, developers, consultants, estate agents or managers, builders, contractors, engineers, manufacturers, dealers in or vendors of all types of property including services.

- (c) To exercise and enforce all rights and powers conferred by or incidental to the ownership of any shares, stock, obligations or other securities including all such powers of veto or control as may be conferred by virtue of the holding by the Company of some special proportion of the issued or nominal amount thereof, to provide managerial and other executive, supervisory and consultant services for or in relation to any company in which the Company is interested upon such terms as may be thought fit.
- (d) To purchase or otherwise acquire, sell, exchange, surrender, lease, mortgage, charge, convert, turn to account, dispose of and deal with real and personal property and rights of all kinds and, in particular, mortgages, debentures, produce, concessions, options, contracts, patents, annuities, licenses, stocks, shares, bonds, policies, book debts, business concerns, undertakings, claims, privileges and causes in action of all kinds.
- (e) To subscribe for, conditionally or unconditionally, to underwrite, issue on commission or otherwise, take, hold, deal in and convert stocks, shares and securities of all kinds and to enter into partnership or into any arrangement for sharing profits, reciprocal concessions or cooperation with any person or company and to promote and aid in promoting, to constitute, form or organize any company, syndicate or partnership of any kind, for the purpose of acquiring and undertaking any property and liabilities of the Company or of advancing, directly or indirectly, the objects of the Company or for any other purpose which the Company may think expedient.
- (f) To stand surety for or to guarantee, support or secure the performance of all or any of the obligations of any person, firm or company whether or not related or affiliated to the Company in any manner and whether by personal covenant or by mortgage, charge or Lien upon the whole or any part of the undertaking, property and assets of the Company, both present and future, including its uncalled capital or by any such method and whether or not the Company shall receive valuable consideration therefor.
- (g) To engage in or carry on any other lawful trade, business or enterprise which may at any time appear to the Directors of the Company capable of being conveniently carried on in conjunction with any of the aforementioned businesses or activities or which may appear to the Directors of the Company likely to be profitable to the Company.

In the interpretation of this Memorandum of Association in general and of this Clause 3 in particular, no object, business or power specified or mentioned shall be limited or restricted by reference to or inference from any other object, business or power, or the name of the Company, or by the juxtaposition of two or more objects, businesses or powers and that, in the event of any ambiguity in this clause or elsewhere in this Memorandum of Association, the same shall be resolved by such interpretation and construction as will widen and enlarge and not restrict the objects, businesses and powers of and exercisable by the Company. If and to the extent that there are inconsistencies between the provisions of the Shareholders' Agreement and those of this Memorandum of Association, the terms of the Shareholders' Agreement shall prevail. The parties agree to take all actions necessary or advisable, as promptly as practicable after the discovery of such inconsistency, to amend this Memorandum of Association so as to eliminate such inconsistency.

4. Except as prohibited or limited by the Companies ACT (AS REVISED), as amended, supplemented, reissued or restated from time to time, the Company shall have full power and authority to carry out any object and shall have and be capable of from time to time and at all times exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate in doing in any part of the world whether as principal, agent, contractor or otherwise whatever may be considered by it necessary for the attainment of its objects and whatever else may be considered by it as incidental or conducive thereto or consequential thereon, including the power to make any alterations or amendments to this Memorandum of Association and the Articles of Association of the Company considered necessary or convenient in the manner set out in the Articles of Association of the Company, and the power to do any of the following acts or things, viz:

to pay all expenses of and incidental to the promotion, formation and incorporation of the Company; to register the Company to do business in any other jurisdiction; to sell, lease or dispose of any property of the Company; to draw, make, accept, endorse, discount, execute and issue promissory notes, debentures, bills of exchange, bills of lading, warrants, options and other negotiable or transferable instruments; to lend money or other assets and to act as guarantors; to borrow or raise money on the security of the undertaking or on all or any of the assets of the Company including uncalled capital or without security; to invest monies of the Company in such manner as the Directors determine; to promote other companies; to sell the undertaking of the Company for cash or any other consideration; to distribute assets in specie to Members of the Company; to make charitable or benevolent donations; to pay pensions or gratuities or provide other benefits in cash or kind to Directors, officers, employees, past or present, and their families; to purchase Directors and officers liability insurance and to carry on any trade or business and generally to do all acts and things which, in the opinion of the Company or the Directors, may be conveniently, profitably or usefully acquired and dealt with, carried on, executed or done by the Company in connection with the business aforesaid PROVIDED THAT the Company shall only carry on the businesses with the required license in the event that such a license is required under the laws of the Cayman Islands.

5. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.



6. The share capital of the Company is US\$50,000 divided into 500,000,000 shares of a nominal or par value of US\$0.0001 each, of which, 440,646,909 shall be designated as Ordinary Shares, 14,560,000 shall be designated as Series A Preferred Shares, 13,507,896 shall be designated as Series B Preferred Shares, 14,653,013 shall be designated as Series C Preferred Shares and 16,632,182 shall be designated as Series D Preferred Shares, each with power for the Company insofar as is permitted by law, to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Act (As Revised) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers hereinbefore contained.
7. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Act (As Revised) and, subject to the provisions of the Companies Act (As Revised) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

*[The remainder of this page has been left intentionally blank]*

THE COMPANIES ACT (AS REVISED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

SIXTH AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

**Adlai Nortye Ltd.**

(adopted by Special Resolution passed on June 23, 2021)

1 In these Articles, Table A in the Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

**“Affiliate”**

means, in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person, and without limiting the generality of the foregoing, (a) in the case of a natural Person, shall include, without limitation, such Person’s spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, (b) in the case of a holder of Preferred Shares, shall include (i) any Person who holds Shares as a nominee for such holder of Preferred Shares, (ii) any shareholder of such holder of Preferred Shares, (iii) any entity or individual which has a direct and indirect interest in such holder of Preferred Shares (including, if applicable, any general partner or limited partner) or any fund manager thereof; (iv) any Person that directly or indirectly Controls, is Controlled by, under common Control with, or is managed by such holder of Preferred Shares, its shareholder, the general partner or the fund manager of such holder of Preferred Shares or its shareholder, (v) the relatives of any individual referred to in (ii), (iii) and (iv) above, and (vi) any trust Controlled by or held for the benefit of such individuals. For the avoidance of doubt, any of the holders of Preferred Shares shall not be deemed to be an Affiliate of any Group Company and vice versa.

**“Applicable Original Issue Price”** means (i) with respect to Series A Preferred Shares, the Series A Original Issue Price; (ii) with respect to the Series B Preferred Shares, the Series B Original Issue Price, (iii) with respect to Series C Preferred Shares, the Series C Original Issue Price, (iv) with respect to Series D Preferred Shares, the Series D Original Issue Price.

**“Applicable Conversion Price”** means (i) with respect to Series A Preferred Shares, the Series A Conversion Price; (ii) with respect to the Series B Preferred Shares, the Series B Conversion Price, (iii) with respect to Series C Preferred Shares, the Series C Conversion Price, (iv) with respect to Series D Preferred Shares, the Series D Conversion Price.

**“Articles”** means these Articles as originally framed or as from time to time altered by a Special Resolution and in accordance with Article 20.

**“Auditors”** means the persons for the time being performing the duties of auditors of the Company.

**“Available Funds”** has the meaning ascribed to it in Article 19(d).

**“Board of Directors”** means the board of directors of the Company.

**“Business Day”** or **“business day”** means any day that is not a Saturday, Sunday, legal holiday or a day on which banks are required to be closed in the Cayman Islands, the United States, the Hong Kong Special Administrative Region or the PRC.

**“BVI Companies”** means Alpine Bioscience Ltd and Adlai Nortye (BVI) Ltd.

**“BVI Company”** mean any of the foregoing company.

**“Charter Documents”** means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

<b>“Company”</b>	means Adlai Nortye Ltd.
<b>“Compensation Committee”</b>	has the meaning ascribed to it in the Article 93.
<b>“Control”</b>	with respect to any third-party, shall have the meaning ascribed to it in Rule 405 under the Securities Act, and shall be deemed to exist for any Person (a) when such Person holds at least thirty percent (30%) of the outstanding voting securities of such third party and no other party owns a greater number of outstanding voting securities of such third party or (b) over other members of such party’s immediate family. Immediate family members include, without limitation, a person’s spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law. The terms <b>“Controlling”</b> and <b>“Controlled”</b> have meanings correlative to the foregoing.
<b>“debenture”</b>	means debenture stock, mortgages, bonds and any other such securities of the Company whether constituting a charge on the assets of the Company or not.
<b>“Deemed Liquidation Event”</b>	has the meaning ascribed to it in Article 128(g).
<b>“Directors”</b>	means the members of the Board of Directors of the Company for the time being.
<b>“ESOP”</b>	has the meaning ascribed to it in the Shareholders’ Agreement.
<b>“Founder Holdcos”</b>	means Aries CN Ltd. and Gemini CN Ltd. <b>“Founder Holdco”</b> means any of them.
<b>“Group Company”</b>	means each of the Company, the BVI Companies, the HK Company, the US Company, the PRC Company and 7 Subsidiary of the foregoing, and <b>“Group Companies”</b> refers to all of the Group Companies collectively.

<b>“HK Company”</b>	means Adlai Nortye (HK) Limited ( ( ) ).
<b>“Holding Entity”</b>	with respect to Shenzhen Yuanming, shall mean QHYM Investment Ltd.; with respect to Beijing Kunrong, shall mean BJKR Management Ltd.; with respect to Suzhou Detong, shall mean Dexuan (Shanghai) Enterprise Management Center (Limited Partnership) ( ); with respect to Beijing Kunrong, shall mean BJKR Management Ltd.; with respect to Hangzhou Jinyin, shall mean JIN YIN (BVI) LIMITED.; with respect to Hangzhou Lainuo, shall mean LAI NUO (BVI) LIMITED; with respect to Hangzhou Lvyi, shall mean LV YI (BVI) LIMITED; with respect to Shanghai Ruihe, shall mean Yingzhi International Limited.
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China.
<b>“IAS”</b>	means the applicable International Accounting Standards published by the International Accounting Standards Board from time to time.
<b>“Indebtedness”</b>	of any Person means, without duplication, each of the following of such Person: (1) all indebtedness for borrowed money, (2) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (3) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (4) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (5) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (6) all obligations that are capitalized in accordance with the applicable accounting standards, (7) all obligations under banker’s acceptance, letter of credit or similar facilities, (8) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities of such Person, (9) all obligations in respect of any interest rate swap, hedge or cap agreement, and (10) all guarantees issued in respect of the Indebtedness referred to in clauses (1) through (10) above of any other Person, but only to the extent of the Indebtedness guaranteed.

**“Investors”** means all of the Series A Investors, the Series B Investors, the Series C Investors and the Series D Investors, and **“Investor”** means each of them.

**“Investor Directors”** has the meaning ascribed to it in Article 69, and **“Investor Director”** means each of them.

**“Investor Director Majority”** means a majority of all of the Investor Directors; in case there are two Investor Directors, the Investor Director Majority shall mean two Investor Directors.

**“Junior Shares”** means all classes and series of shares that are junior in rights and preferences to the Preferred Shares, including the Ordinary Shares.

**“Key Parties” or “Founders”** means LU Yang ( ), a PRC citizen with ID number 330681197904100012 and YANG Donghui ( ), a PRC citizen with ID number 360102197706096334.

**“Law” or “law”** means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

<b>“Lien”</b>	means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by contract, understanding, law, equity or otherwise.
<b>“Liquidation Event”</b>	has the meaning ascribed to it in Article 128.
<b>“Management Shareholders”</b>	means the Founders, and the Founder Holdcos.
<b>“Member”</b>	means a duly registered holder from time to time of the shares in the capital of the Company.
<b>“Memorandum of Association”</b>	means the Amended and Restated Memorandum of Association of the Company, as amended and restated from time to time in accordance with Article 20.
<b>“month”</b>	means calendar month.
<b>“Ordinary Resolution”</b>	a Members resolution passed either (i) as a written resolution signed by all Members entitled to vote, or (ii) at a meeting by Members holding not less than fifty percent (50%) of all the outstanding shares of the Company, calculated on an as-converted basis (which Members, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as an ordinary resolution has been duly given), subject to Article 20.
<b>“Ordinary Shares”</b>	means the ordinary shares in the capital of the Company, par value of US\$0.0001 per share.
<b>“Ordinary Share Equivalents”</b>	mean any Ordinary Shares and any rights, options, or warrants to purchase or exercisable for Ordinary Shares, or 10 securities of any type whatsoever that are, or may become, convertible into, exchangeable for or exercisable for said equity securities, including, without limitation, the Preferred Shares.

<b>“paid-up”</b>	means paid-up and/or credited as paid-up.
<b>“Person”</b>	means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.
<b>“PRC”</b>	means the People’s Republic of China.
<b>“PRC Company”</b>	means Adlai Nortye Biopharma Co., Ltd. ( _____ , formerly known as _____ ).
<b>“Preferred Shares”</b>	means, collectively, the Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and/or other preferred shares of the company that may be issued from time to time.
<b>“Principal Business”</b>	means the research, development and sales of innovative drugs and technology services in respect of drugs development.
<b>“Priority Liquidation Amount”</b>	has the meaning ascribed to it in Article 128(a).
<b>“Qualified IPO”</b>	has the meaning ascribed to it in the Shareholders’ Agreement.
<b>“Redeemed Preferred Shares”</b>	has the meaning ascribed to it in Article 19(c)(i).
<b>“Redeeming Shareholders”</b>	has the meaning ascribed to it in Article 19(a).
<b>“Redemption Date”</b>	has the meaning ascribed to it in Article 19(c)(i).
<b>“Redemption Notice”</b>	has the meaning ascribed to it in Article 19(c)(i).



<b>“Seal”</b>	means the common seal of the Company and includes every duplicate seal.
<b>“Secretary”</b>	includes an Assistant Secretary and any person appointed to perform the duties of Secretary of the Company.
<b>“Securities Act”</b>	means the United States Securities Act of 1933, as amended.
<b>“Series A Conversion Price”</b>	means the price at which Ordinary Shares shall be deliverable upon conversion of the Series A Preferred Shares as stipulated in Article 16.
<b>“Series A Investors”</b>	means Hangzhou Jinyin Investment Partnership (Limited Partnership) ( ) (the <b>“Hangzhou Jinyin”</b> ), Hangzhou Lainuo Investment Partnership (Limited Partnership) ( ) (the <b>“Hangzhou Lainuo”</b> ), Shanghai Ruihe Yingzhi Venture Capital Center (Limited Partnership) ( ) (the <b>“Shanghai Ruihe”</b> ) and Hangzhou Lvyi Investment Management Partnership (Limited Partnership) ( ) (the <b>“Hangzhou Lvyi”</b> ), each holds Shares of the Company through its applicable Holding Entity, and each of their respective successors, transferees and permitted assigns, each a <b>“Series A Investor”</b> .
<b>“Series A Original Issue Price”</b>	means the price per share at which the Series A Preferred Shares were issued, calculated by dividing the series A investment amount paid by the relevant Series A Investor by the number of Series A Preferred Shares held by such Series A Investor, subject to adjustments made for share splits, share dividends, share subdivision, recapitalizations, value adjustment, share combination and the like.
<b>“Series A Preferred Shares”</b>	means the series A preferred shares in the capital of the Company with a nominal or par value of US\$0.0001 per share having the rights set forth in the Shareholders’ Agreement and these Articles.

- “Series B Conversion Price”** means the price at which Ordinary Shares shall be deliverable upon conversion of the Series B Preferred Shares as stipulated in Article 16.
- “Series B Investors”** means Yuanming Prudence SPC – Healthcare Fund I Segregated Portfolio (the **“Yuanming Prudence”**), Matrix Partners China IV Hong Kong Limited (the **“Matrix”**), Shenzhen Qianhai Yuanming Healthcare Industry Investment Fund (Limited Partnership) ( ) (the **“Shenzhen Yuanming”**), Beijing Kunrong Enterprise Management Partnership (Limited Partnership) ( ) (the **“Beijing Kunrong”**), Ningbo Meishan Bonded Port Area Yahui Xinrun Investment Management Center (Limited Partnership) ( ) (the **“Ningbo Yahui”**), Beijing Yahui Qianfeng Equity Investment Partnership (Limited Partnership) ( ) (the **“Beijing Yahui”**), Suzhou Detong Hexin Venture Capital Partnership (Limited Partnership) ( , formerly known as ) (the **“Suzhou Detong”** or **“Shanghai Detong”**), (each of Shenzhen Yuanming, Beijing Kunrong, and Suzhou Detong holds Shares of the Company through its applicable Holding Entity), and each of their respective successors, transferees and permitted assigns, each a **“Series B Investor”**.
- “Series B Original Issue Price”** means the price per share of RMB25 at which the Series B Preferred Shares were issued, subject to adjustments made for share splits, share dividends, share subdivision, recapitalizations, value adjustment, share combination and the like.
- “Series B Preferred Shares”** means the series B preferred shares in the capital of the Company with a nominal or par value of US\$0.0001 per share having the rights set forth in the Shareholders’ Agreement and these Articles.

<b>“Series B Preferred Shares Liquidation Preference”</b>	has the meaning ascribed to it in Article 128(c).
<b>“Series B Redemption Price”</b>	means the redemption price as stipulated in Article 19(b)(ii).
<b>“Series B Share Purchase Agreement”</b>	means that certain Series B Preferred Share and Warrant Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, the Series B Investors and certain other parties dated June 1, 2018, and the Supplemental Agreements of the Share Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, the Investors and certain other parties dated respectively June 22, 2018.
<b>“Series C Conversion Price”</b>	means the price at which Ordinary Shares shall be deliverable upon conversion of the Series C Preferred Shares as stipulated in Article 16.
<b>“Series C First Closing Date”</b>	shall mean December 30, 2019.
<b>“Series C Investors”</b>	means HONGKONG TIGERMED CO., LIMITED ( ), ATCG Holdings Limited (the “ <b>ATCG</b> ”), YINGKE Investors, UNIQUE MARK VENTURES LIMITED ( ) and each of their respective successors, transferees and permitted assigns, each a “ <b>Series C Investor</b> ”.
<b>“Series C Original Issue Price”</b>	means the per share price at which the Series C Preferred Shares were issued, calculated by dividing the investment amount paid by the relevant Series C Investor by the number of Series C Preferred Shares held by the Series C Investor, subject to adjustments made for share splits, share dividends, share subdivision, recapitalizations, value adjustment, share combination and the like. The Series C Original Issue Price under these Articles of Association is approximately at US\$ 4.3472.

<b>“Series C Preferred Shares”</b>	means the series C preferred shares in the capital of the Company with a nominal or par value of US\$0.0001 per share having the rights set forth in the Shareholders’ Agreement and these Articles.
<b>“Series C Redemption Price”</b>	means the redemption price as stipulated in Article 19(b)(i).
<b>“Series C Share Purchase Agreements”</b>	mean Series C Share Purchase Agreement I, Series C Share Purchase Agreement II, Series C Share Purchase Agreement III and Series C Share Purchase Agreement IV. For avoidance of doubt, in the event that “Series C Share Purchase Agreement” is referred to in these Articles, such Series C Share Purchase Agreement shall merely cover and apply to the Series C Investor of such Series C Share Purchase Agreement and Series C Investors of other Series C Share Purchase Agreement shall not be applied to.
<b>“Series C Share Purchase Agreement I”</b>	means that certain Series C Preferred Share Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, YINGKE Domestic Investors and certain other parties dated November 20, 2019.
<b>“Series C Share Purchase Agreement II”</b>	means that certain Series C Preferred Share Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, HONGKONG TIGERMED CO., LIMITED ( ) and certain other parties dated December 23, 2019.
<b>“Series C Share Purchase Agreement III”</b>	means that certain Series C Preferred Share Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, ATCG and certain other parties dated January 21, 2020.
<b>“Series C Share Purchase Agreement IV”</b>	means that certain Series C Preferred Share Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, ICBC and certain other parties dated August 31, 2020.

- Series D Conversion Price** means the price at which Ordinary Shares shall be deliverable upon conversion of the Series D Preferred Shares as stipulated in Article 16.
- “Series D Investors”** means ATCG, Hangzhou Tigermed Equity Investment Partnership (Limited Partnership) ( ) or its designated Affiliate (the “**Hangzhou Tigermed**”), Triwise Kangnuo Investment Limited (the “**Pingtian Qinzhi**”), Qingdao Mukui Equity Investment Partnership (Limited Partnership) ( ) or its designated Affiliate (the “**Qingdao Mukui**”), Wuxi Guolian Guokang Health Industry Investment Center (Limited Partnership) ( ) or its designated Affiliate (the “**Wuxi Guolian**”), Week8 Holdings (HK) Limited (the “**Week8**”), Ningbo Menovo Ruihe Equity Investment Partnership (Limited Partnership) ( ) or its designated Affiliate (the “**Menovo**”), Xianjin Zhizao Industry Investment Fund II (Limited Partnership) ( ) (the “**Xianjin Zhizao**”), Legendstar Fund IV, L.P. (the “**Legendstar**”), China World Investment Limited or its designated Affiliate (the “**CICC**”) and other Series D Investors that join the Shareholders’ Agreement by delivering an Investor Joinder Agreement (as attached to the Shareholders’ Agreement as Exhibit C) to the Company, and each of their respective successors, transferees and permitted assigns, each a “**Series D Investor**”.
- “Series D Original Issue Price”** means the price per share at which the Series D Preferred Shares were issued, calculated by dividing the series D investment amount paid by the relevant Series D Investor by the number of Series D Preferred Shares held by such Series D Investor, subject to adjustments made for share splits, share dividends, share subdivision, recapitalizations, value adjustment, share combination and the like. The Series C Original Issue Price under these Articles of Association is approximately at US\$ 6.6137.

<b>“Series D Preferred Shares”</b>	means the series D preferred shares in the capital of the Company with a nominal or par value of US\$0.0001 per share having the rights set forth in the Shareholders’ Agreement and these Articles.
<b>“Series D Redemption Price”</b>	means the redemption price as stipulated in Article 19(b)(i).
<b>“Series D Share Purchase Agreements”</b>	means Series D Share Purchase Agreement I and Series D Share Purchase Agreement II; For avoidance of doubt, in the event that “Series D Share Purchase Agreement” is referred to in these Articles, such Series D Share Purchase Agreement shall merely cover and apply to the Series D Investor of such Series D Share Purchase Agreement and Series D Investors of other Series D Share Purchase Agreement shall not be applied to.
<b>“Series D Share Purchase Agreement I”</b>	means that Series D Preferred Share Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, ATCG, Hangzhou Tigermed, Pingtan Qinzhi, Qingdao Mukui, Wuxi Guolian, Week8, Menovo and certain other parties dated April 15, 2021.
<b>“Series D Share Purchase Agreement II”</b>	means that Series D Preferred Share Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, Legendstar, CICC and certain other parties dated June 21, 2021.
<b>“Series D Share Purchase Agreement III”</b>	means that Series D Preferred Share Purchase Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, Xianjin Zhizao and certain other parties dated May 26, 2021
<b>“Share” and “Shares”</b>	means a share or shares in the capital of the Company and includes a fraction of a share.

<b>“Shareholders’ Agreement”</b>	means that certain Amended and Restated Shareholders’ Agreement by and among the Key Parties, the Founder Holdcos, the Group Companies, the Investors and certain other parties dated around the date hereof (including any Investor Joinder Agreement of such shareholders’ agreement), as it may be amended and/or restated from time to time in accordance with its terms.
<b>“Share Premium Account”</b>	means the account of the Company which the Company is required by the Statute to maintain, to which all premiums over nominal or par value received by the Company in respect of issues of shares from time to time are credited.
<b>“Special Resolution”</b>	means a Members resolution expressed to be a special resolution and passed either (i) as a written resolution signed by all Members entitled to vote, or (ii) at a meeting by Members holding not less than ninety percent (90%) of all the outstanding shares of the Company, calculated on an as-converted basis (which Members, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given), subject to Article 20.
<b>“Statute”</b>	means the Companies Act (As Revised) of the Cayman Islands, as amended, and every statutory modification or re-enactment thereof for the time being in force.
<b>“Subsidiary”</b>	means, with respect to any subject entity (the “subject entity”), (i) any company, partnership or other entity (x) more than fifty percent (50%) of whose shares or other interests entitled to vote in the election of directors or (y) more than a fifty percent (50%) interest in the profits or capital of such entity are owned or controlled directly or indirectly by the subject entity or through one or more Subsidiaries of the subject entity, (ii) any entity whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with the IAS, or (iii) any entity with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another Subsidiary. Notwithstanding the above, as applied to the Company, the term “Subsidiary” or “subsidiary” includes the BVI Companies, the HK Company, the US Company and the PRC Company.

- “Trade Sale”** means any of the following events:
- (i) the acquisition of any Group Company (whether by a sale of equity, merger or consolidation) in which in excess of 50% of such Group Company's voting power outstanding before such transaction is transferred;
  - (ii) the sale, transfer or other disposition of all or substantially all of the assets, or Intellectual Property of any Group Company; or
  - (iii) the exclusive licensing of all or substantially all of any Group Company's Proprietary Rights.
- “Transaction Documents”** shall mean the Series D Share Purchase Agreements, the Series C Share Purchase Agreements, the Series B Share Purchase Agreement, the Shareholders' Agreement and these Articles, as applicable.
- “US Company”** means Adlai Nortye USA Inc.
- “Warrantors”** means the Key Parties, the Founder Holdcos, Tai Ling Ltd. (the Non-executive Holder), and the Group Company or Group Companies, unless the text specifically indicates otherwise.
- “YINGKE Domestic Investors”** means Pingtan Yingke Shengxin Chuangye Partnership (Limited Partnership) ( ), Pingtan Puxin Yingke Ruiyuan Venture Capital Partnership (Limited Partnership) ( ), and Pingtan Hongtu No. 5 Venture Capital Partnership (Limited Partnership) ( )
- “YINGKE Investors”** means UNIQUE MARK VENTURES LIMITED ( ) (“ICBC”) and Yingke Domestic Investors.



In the Articles:

- 1.1 words importing the singular number include the plural number and vice-versa;
- 1.2 words importing the masculine gender include the feminine gender;
- 1.3 words importing persons include corporations;
- 1.4 "written" and "in writing" include all modes of representing or reproducing words in visible form, including in the form of an electronic record;
- 1.5 references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time.
- 1.6 any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- 1.7 headings are inserted for reference only and shall be ignored in construing these Articles;
- 1.8 any reference to any Person shall be construed so as to include its successors in title, permitted assigns and transferees; and
- 1.9 in these Articles Section 8 of the Electronic Transactions Act (2003 Revision) shall not apply.
- 2 The business of the Company may be commenced as soon after incorporation as the Directors shall see fit, notwithstanding that only part of the shares may have been allotted.
- 3 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

#### CERTIFICATES FOR SHARES

- 4 Share certificates representing shares of the Company shall be in such form as shall be determined by the Directors. Share certificates may be under Seal. All certificates for shares shall be consecutively numbered or otherwise identified and shall specify the shares to which they relate. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered in the register of Members of the Company. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled. The Directors may authorize certificates to be issued with the seal and authorized signature(s) affixed by some method or system of mechanical process.
- 5 Notwithstanding Article 4 of these Articles, if a share certificate be defaced, lost or destroyed, it may be renewed on payment of a fee of one dollar (US\$1.00) or such lesser sum and on such terms (if any) as to evidence and indemnity and the payment of the expenses incurred by the Company in investigating evidence, as the Directors may prescribe.

#### ISSUE OF SHARES

- 6 Subject to the relevant provisions, if any, in the Memorandum of Association and these Articles and to any direction that may be given by the Company in general meeting and without prejudice to any special rights previously conferred on the holders of existing shares (including, without limitation, any right of participation, preemptive right or similar right under the Shareholders' Agreement), the Directors may allot, issue, grant options over or otherwise dispose of shares of the Company (including fractions of a share) with or without preferred, deferred or other special rights or restrictions, whether with regard to dividend, voting, return of capital or otherwise and to such persons, at such times and on such other terms as they think proper. The Company shall not issue shares in bearer form.
- 7 The Company shall maintain a register of its Members and every person whose name is entered as a Member in the register of Members shall be entitled without payment to receive within two (2) months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one (1) certificate for all his shares or several certificates each for one or more of his shares upon payment of fifty cents (US\$0.50) for every certificate after the first or such less sum as the Directors shall from time to time determine provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate and delivery of a certificate for a share to one of the several joint holders shall be sufficient delivery to all such holders.

TRANSFER OF SHARES

- 8 The instrument of transfer of any share shall be in writing and shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.
- 9 The Directors may in their absolute discretion decline to register any transfer of Shares with reasonable cause. The Directors shall register any transfer of Shares except where holders proposing or effecting the transfers of the Shares are subject to binding written agreements with the Company which restrict the transfer of the Shares held by such holders and such holders have not complied with the terms of such agreements or the restrictions have not been waived in accordance with their terms. If the Directors refuse to register a transfer they shall notify the transferee within five (5) Business Days of such refusal, providing a detailed explanation of the reason therefor. Notwithstanding the foregoing, if a transfer complies with the holder's transfer obligations and restrictions set forth in agreements with the Company, the Directors shall register such transfer.
- 10 The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any year.
- 11 Any transfer, sale, assignment, pledge, hypothecation, encumbrance or disposition of in any way whatsoever of Shares by any Shareholder and/or its director or indirect equity holder(s) shall be subject to the provisions and restrictions set forth in any agreements binding on the Company, including, without limitation, the Shareholders' Agreement.

REDEEMABLE SHARES

- 12 (a) Subject to the provisions of the Statute, these Articles, and the Memorandum of Association, shares may be issued on the terms that they are, or at the option of the Company or the holder are, to be redeemed on such terms and in such manner as the Company, before the issue of the shares, may by a Special Resolution determine.
- (b) Subject to the provisions of the Statute, these Articles, and the Memorandum of Association, the Company may purchase its own shares (including fractions of a share), including any redeemable shares, provided that, except in the case of a purchase in accordance with Article 128(f), the manner of purchase has first been authorized by the Company in general meeting and may make payment therefor in any manner authorized by the Statute, including out of its capital.

#### VARIATION OF RIGHTS OF SHARES

- 13 Subject to Article 20, if at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up and except where these Articles or the Statute impose any stricter quorum, voting or procedural requirements in regard to the variation of rights attached to a specific class, be varied with the consent in writing of the holders representing at least four fifth (4/5) of the issued shares of that class, or with the sanction of a Special Resolution passed at a general meeting of the holders of the shares of that class.

The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares except that the necessary quorum shall be as stipulated in these Articles.

- 14 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

#### COMMISSION ON SALE OF SHARES

- 15 The Company may in so far as the Statute from time to time permits, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgment of fully or partly paid-up shares or a combination of any of the foregoing. The Company may also on any issue of shares pay such brokerage as may be lawful.

#### CONVERSION OF PREFERRED SHARES

- 16 The holders of the Preferred Shares have the following conversion rights described below with respect to the conversion of the Preferred Shares into Ordinary Shares. The number of Ordinary Shares to which a holder shall be entitled upon conversion of any Preferred Share shall be the quotient of the Applicable Original Issue Price divided by the then-effective Applicable Conversion Price. The “**Applicable Conversion Price**” shall initially equal the Applicable Original Issue Price, and each shall be adjusted from time to time as provided in Article 17 below but shall not be less than par value of the Preferred Shares.

- (a) Optional Conversion. Subject to and in compliance with the provisions of this Article 16(a) and subject to complying with the requirements of the Statute, any Preferred Share may, at the option of the holder thereof, be converted at any time into fully-paid and nonassessable Ordinary Shares based on the then-effective Applicable Conversion Price.

- (b) Automatic Conversion. Without any action being required by the holder of such share and whether or not the certificates representing such share are surrendered to the Company or its transfer agent, each Preferred Share shall automatically be converted, based on the then-effective Applicable Conversion Price, into Ordinary Shares upon the closing of a Qualified IPO. Any conversion pursuant to this Article 16(b) shall be referred to as an “**Automatic Conversion**”.
- (c) Mechanics of Conversion. No fractional Ordinary Share shall be issued upon conversion of the Preferred Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then-effective Applicable Conversion Price. Before any holder of Preferred Shares shall be entitled to convert the same into full Ordinary Shares and to receive certificates therefor, the holder shall surrender the certificate or certificates for the applicable Preferred Shares, duly endorsed, at the principal office of the Company or of any transfer agent for the Preferred Shares to be converted and shall give written notice to the Company at such office that the holder elects to convert the same. The Company shall promptly issue and deliver at such office to such holder of the Preferred Shares a certificate or certificates for, a copy of the Company’s register of Member showing such holder of the Preferred Shares as a holder of the number of Ordinary Shares to which the holder shall be entitled as aforesaid certified by the Company’s share registrar and a check payable to the holder in the amount of any cash amounts payable as the result of a conversion into fractional Ordinary Shares. The Preferred Shares converted into Ordinary Shares shall be cancelled and shall not be reissued. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates for the Preferred Shares to be converted, and the person or persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares on such date. For the avoidance of doubt, no conversion shall prejudice the right of a holder of Preferred Shares to receive dividends and other distributions declared but not paid as at the date of conversion on the Preferred Shares being converted.

The Company may give effect to any conversion pursuant to the Articles by one or more of the following methods:

- (i) If the total nominal par value of the Preferred Shares being converted is equal to the total nominal par value of the Ordinary Shares into which such Preferred Shares convert such that each Preferred Share is convertible into one (1) Ordinary Share and both the Preferred Share and the Ordinary Share have the same par value, the Company may, by resolution of the Board, redesignate the Preferred Shares to Ordinary Shares. On redesignation, each Preferred Share to be converted shall become an Ordinary Share with the rights, privileges, terms and obligations of the class of Ordinary Shares and the converted Ordinary Shares shall thenceforth form part of the class of the Ordinary Shares (and shall cease to form part of the class of Preferred Shares for all purposes).

- (ii) The Board may by resolution resolve to redeem the Preferred Shares for the purpose of this Article (and, for accounting and other purposes, may determine the value therefor) and in consideration therefor issue fully-paid Ordinary Shares in relevant number.
- (iii) The Board may by resolution adopt any other method permitted by Statute including capitalizing reserves to pay up new Ordinary Shares, or by making a fresh issue of Ordinary Shares, except that if conversion is capable of being effected in the manner described in paragraph (i) above, the conversion shall be effected in that manner in preference to any other method permitted by law or the Articles.
- (d) Availability of Shares Issuable Upon Conversion. The Company shall at all times keep available out of its authorized but unissued Ordinary Shares, free of Liens of any kind, solely for the purpose of effecting the conversion of the Preferred Shares, such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares, and if at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, in addition to such other remedies as shall be available to the holder of such Preferred Shares, the Company shall take such corporate action as may, in accordance with the Articles and the Statute, be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purposes.
- (e) Cessation of Certain Rights on Conversion. Subject to Article 16(c), on the date of conversion of any series of Preferred Shares to Ordinary Shares, the holder of the Preferred Shares to be converted shall cease to be entitled to any rights in respect of such Preferred Shares and accordingly his name shall be removed from the register of Members as the holder of such Preferred Shares and shall correspondingly be inserted onto the register of Members as the holder of the number of Ordinary Shares into which such Preferred Shares converts.

(f) Ordinary Shares Resulting from Conversion. The Ordinary Shares resulting from the conversion of the Preferred Shares:

- (i) shall be credited as fully paid and non-assessable;
- (ii) shall rank *pari passu* in all respects and form one class with the Ordinary Shares then issued; and
- (iii) shall entitle the holder to all dividends payable on the Ordinary Shares by reference to a record date after the date of conversion.

ADJUSTMENTS TO APPLICABLE CONVERSION PRICE

17

- (a) Special Definitions. For purposes of this Article 17, the following definitions shall apply:
  - (i) “**Options**” mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Ordinary Shares or Convertible Securities.
  - (ii) “**Convertible Securities**” shall mean any notes, debentures, preferred shares or other securities or rights which are ultimately convertible into or exchangeable for Ordinary Shares.
  - (iii) “**Additional Ordinary Shares**” (each an “**Additional Ordinary Share**”) shall mean all Ordinary Share Equivalents (including reissued shares) issued (or, pursuant to Article 17(c), deemed to be issued) by the Company, other than:
    - (A) Ordinary Shares issued upon conversion of Preferred Shares;
    - (B) in the aggregate up to 15,000,000 Ordinary Shares (including any of such shares which are repurchased and subject to adjustments made for share splits, share subdivision, share combination and the like) issued or issuable to officers, directors, employees and consultants of the Company pursuant to ESOP approved by the Directors and in accordance with Article 20 hereof; and
    - (C) those issued as a dividend or distribution on Preferred Shares or any event for which adjustment is made pursuant to Article 17(g), 17(h) or 17(i) hereof;
    - (D) any Series D Preferred Shares issued under the Series D Share Purchase Agreements.

- (b) No Adjustment of Applicable Conversion Price. No adjustment in the Applicable Conversion Price shall be made in respect of the issuance of Additional Ordinary Shares unless the consideration for any Additional Ordinary Share issued or deemed to be issued by the Company is less than Applicable Conversion Price in effect on the date of any immediately prior to such issue.
- (c) Deemed Issue of Additional Ordinary Shares. In the event the Company issues any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number that would result in an adjustment pursuant to clause (ii) below) of Ordinary Shares issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Ordinary Shares issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided, that Additional Ordinary Shares shall not be deemed to have been issued unless the consideration per share (determined pursuant to Article 17(f) hereof) of such Additional Ordinary Shares would be less than the Applicable Conversion Price in effect on the date of and immediately prior to such issue, or such record date, and provided, further that in any such case in which Additional Ordinary Shares are deemed to be issued:
- (i) no further adjustment in the Applicable Conversion Price shall be made upon the subsequent issue of Convertible Securities or Ordinary Shares upon the exercise of such Options or conversion or exchange of such Convertible Securities;
  - (ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the Applicable Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;
  - (iii) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Applicable Conversion Price computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiration, be recomputed as if:



- (A) in the case of Convertible Securities or Options for Ordinary Shares, the only Additional Ordinary Shares issued were Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange; and
- (B) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the Additional Ordinary Shares deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised;
- (iv) no re-adjustment pursuant to clause (ii) or (iii) above shall have the effect of increasing the Applicable Conversion Price to an amount which exceeds the lower of (i) the Applicable Conversion Price on the original adjustment date, or (ii) the Applicable Conversion Price that would have resulted from any issuance of Additional Ordinary Shares between the original adjustment date and such re- adjustment date; and
- (v) in the case of any Options which expire by their terms not more than thirty (30) days after the date of issue thereof, no adjustment of the Applicable Conversion Price shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in clause (iii) above.

(d) Dilutive Issuance

- (i) Anti-dilutive Right of Series D Investors. If the Company issues any Additional Ordinary Shares, the subscription price per share of the Additional Ordinary Shares shall not be less than the Series D Original Issue Price, otherwise, the Company shall issue new Series D Preferred Shares to the Series D Investors at the nominal price or the minimum price allowed by applicable laws until the adjusted Series D Original Issue Price (and accordingly the Series D Conversion Price) is reduced to such subscription price per share of the Additional Ordinary Shares. The Company and the Management Shareholders shall bear joint and several all of the fees incurred during such share compensation (including but not limited to all additional compensation, expenses and tax burden for Series D Investors due to equity compensation and free transfer). Unless the adjustment has been completed or shall be completed at the same time with such new issuance, the Company shall not consummate such new issuance.
- (ii) Anti-dilutive Right of Series C Investors. If the Company issues any Additional Ordinary Shares, the subscription price per share of the Additional Ordinary Shares shall not be less than the Series C Original Issue Price, otherwise, the Company shall issue new Series C Preferred Shares to the Series C Investors at the nominal price or the minimum price allowed by applicable laws until the adjusted Series C Original Issue Price (and accordingly the Series C Conversion Price) is reduced to such subscription price per share of the Additional Ordinary Shares. The Company and the Management Shareholders shall bear joint and several all of the fees incurred during such share compensation (including but not limited to all additional compensation, expenses and tax burden for Series C Investors due to equity compensation and free transfer). Unless the adjustment has been completed or shall be completed at the same time with such new issuance, the Company shall not consummate such new issuance.
- (iii) Adjustment of Series B Conversion Price upon Issuance of Additional Ordinary Shares. In the event that the Company shall issue Additional Ordinary Shares without consideration or for a consideration per share received by the Company (net of any selling concessions, discounts or commissions) that is less than the Series B Conversion Price in effect on the date of and immediately prior to such issue, then and in such event, the Series B Conversion Price shall be reduced, concurrently with such issue, to a price of such Additional Ordinary Shares. The Company and the Management Shareholders shall bear joint and several all of the fees incurred during such share compensation (including but not limited to all additional compensation, expenses and tax burden for Series B Investors due to equity compensation and free transfer)

- (e) Pre-money Valuation Adjustment. The Group Companies, the Key Parties, the Founder Holdcos and the Non-Executive Holder shall jointly and severally undertake that Group Companies will achieve the following business objectives: (the “**Business Objectives**”):
- (i) promote at least three (3) products (self-developed or by introduction) to the next clinical stage within eighteen (18) months from December 30, 2019, on the basis of existing clinical pipelines; and
  - (ii) will obtain the approval of one (1) new drug application from the competent authority for drug administration in the US or PRC, within three (3) years from December 30, 2019.

If the applicable Group Companies fail to meet any of the above two committed business objectives within the aforesaid timelines, the Series C Investors shall be entitled to request the Key Parties, the Founder Holdcos and the Non-Executive Holder to, and the Key Parties, the Founder Holdcos and the Non-Executive Holder shall, in ten (10) days upon recipient of such request served by the Series C Investors in writing to, jointly make up the share compensation accordingly therefore to make the pre-money valuation of the Company immediately before the investment by the Series C Investors under the Transaction Documents (i.e. US\$250,000,000) be adjusted to 70% thereof (i.e., US\$175,000,000). The share compensation arrangement shall be made on the basis of a nominal transfer price. The applicable transferors under the foregoing share compensation arrangement shall bear any and all taxes and expenses (if any, including the reimbursement of any such nominal transfer price) arising from such transfer to the extent that the Series C Investors shall not bear any taxes or expenses arising from such adjustment under this Article 17(e).

The Parties further agree that such share compensation under this Article 17(e) shall not impair or limit any rights of the Series C Investors under the Transaction Documents, including but not limited to the redemption/repurchase rights under the Shareholders’ Agreement and right of the Series C Investors to claim penalty(ies) under the Transaction Documents.

- (f) Determination of Consideration. For purposes of this Article 17, the consideration received by the Company for the issue of any Additional Ordinary Shares shall be computed as follows:
- (i) *Cash and Property.* Except as provided in clause (ii) below, such consideration shall:
    - (A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company, excluding amounts paid or payable for accrued interest or accrued dividends;
    - (B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Directors (including the affirmative votes of the Investor Director Majority); provided, however, that no value shall be attributed to any services performed by any employee, officer or director of the Company; and

- (C) in the event Additional Ordinary Shares are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received with respect to such Additional Ordinary Shares, computed as provided in clauses (A) and (B) above, as determined in good faith by the Directors (including the affirmative votes of the Investor Director Majority).
- (ii) *Options and Convertible Securities.* The consideration per share received by the Company for Additional Ordinary Shares deemed to have been issued pursuant to Article 17(c), relating to Options and Convertible Securities, shall be determined by dividing
  - (A) the total amount, if any, received or receivable by the Company (net of any selling concessions, discounts or commissions) as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by
  - (B) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.
- (g) Adjustments for Shares Dividends, Subdivisions, Combinations or Consolidations of Ordinary Shares. In the event the outstanding Ordinary Shares shall be subdivided (by share dividend, share split, or otherwise), into a greater number of Ordinary Shares, the Applicable Conversion Price then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Ordinary Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Ordinary Shares, the Applicable Conversion Price then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

- (h) Adjustments for Other Distributions. In the event the Company makes, or files a record date for the determination of holders of Ordinary Shares entitled to receive any distribution payable in securities or assets of the Company other than Ordinary Shares, then and in each such event, provision shall be made so that the holders of Preferred Shares shall receive upon conversion thereof, in addition to the number of Ordinary Shares receivable thereupon, the amount of securities or assets of the Company which they would have received had their Preferred Shares been converted into Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities or assets receivable by them as aforesaid during such period, subject to all other adjustment called for during such period under this Article 17 with respect to the rights of the holders of the Preferred Shares.
- (i) Adjustments for Reclassification, Exchange and Substitution. If the Ordinary Shares issuable upon conversion of the Preferred Shares shall be changed into the same or a different number of shares of any other class or classes of shares, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of shares provided for above), then and in each such event, the holder of each applicable Preferred Share shall have the right thereafter to convert such share into the kind and amount of shares and other securities and property receivable upon such reorganization or reclassification or other change by holders of the number of Ordinary Shares that would have been subject to receipt by the holders upon conversion of the applicable series of Preferred Shares immediately before that change, all subject to further adjustment as provided herein.
- (j) No Impairment. The Company shall not, by amendment of these Articles or its Memorandum of Association or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company but shall at all times in good faith assist in the carrying out of all the provisions of Article 17 and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the Preferred Shares hereunder against impairment.
- (k) Certificate as to Adjustments. Upon the occurrence of each adjustment or re-adjustment of the Applicable Conversion Price pursuant to this Article 17, the Company shall, at its expense, promptly compute such adjustment or re-adjustment in accordance with the terms hereof and furnish to each holder of Preferred Shares a certificate setting forth such adjustment or re-adjustment and showing in detail the facts upon which such adjustment or re-adjustment is based. The Company shall, upon the written request at any time of any holder of Preferred Shares, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and re-adjustments, (ii) the Applicable Conversion Price at the time in effect, and (iii) the number of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of each series of Preferred Shares.

(l) Miscellaneous.

- (i) All calculations under this Article 17 shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share. Upon conversion of such number of Preferred Shares, the resultant aggregate number of Ordinary Shares to be issued to each holder of Preferred Shares if not a whole number (but part or fraction of a Ordinary Share), shall be rounded up to the nearest multiple of one (1) Ordinary Share such that the resultant aggregate number of Ordinary Shares to be issued to such holder of Preferred Shares shall be a whole number.
- (ii) The holders representing more than fifty percent (50%) of each series of Preferred Shares shall have the right to challenge any determination by the Directors of fair value pursuant to this Article 17, in which case such determination of fair value shall be made by an independent appraiser selected jointly by the Directors and the challenging parties, the cost of such appraisal to be borne equally by the Company and the challenging parties.
- (iii) No adjustment in the Applicable Conversion Price need be made if such adjustment would result in a change in such Applicable Conversion Price of less than US\$0.005. Any adjustment of less than US\$0.005 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of US\$0.005 or more in the Applicable Conversion Price.

NOTICES OF RECORD DATE

18 In the event that the Company shall propose at any time:

- (a) to declare any dividend or distribution upon its Ordinary Shares, whether in cash, property, shares or other securities, whether or not a regular cash dividend and whether or not out of earnings or earned surplus;
- (b) to offer for subscription to the holders of any class or series of its shares on a pro-rata basis, any additional shares of shares of any class or series or other rights;

- (c) to effect any reclassification or recapitalization of its Ordinary Shares outstanding involving a change in the Ordinary Shares; or
- (d) to merge or consolidate with or into any other corporation, or sell, lease or convey all or substantially all its property or business, or to liquidate, dissolve or wind up,

then, in connection with each such event, the Company shall send to the holders of the Preferred Shares:

- (i) at least twenty (20) days' prior written notice specifying the date on which a record shall be taken for such dividend, distribution or subscription rights (and specifying the date on which the holders of Ordinary Shares shall be entitled thereto) or for determining rights to vote in respect of the matters referred to in (c) and (d) above; and
- (ii) in the case of the matters referred to in (c) and (d) above, at least twenty (20) days' prior written notice specifying the date when the same shall take place (and specifying the date on which the holders of Ordinary Shares shall be entitled to exchange their Ordinary Shares for securities or other property deliverable upon the occurrence of such event).

Each such written notice shall be delivered personally or given by first class mail, postage prepaid, addressed to the holders of the Preferred Shares at the address for each such holder as shown on the books of the Company.

#### REDEMPTION/REPURCHASE

19 In any event and notwithstanding anything to the contrary provided under these Articles, the Series D Preferred Shares shall be redeemed prior and in preference to all other class of Preferred Shares and the Ordinary Shares; and the Series C Preferred Shares shall be redeemed prior and in preference to the Series B Preferred Shares, the Series A Preferred Shares and the Ordinary Shares. The Parties further agree that the payment of the Series C Redemption Price, the Series B Redemption Price and/or any payment of redemption of any Series A Preferred Shares shall only be made after the Series D Investors have fully acquired the corresponding Series D Redemption Price/Series D Repurchase Price; and the payment of the Series B Redemption Price and/or any payment of redemption of any Series A Preferred Shares shall only be made after the Series C Investors have fully acquired the corresponding Series C Redemption Price/Series C Repurchase Price.

- (a) At any time after the earlier of the following, any Series D Investor, Series C Investor or Series B Investor (each a "**Series D Redeeming Shareholder**", "**Series C Redeeming Shareholder**" or "**Series B Redeeming Shareholder**", as the case may be, and collectively the "**Redeeming Shareholders**") shall be entitled to require the Company to redeem all or portion of the outstanding Preferred Shares held by them, and/or require each of the Warrantors to jointly and severally redeem or repurchase all or portion of the outstanding Preferred Shares held by them:

- (i) the Company fails to complete a Qualified IPO at the earlier of (a) September 7, 2023; and (b) two (2) years after the date of Closing (as defined in the Series D Share Purchase Agreement I);
- (ii) (applicable to Series C Redeeming Shareholder Shareholders and Series D Redeeming Shareholders only) with respect to any Series C Investor or Series D Investor, such Series C Investor or Series D Investor fails to achieve the investment return which is 100% of its investment amount and plus an amount that would accrue on its investment amount at a simple interest rate of ten percent (10%) per annum (if such period is less than a year, such interest amount shall be calculated proportionally) through transfer, dividends of the Preferred Shares, or disposal in any other way approved by such Series C Investor or Series D Investor plus the value of the Preferred Shares (if any) still held by such Series C Investor or Series D Investor by September 7, 2023 (with respect to Series C Investors) or by three (3) years following its Closing (with respect to Series D Investors); for the purpose of these Articles, the investment amount of the YINGKE Domestic Investors shall be calculated in the currency of RMB on the date of exchange into the relevant USD amount of the Purchase Price under the Series C Share Purchase Agreement I;
- (iii) (applicable to Series C Redeeming Shareholders only) the applicable Group Company(ies) fail(s) to meet any of the committed business objectives within the timelines specified under these Articles;
- (iv) (applicable to Series C Redeeming Shareholders only) the applicable Group Company(ies) fail(s) to obtain approval of new medicine application from the competent authority for drug administration of its first medicine in the U.S. or the PRC by December 30, 2022;
- (v) (applicable to Series C Redeeming Shareholders and Series D Redeeming Shareholders only) the first disapproval or rejection by any competent governmental authority (including, without limitation, the National Medical Products Administration of the PRC or the U.S. Food and Drug Administration) of the application made by any Group Company with respect to any of its new drugs;
- (vi) in case that the Group Companies meet the requirements for a Qualified IPO, any of the Group Companies or the Management Shareholders refuses the Qualified IPO or declines to make necessary cooperation for such Qualified IPO, or the Group Companies fail to complete the Qualified IPO due to any reasons attributable to any Management Shareholder;



- (vii) without the written consent of the Investor Director Majority, Series C Investors and Series D Investors, Key Parties terminate their employment contracts with the applicable Group Company(ies) or fail to comply their commitment to work full time as per the agreement with certain Series C Investors or Series D Investors prior to the latest to occur of the following events: (a) such Series C Investors or Series D Investors' exit; (b) the occurrence of a Qualified IPO; (c) the expiry of the two (2) years period after the Closing; and (d) September 7, 2023;
  - (viii) material change of Principal Business, business scope of the Group Companies without the written consent of the Investor Director Majority, Series C Investors and Series D Investors;
  - (ix) any Significant Intellectual Property of any Group Company becomes invalid, frozen, or is transferred, authorized, pledged, encumbered, hypothecated to any third party without prior written consent of the Investor Director Majority;
  - (x) the occurrence of a material breach by any Group Company or any Management Shareholders of any of their respective representations, warranties, covenants or undertakings under the Transaction Documents and failure by applicable Group Companies or Management Shareholders to make remedy within thirty (30) days after so required;
  - (xi) the occurrence of a material breach by any Group Company or any Management Shareholder of any of mandatory laws or regulations in the applicable jurisdiction; and
  - (xii) the occurrence of any material dishonesty problem by any Group Company or any Management Shareholder.
- (b) Redemption/Repurchase Price:
- (i) The redemption/repurchase price (the "**Series D Redemption Price**"/"**Series D Repurchase Price**") for each Series D Share held by Series D Redeeming Shareholders and the redemption/repurchase price (the "**Series C Redemption Price**"/"**Series C Repurchase Price**") for each Series C Share held by Series C Redeeming Shareholders shall be the higher of:
    - (X) equal to 100% of the Applicable Original Issue Price, plus an amount that would accrue on Applicable Original Issue Price at a simple interest rate of ten percent (10%) per annum from the date of Series D Share Purchase Agreements or Series C Share Purchase Agreements, as the case may be, and ending on the date when any amounts due and payable in respect of such Series D Preferred Shares or Series C Preferred Shares under the Shareholders' Agreement being paid in full (if such period is less than a year, such interest amount shall be calculated proportionally) (the "**Redemption/Repurchase Interest**"), and plus all unpaid dividends; for the purpose of this Article 19(c), with respect to YINGKE Domestic Investors, the aggregated amount of the Series C Original Issue Prices shall be the investment amount calculated in the currency of RMB on the date of exchange into the relevant USD amount of the Purchase Price under its Series C Share Purchase Agreement, and the payment of the Series C Redemption Price/Series C Repurchase Price including the Redemption/Repurchase Interest shall be made in the currency of RMB or USD equivalent by the immediate exchange rate between USD and RMB quoted by People's Bank of China on the date of payment of the Redemption/Repurchase Price; or

- (Y) the corresponding net asset value of the Group Company calculated proportionally on a pro rata and as-converted basis. For the avoidance of doubt, the foregoing net asset value shall refer to such amount appraised by the third-party institutions chosen jointly by the Series D Investors or the Series C Investors, as the case may be, the Group Companies and the Management Shareholders; or
- (Z) the fair market value of such Series D Preferred Shares or Series C Preferred Shares, as the case may be, requested to be redeemed or repurchased. For the avoidance of doubt, the foregoing fair market value shall refer to such value appraised by the third-party institutions chosen jointly by the Series D Investors or the Series C Investors, as the case may be, the Group Companies and the Management Shareholders.

Notwithstanding the foregoing, Series D Investors and Series C Investors shall be entitled to choose any of the above (X), (Y) or (Z) to determine the Redemption Price/Repurchase Price. The Company and the Group Company shall execute the redemption/repurchase upon the request of Series D Investors or Series C Investors, as the case may be, and pay the corresponding Redemption Price/Repurchase Price.

- (ii) The redemption price (the “**Series B Redemption Price**”) for each Series B Share held by the Series B Redeeming Shareholders shall be the higher of:
  - (X) one hundred percent (100%) of the Series B Original Issue Price, plus an amount that would accrue on the Series B Original Issue Price at a simple interest rate of ten percent (10%) per annum, during the period commencing from the corresponding closing date of such Series B Preferred Shares and ending on the date when any amounts due and payable in respect of such Series B Preferred Share under this article shall be paid in full (if such period is less than a year, such interest amount shall be calculated proportionally), plus all declared but unpaid dividends with respect thereto per Series B Preferred Share up to the actual payment date of the Series B Redemption Price, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers, or
  - (Y) the fair market value of such Series B Preferred Shares requested to be redeemed. For the avoidance of doubt, the foregoing fair market value shall refer to such value appraised by the third-party institutions chosen jointly by the Series B Investors, the Group Companies and the Management Shareholders.

(c) Redemption/Repurchase Procedure.

- (i) The Redeeming Shareholders shall exercise their redemption right provided herein by delivering a written notice (the “**Redemption Notice**”) to the Company or any Group Company as the case may be, stating the number of Series B Preferred Shares, Series C Preferred Shares or Series D Preferred Shares, as the case may be, to be redeemed (the “**Redeemed Preferred Shares**”), as applicable. Following receipt of the Redemption Notice, the Company shall give written notice (and forward the Redemption Notice) to other shareholders, at the address last shown on the records of the Company for such holders. The Redemption Notice shall indicate that the Redeeming Shareholders have elected redemption, and shall specify the class, number and price of Redeemed Preferred Shares, and redemption date which shall be not more than thirty (30) days from the date of the Redemption Notice (the “**Redemption Date**”).
- (ii) The Series D Investors and the Series C Investors also have the right to deliver a written notice to the Key Parties and/or the Founder Holdcos and Non-Executive Holder or any Group Company stating the number of Series D Preferred Shares or Series C Preferred Shares, as the case may be, to be repurchased (the “**Repurchased Preferred Shares**”), as applicable (the “**Repurchase Notice**”) to the Company at the address last shown on the records of the Company for such holders. The Repurchase Notice shall indicate that the Series D Investors or Series C Investors, as the case may be, have elected redemption, and shall specify the class, number and price of Repurchased Preferred Shares, and repurchase date which shall be not more than thirty (30) days from the date of the Repurchase Notice (the “**Repurchase Date**”).
- (iii) At the Redemption Date or Repurchase Date, subject to applicable laws, the Company, Key Parties, the Founder Holdcos, Non-Executive Holder and/or any Group Company will, from any source of assets or funds legally available therefore, redeem the Redeemed Preferred Shares, or repurchase the Repurchased Preferred Shares by paying in cash therefore the applicable Redemption Price or Repurchase Price against surrender by such Redeeming Shareholders at the Company’s principal office of the certificate representing such shares. From and after the Redemption Date or Repurchase Date, if the Company, Key Parties, the Founder Holdcos and/or the Non-Executive Holder makes the Redemption Price or Repurchase Price available to Redeeming Shareholders, all rights of Redeeming Shareholders (except the right to receive the Redemption Price or Repurchase Price therefore) will cease with respect to such Redeemed Preferred Shares or Repurchased Preferred Shares, and such Redeemed Preferred Shares will not thereafter be transferred on the books of the Company or be deemed outstanding for any purpose whatsoever.

(d) Redemption/Repurchase Preference.

The Series D Investors shall rank more senior to any holder of any other class or series of equity securities of the Group Companies with respect to any redemption or repurchase request of any kind. The Series C Investors shall rank more senior to any holder (other than the Series D Investors) of any other class or series of equity securities of the Group Companies with respect to any redemption or repurchase request of any kind. In particular, to the extent that the assets or funds of the Key Parties, Founder Holdcos, Non-Executive Holder and the Group Companies, as applicable, which are legally available on the date that any redemption or repurchase payment under this Article 19 is due (the “**Available Funds**”) are insufficient to pay in full all applicable redemption or repurchase payments, then the Available Funds shall nonetheless be paid and applied on the Redemption Date or Repurchase Date (as applicable) as follows:

- (i) First, be paid and applied on the Redemption Date or Repurchase Date (as applicable) in a pro-rata manner against each Series D Redeemed Preferred Share, in accordance with the relative full amounts owed thereon, and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available against each Series D Redeemed Preferred Share in accordance with the relative remaining amounts owed thereon;
- (ii) Second, be paid and applied on the Redemption Date or Repurchase Date (as applicable) in a pro-rata manner against each Series C Redeemed Preferred Share in accordance with the relative full amounts owed thereon, and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available against each Series C Redeemed Preferred Share in accordance with the relative remaining amounts owed thereon.
- (iii) Third, be paid and applied on the Redemption Date or Repurchase Date (as applicable) in a pro-rata manner against each Series B Redeemed Preferred Share in accordance with the relative full amounts owed thereon, and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available against each Series B Redeemed Preferred Share in accordance with the relative remaining amounts owed thereon. Before Series B Redemption Price are paid in full, the Company shall issue and deliver to the Series B Redeeming Shareholders a promissory note for the amount of the Series B Redemption Price due but not paid pursuant to this Article 19; provided, that such promissory note shall be due and payable no later than the first (1st) anniversary of the Redemption Date or Repurchase Date (as applicable), and the full amount due under such promissory note shall accrue interest daily (on the basis of a 365-day year) at a simple interest rate of ten percent (10%) per annum.

- (f) Other Limited Redemption. If the Company is otherwise prohibited by applicable law from redeeming all Redeemed Preferred Shares at the Redemption Date or Repurchase Date (as applicable), those assets or funds which are legally available shall be used to the extent permitted by applicable law to pay all redemption payments due on such date ratably in proportion to the full amounts to which the holders to which such redemption payments are due would otherwise be respectively entitled thereon. Thereafter, all assets or funds of the Company that become legally available for the redemption of shares shall immediately be used to pay the redemption payment which the Company did not pay on the date that such redemption payments were due.
- (g) Un-redeemed Shares. Without limiting any rights of the holders of Series B Preferred Shares, Series C Preferred Shares or Series D Preferred Shares which are set forth in these Articles, or are otherwise available under law, the balance of any shares subject to redemption hereunder with respect to which the Company has become obligated to pay the redemption payment but which it has not paid in full shall continue to have all the powers, designations, preferences and relative participating, optional, and other special rights (including, without limitation, rights to accrue dividends) which such shares had prior to such date, until the redemption payment has been paid in full with respect to such shares.
- (h) Management Shareholders' Liability. Each of the Management Shareholders hereby irrevocably and unconditionally guarantees to the holders of Series B Preferred Shares, Series C Preferred Shares (which is preferred comparing with Series B Preferred Shares) and Series D Preferred Shares (which is preferred comparing with Series C Preferred Shares and Series B Preferred Shares) the proper and punctual performance by the Company of the Company's obligations under this Article 19. Each of the Management Shareholders further irrevocably and unconditionally undertakes and covenants to the holders of Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares that, upon the occurrence of any of the redemption events in this Article 19, each of the holders of Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares shall have a put option to sell to the Management Shareholders all or any portion of the Series B Preferred Shares, Series C Preferred Shares or Series D Preferred Shares requested to be redeemed at the per share price equal to the Series B Redemption Price, Series C Redemption Price or Series D Redemption Price, as the case may be. For the avoidance of doubt, the obligations of the Company and the Management Shareholders under this Article 19 to the holders of Series B Preferred Shares, Series C Preferred Shares and Series D Preferred Shares shall be on a joint and several basis. Notwithstanding anything to the contrary, absent from willful misconduct and/or fraud and/or gross negligence of any Management Shareholder, the redemption or repurchase obligations of each Management Shareholder shall be limited to the fair market value of all the then outstanding Shares directly or indirectly held by such Management Shareholder in the Group Companies.

- (i) Termination of Redemption/Repurchase Rights. The Right of Redemption/Repurchase for each Redeeming Shareholder as provided in this Article 19 shall terminate on the date of the first submission of the first listing application form with the Hong Kong Exchanges and Clearing Market by the Company; provided that, in the event that the Qualified IPO does not occur within twelve (12) months following such submission, the right of Redemption/Repurchase for each Redeeming Shareholder as provided in this Article 19 shall automatically restore.

#### PROTECTIVE PROVISIONS

### **20 Protective Provisions**

#### **20.1 Acts of the Group Companies Requiring Approval of the Investor Director Majority.**

In addition to such other limitations as may be provided hereof, the Company shall not take, permit to occur, approve, authorize, or agree or commit to do any of the following, and the Company shall not permit any other Group Company to take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in advance in writing by a majority of the Board (including the affirmative vote of Investor Director Majority):

- (i) any amendment of the Charter Documents of any Group Company;
- (ii) any adoption or change of annual budget plan and/or settlement plan of any Group Company;
- (iii) any action that increases, reduces or cancels the authorized or issued share capital of the Company or issues, allots, purchases or redeems any convertible securities or a right of subscription in respect of shares or any share warrant or any options or any action diluting or reducing the effective shareholding of any Investor in any Group Company;

(iv) any approval of the liquidation, winding up, dissolution of any Group Company or the commitment to any of the foregoing; any approval of the reorganization, merger, consolidation, reconstruction, change of control, or arrangement of any of the Group Companies or the commitment to any of the foregoing;

(v) any appointment or replacement of CEO, the responsible person for the department of each of finance, research and development, clinic medicine and marketing of any Group Company and the determination of their compensation;

(vi) any sale, transfer, lease, or other disposal of any assets, business, good will, interests, rights and obligations under any Contract of any Group Company valued in excess of RMB20,000,000 or outside the Principle Business;

(vii) any sale, transfer, lease, or other disposal of any significant intellectual properties of any Group Company in connection with its Principle Business;

(viii) setting up any new subsidiary or branch or establishment of any joint venture, joint operation or partnership relation with any third party;

(ix) making any investment in other entities;

(x) except among the Group Companies, any loan incurred for the ordinary operation of the Group Company or for the purpose of government subsidies, any incurrence of Indebtedness or loan of any Group Company involving an amount in excess of RMB30,000,000 individually or in the aggregate in twelve consecutive months; providing guarantee to any Person involving an amount in excess of RMB20,000,000 individually or in the aggregate;

(xi) any incurrence of expenditure of any Group Company involving an amount in excess of the amount equal to twenty percent (20%) of the annual budget plan individually or in the aggregate that is out of the annual budget plan;

(xii) any transaction or series of transactions outside the Principle Business or not market standard between any Group Company and any of its shareholder, director, officer or key employee or their affiliates, any affiliates of any Group Company or any shareholder, director, officer or key employee of such affiliates of any Group Company;

(xiii) any adoption, amendment, settlement or change of the terms of any bonus, benefit or profit sharing scheme or any employee share option or share participation schemes; the administration of any bonus, benefit or profit sharing scheme or any employee share option or share participation schemes;

(xiv) any appointment or removal of the auditors or law firms or asset appraisal institutions of any Group Company, or any change in the accounting and financial policies of any Group Company;

(xv) any approval of the initial public offering plan of any Group Company, including but not limited to the jurisdiction, stock exchange, timing, valuation, raised funds, underwriter and agent with respect to such initial public offering (matters as to stock exchanges for listing other than New York Stock Exchange, NASDAQ or Hong Kong Exchanges and Clearing Limited, or the pre-money valuation being less than US\$650 million shall be further subject to the consent of the Investor Director Majority, Series C Investors and Series D Investors);

(xvi) initiating or conciliating any significant litigation or arbitration, or any litigation or arbitration involving an amount in excess of RMB20,000,000;

(xvii) ceasing to conduct the business of the Group Companies substantially as now conducted, making major change to any part of the Group Companies' business or entering into business that is not ancillary or incidental to the Group Companies' current business;

(xviii) making any distribution of profits amongst the shareholders by way of dividend, capitalization of reserves or otherwise, or deciding not to make any distribution of profits amongst the shareholders by way of dividend;

(xix) any amendment or change of the rights, preferences, privileges, or powers of or concerning, or the limitations or restrictions provided for the benefit of, the Preferred Shares;

(xx) any change of the size or composition of the board of directors of any Group Company or committee thereof and the manner in which the directors of each Group Company are appointed, except in compliance with Section 7.1 of the Shareholders' Agreement;

#### NON-RECOGNITION OF TRUSTS

- 21 No person shall be recognized by the Company as holding any share upon any trust and the Company shall not be bound by or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future, or partial interest in any share, or any interest in any fractional part of a share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.



#### LIEN ON SHARES

- 22 The Company shall have a first and paramount Lien and charge on all shares (whether fully paid-up or not) registered in the name of a Member (whether solely or jointly with others) for all debts, liabilities or engagements to or with the Company (whether presently payable or not) by such Member or his estate, either alone or jointly with any other person, whether a Member or not, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The registration of a transfer of any such share shall operate as a waiver of the Company's Lien (if any) thereon. The Company's Lien (if any) on a share shall extend to all dividends or other monies payable in respect thereof.
- 23 The Company may sell, in such manner as the Directors think fit but subject to the transfer restrictions set forth under the Shareholders' Agreement, any shares on which the Company has a Lien, but no sale shall be made unless a sum in respect of which the Lien exists is presently payable, nor until the expiration of fourteen (14) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the Lien exists as is presently payable, has been given to the registered holder or holders for the time being of the share, or the person, of which the Company has notice, entitled thereto by reason of his death or bankruptcy.
- 24 To give effect to any such sale, the Directors may authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound by the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- 25 The proceeds of such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the Lien exists as is presently payable and the residue, if any, shall (subject to a like Lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

#### CALL ON SHARES

- 26 (a) The Directors may from time to time make calls upon the Members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed terms, provided that no call shall be payable at less than one (1) month from the date fixed for the payment of the last preceding call, and each Member shall (subject to receiving at least fourteen (14) days' notice specifying the time or times of payment) pay to the Company at the specified time or times the amount called on the shares. A call may be revoked or postponed as the Directors may determine. A call may be made payable by installments.
- (b) A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.
- (c) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

- 27 If a sum called in respect of a share is not paid before or on a day appointed for payment thereof, the persons from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest either wholly or in part.
- 28 Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium or otherwise, shall for the purposes of these Articles be deemed to be a call duly made, notified and payable on the date on which by the terms of issue the same becomes payable, and in the case of non-payment, all the relevant provisions of these Articles as to payment of interest forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- 29 The Directors may, on the issue of shares, differentiate between the holders as to the amount of calls or interest to be paid and the time of payment.
- 30 (a) The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, and upon all or any of the monies so advanced may (until the same would but for such advances, become payable) pay interest at a rate as may be agreed upon between the Directors and the Member paying such sum in advance.
- (b) No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

#### FORFEITURE OF SHARES

- 31 (a) If a Member fails to pay any call or installment of a call or to make any payment required by the terms of issue on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of the call, installment or payment remains unpaid, give notice requiring payment of any part of the call, installment or payment that is unpaid, together with any interest which may have accrued and all expenses that have been incurred by the Company by reason of such non-payment. Such notice shall name a day (not earlier than the expiration of fourteen (14) days from the date of giving of the notice) on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time appointed the shares in respect of which such notice was given will be liable to be forfeited.

- (b) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture.
- (c) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit but subject to the transfer restrictions set forth under the Shareholders' Agreement, and at any time before a sale or disposition, the forfeiture may be cancelled on such terms as the Directors see fit.
- 32 A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with interest thereon, but his liability shall cease if and when the Company shall have received payment in full of all monies whenever payable in respect of the shares.
- 33 A certificate in writing under the hand of one (1) Director or the Secretary of the Company that a share in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of the fact stated therein as against all persons claiming to be entitled to the share. The Company may receive the consideration given for the share on any sale or disposition thereof and may execute a transfer of the share in favor of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share and shall not be bound by the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
- 34 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

#### REGISTRATION OF EMPOWERING INSTRUMENTS

- 35 The Company shall be entitled to charge a fee not exceeding US\$1.00 on the registration of every probate, letter of administration, certificate of death or marriage, power of attorney, notice in lieu of destring, or other instrument.

TRANSMISSION OF SHARES

- 36 In case of the death of a Member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was the sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares, but nothing herein contained shall release the estate of any such deceased holder from any liability in respect of any shares which had been held by him solely or jointly with other persons.
- 37 (a) Any person becoming entitled to a share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the share or to make such transfer of the share to such other person nominated by him as the deceased or bankrupt person could have made and to have such person registered as the transferee thereof, but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy, as the case may be.
- (b) If the person so becoming entitled shall elect to be registered himself as holder, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- 38 A person becoming entitled to a share by reason of the death or bankruptcy or liquidation or dissolution of the holder (or in any other case than by transfer) shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled to exercise any right conferred by membership in relation to meetings of the Company; provided, however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety (90) days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share until the requirements of the notice have been complied with.

AMENDMENT OF MEMORANDUM OF ASSOCIATION,  
ALTERATION OF CAPITAL & CHANGE OF LOCATION OF REGISTERED OFFICE

- 39 (a) Subject to and in so far as permitted by the provisions of the Statute and these Articles in particular Article 20, the Company may from time to time by a Special Resolution alter or amend its Memorandum of Association with respect to any objects, powers or other matters specified therein, or by an Ordinary Resolution:
- (i) increase the share capital by such sum to be divided into shares of such amount or without nominal or par value as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

- (ii) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (iii) by subdivision of its existing shares or any of them divide the whole or any part of its share capital into shares of smaller amount than is fixed by the Memorandum of Association or into shares without nominal or par value; and
  - (iv) cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.
- (b) All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, Liens, transfer, transmission, forfeiture and otherwise as the shares in the original share capital.
- (c) Without prejudice to Article 12 hereof and subject to the provisions of the Statute and Article 20, the Company may by a Special Resolution reduce its share capital and any capital redemption reserve fund.
- (d) Subject to the provisions of the Statute, the Company may by a resolution of the Directors change the location of its registered office.

CLOSING REGISTER OF MEMBERS OR FIXING RECORD DATE

- 40 For the purpose of determining Members entitled to notice of or to vote at any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any dividend, or in order to make a determination of Members for any other proper purpose, the Directors may provide that the register of Members shall be closed for transfers for a stated period but not exceeding ten (10) days in any case. If the register of Members shall be so closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such register shall be so closed for at least ten (10) days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the register of Members.
- 41 In lieu of or apart from closing the register of Members, the Directors may fix in advance a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of the Members and for the purpose of determining the Members entitled to receive payment of any dividend, the Directors may, at or within ninety (90) days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.

- 42 If the register of Members is not so closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof.

GENERAL MEETING

- 43 (a) Subject to Article 43(c) hereof, the Company shall within one (1) year of its incorporation and in each year of its existence thereafter hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting of each year shall be held at such time and place as the Directors shall appoint. The Company shall hold Board meetings at least once a quarter and shall hold general meetings at least once a year.
- (b) At these meetings, the report of the Directors (if any) shall be presented.
- (c) If the Company is exempted as defined in the Statute, it may but shall not be obliged to hold an annual general meeting.
- 44 (a) The Directors may whenever they think fit, and they shall on the requisition of Members of the Company holding at the date of the deposit of the requisition not less than one-tenth (1/10) of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, proceed to convene a general meeting of the Company.
- (b) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the registered office of the Company and may consist of several documents in like form each signed by one or more requisitionists.
- (c) If the Directors do not within twenty-one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting, the requisitionists, or any of them representing more than fifty percent (50%) of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three (3) months after the expiration of the said twenty-one (21) days.

(d) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as the general meetings convened by Directors.

NOTICE OF GENERAL MEETINGS

45 At least twenty (20) days' notice shall be given for an annual general meeting or any other general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner as may be prescribed by the Company PROVIDED that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of Article 44 have been complied with, be deemed to have been duly convened if it is so agreed:

- (a) in the case of a general meeting called as an annual general meeting by all the Members entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other general meeting by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than ninety percent (90%) in nominal value or in the case of shares without nominal or par value ninety percent (90%) of the shares in issue, or their proxies.

46 The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings of that meeting.

PROCEEDINGS AT GENERAL MEETINGS

47 (a) No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Subject to the Statute and these Articles (including Article 20), Members holding not less than ninety percent (90%) of all the outstanding shares of the Company, calculated on an as-converted basis which shall include at least a majority of the Ordinary Shares then outstanding (other than Ordinary Shares issued upon the conversion of any Preferred Shares), Yuanming Prudence, Matrix, ATCG and YINGKE Investors, present in person or by proxy shall be a quorum provided always that if the Company has one (1) Member of record, the quorum shall be that one (1) Member present in person or by proxy.

(b) A person may participate at a general meeting by telephone conference or other communications equipment by means of which all the persons participating in the meeting can communicate with each other. Participation by a person in a general meeting in this manner is treated as presence in person at that meeting.

- 48 Subject to Article 20, a resolution (including a Special Resolution) in writing (in one or more counterparts) signed by all the Members which for the time are entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly authorized representatives), shall each be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.
- 49 If within thirty (30) minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present shall be a quorum. Provided that the matters discussed in such adjourned meeting shall be limited to those stated in the first written notice and agendas of the general meetings.
- 50 The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or if there is no such Chairman, or if he shall not be present within fifteen (15) minutes after the time appointed for the holding of the meeting, or is unwilling to act, the Directors present shall elect one (1) of their member to be Chairman of the meeting.
- 51 If at any general meeting no Director is willing to act as Chairman or if no Director is present within fifteen (15) minutes after the time appointed for holding the meeting, the Members present shall choose one of their members to be Chairman of the meeting.
- 52 The Chairman may, with the consent of any general meeting duly constituted hereunder, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting.
- 53 At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll.
- 54 Each poll shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the general meeting.
- 55 The Chairman of the general meeting shall not be entitled to a second or casting vote under any circumstance.



VOTES OF MEMBERS

- 56 Except as otherwise required by law or as set forth herein, the holder of each Ordinary Share issued and outstanding shall have one (1) vote for each Ordinary Share held by such holder, and the holder of each series of Preferred Shares shall be entitled to the number of votes equal to the number of Ordinary Shares into which such series of Preferred Shares could be converted at the record date for determination of the Members entitled to vote on such matters, or, if no such record date is established, at the date such vote is taken or any written consent of Members is solicited, such votes to be counted together with all other shares of the Company having general voting power and not counted separately as a class. Holders of the Ordinary Shares and Preferred Shares shall be entitled to notice of any Members' meeting in accordance with these Articles, and except as otherwise set forth in these Articles, shall vote together and not as separate classes.
- 57 In the case of joint holders of record, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose, seniority shall be determined by the order in which the names stand in the register of Members.
- 58 A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis, or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other persons may vote by proxy.
- 59 No Member shall be entitled to vote at any general meeting unless he is registered as a Member of the Company on the record date for such meeting nor unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.
- 60 No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the general meeting whose decision shall be final and conclusive.
- 61 Votes may be given either personally or by proxy.

PROXIES

- 62 The instrument appointing a proxy shall be in writing and shall be executed under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorized in its behalf. A proxy need not be a Member of the Company.
- 63 The instrument appointing a proxy shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting, or adjourned meeting, provided that the Chairman of the Meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of facsimile or electronic mail confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company.
- 64 The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.
- 65 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the registered office before the commencement of the general meeting, or adjourned meeting at which it is sought to use the proxy.
- 66 Any corporation which is a Member of record of the Company may in accordance with its articles of association or in the absence of such provision by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members of the Company, and the person so authorized shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member of record of the Company.
- 67 Shares of its own capital belonging to the Company or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time.
- 68 Any Member may irrevocably appoint a proxy and in such case (i) such proxy shall be irrevocable in accordance with the terms of the instrument of appointment; (ii) the Member may not vote at any meeting at which the holder of such proxy votes; and (iii) the Company shall be obliged to recognize the holder of such proxy until such time as the Company is notified in writing that the proxy has been revoked in accordance with its terms.

## DIRECTORS

- 69 There shall be a Board of Directors consisting of not more than nine (9) Directors (exclusive of alternate Directors), LU Yang ( ) through his Founder Holdco, shall have the right to nominate, designate, appoint, remove, replace and reappoint five (5) Directors. For so long as each of the following Investors holds any Share then outstanding, (a) Yuanming Prudence shall be entitled to designate one (1) Director, (b) Matrix shall be entitled to designate one (1) Director, (c) the YINGKE Investors shall be entitled to jointly designate one (1) Director, and (d) ATCG shall be entitled to designate one (1) Director (collectively the “**Investor Directors**” and each an “**Investor Director**”). Any vacancy on the Board occurring because of the death, resignation or removal of a Director shall be filled by the vote or written consent of the same shareholder or shareholders who nominated and elected such Director; provided, however, that, without the consent of the Investor Director Majority, the Company shall not from time to time by an ordinary resolution increase or reduce the limit in the number of Directors. For the purpose of Qualified IPO, the parties herein agree that the Company’s Board shall be reorganized in due course, after which, (i) three (3) Directors shall be the independent non- executive directors (as elected according to the applicable listing rules with the appointments being effective upon listing), and for the other six (6) Directors, (ii) LU Yang ( ) through his Founder Holdco shall have the right to nominate, designate, appoint, remove, replace and reappoint four (4) Directors; and (iii) the Investors shall have the right to nominate, designate, appoint, remove, replace and reappoint two (2) Directors. Beijing Yahui and Ningbo Yahui shall be entitled to jointly designate one (1) observer in a non-voting capacity, Suzhou Detong shall be entitled to designate one (1) observer in a non-voting capacity, ICBC shall be entitled to designate one (1) observer in a non-voting capacity (collectively the “**Investor Observers**” and each an “**Investor Observer**”).
- 70 The remuneration to be paid to the Directors shall be such remuneration as the Directors shall determine (including the affirmative votes of the Investor Director Majority). Such remuneration shall be deemed to accrue from day to day. The Company shall also reimburse Investor Directors and Investor Observers for all reasonable out-of-pocket expenses incurred in connection with Board duties and meetings including their reasonable traveling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company.
- 71 Subject to the prior written approval of the Board (including the affirmative votes of the Investor Director Majority), the Directors may by resolution award special remuneration to any Director of the Company undertaking any special work or services for, or undertaking any special mission on behalf of the Company other than his ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity, shall be in addition to his remuneration as a Director.

- 72 A Director or alternate Director may hold any other office or place of profit in the Company (other than the office of Auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine (including the affirmative votes of the Investor Director Majority).
- 73 A Director or alternate Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.
- 74 A shareholding qualification for Directors may be fixed by the Company in general meeting, but unless and until so fixed, no shareholding qualification for Directors shall be required.
- 75 A Director or alternate Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a shareholder or otherwise and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.
- 76 No person shall be disqualified from the office of Director or alternate Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is so interested as aforesaid; provided, however, that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him or the alternate Director appointed by him at or prior to its consideration and any vote thereon.
- 77 A general notice or disclosure to the Directors or otherwise contained in the minutes of a meeting or a written resolution of the Directors or any committee thereof that a Director or alternate Director is a Member of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure under Article 76 and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

ALTERNATE DIRECTORS

78 A Director who expects to be unable to attend Directors' meetings because of absence, illness or otherwise may appoint any person to be an alternate Director to act in his stead and such appointee whilst he holds office as an alternate Director shall, in the event of absence therefrom of his appointor, be entitled to attend meetings of the Directors and to vote thereat and to do, in the place and stead of his appointor, any other act or thing which his appointor is permitted or required to do by virtue of his being a Director as if the alternate Director were the appointor, other than appointment of an alternate to himself, and he shall ipso facto vacate office if and when his appointor ceases to be a Director or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing under the hand of the Director making the same.

POWERS AND DUTIES OF DIRECTORS

79 The business of the Company shall be managed by the Directors (or a sole Director if only one is appointed). The Directors may pay all expenses incurred in promoting, registering and setting up the Company, and may exercise all such powers of the Company as are not, from time to time by the Statute, or by these Articles, or such regulations, as may be prescribed by the Company in a general meeting required to be exercised by the Company in general meetings PROVIDED, HOWEVER, that no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

80 Subject to Article 20, all cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall from time to time by resolution determine.

81 The Directors shall cause minutes to be made in books provided for the purpose:

- (a) of all appointments of officers made by the Directors;
- (b) of the names of the Directors (including those represented thereat by an alternate or by proxy) present at each meeting of the Directors and of any committee of the Directors;
- (c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of committees of Directors.

The Company shall cause copies of all such minutes to be delivered to the holders of the Preferred Shares within thirty (30) days after the relevant meeting.

- 82 The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.
- 83 Subject to Article 20, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

#### MANAGEMENT

- 84 (a) The Directors may from time to time and at any time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the next three (3) paragraphs shall be without prejudice to the general powers conferred by this paragraph.
- (b) The Directors may from time to time and at any time establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards or any managers or agents (including the Investor Directors) and may fix their remuneration (which shall be subject to the approval of the Board, including the affirmative votes of the Investor Director Majority).
- (c) The Directors may from time to time and at any time delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorize the members for the time being of any such local board, or any of them to fill any vacancy therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
- (d) Any such delegate as aforesaid may be authorized by the Directors to sub-delegate all or any of the powers, authorities, and discretions for the time being vested in them.

#### MANAGING DIRECTORS

85 Subject to Article 20, the Directors may, from time to time, appoint one or more of their body (but not an alternate Director) to the office of a Managing Director for such term and at such remuneration (whether by way of salary, or commission, or participation in profits, or a combination of any of the foregoing) as they may think fit but his appointment shall be subject to determination ipso facto if he ceases for any cause to be a Director and no alternate Director appointed by him can act in his stead as a Director or a Managing Director.

86 The Directors may entrust to and confer upon a Managing Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

#### PROCEEDINGS OF DIRECTORS

87 Except as otherwise provided by these Articles, the Directors shall meet together for the despatch of business, convening, adjourning and otherwise regulating their meetings as they think fit, but no less frequent than once every quarter. Questions arising at any meeting shall be decided by a majority (unless a higher vote is required pursuant to the Statute or these Articles) of votes of the Directors and alternate Directors present at a meeting at which there is a quorum, the vote of an alternate Director not being counted if his appointor be present at such meeting.

88 A Director or alternate Director may, and the Secretary on the requisition of a Director or alternate Director shall, at any time summon a meeting of the Directors by at least seven (7) days' notice in writing to every Director and alternate Director, which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held and PROVIDED, FURTHER, if notice is given in person, by facsimile or electronic mail the same shall be deemed to have been given on the day it is delivered to the Directors or transmitting organization, as the case may be. The provisions of Article 45 shall apply mutatis mutandis with respect to notices of meetings of Directors.

89 The quorum necessary for the transaction of the business shall be five (5) Directors, inclusive of all the Investor Directors, provided, however, that if such quorum cannot be obtained for a Board meeting after two (2) consecutive notices of Board meetings have been sent by the Company with the first notice providing not less than seven (7) days' prior notice and the second notice providing not less than two (2) days' prior notice, then the attendance of any five (5) Directors shall constitute a quorum; provided further that the matters discussed in such adjourned meeting shall be limited to those stated in the first written notice and agendas of the Board meetings. A Director and his appointed alternate Director shall be considered only one (1) person for the purpose of quorum, PROVIDED, ALWAYS, that if there shall at any time be only a sole Director, the quorum shall be one. For the purposes of this Article, an alternate Director or proxy appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.

- 90 The continuing Directors may act notwithstanding any vacancy in the Board of Directors, but if and so long as their number is reduced below the minimum number fixed by or pursuant to these Articles, the continuing Directors, notwithstanding that the number of Directors is reduced below the number fixed by or in accordance with these Articles as the quorum or that there is only one continuing Director, may act for the purpose of filling vacancies in the Board or of summoning a general meeting of the Company, but not for any other purpose.
- 91 The Directors may elect a Chairman of the Board of Directors and determine the period for which he is to hold office; but if no such Chairman is elected, or if at any meeting, the Chairman is not present within five (5) minutes after the time appointed for holding the same, the Directors present may choose one of their member to be the Chairman of the meeting.
- 92 The Directors may delegate any of their powers to committees consisting of such member or members of the Board of Directors (including Alternate Directors in the absence of their appointors) as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
- 93 A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority (unless a higher vote is required pursuant to the Statute or these Articles) of votes of the members present, including the approval of the Investor Director Majority. Subject to this provision, if and when the Board deems necessary, the Company shall establish and maintain a compensation committee (the "**Compensation Committee**"), and the Investor Directors shall be members of such Compensation Committee and shall be required to establish a quorum for any meeting or action to be taken by such committee. Subject to Article 20, the Compensation Committee shall propose the terms of the Company's share incentive plans and all grants of awards thereunder (including the ESOP) to the Board for approval and shall have the power and authority to (a) administer the Company's share incentive plans (including the ESOP) and to grant options thereunder, and (b) approve all management compensation levels and arrangements unless such rights are vested on the Investor Director Majority under Article 20, and shall have such other powers and authorities as the Board shall delegate to it.
- 94 All acts done by any meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director, as the case may be.



95 Members of the Board of Directors or of any committee thereof may participate in a meeting of the Board of Directors or of such committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. Subject to Article 20, a resolution in writing (in one or more counterparts), signed by all the Directors for the time being or all the members of a committee of Directors (an alternate Director being entitled to sign such resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors or committee, as the case may, be duly convened and held.

- 96 (a) A Director may be represented at any meetings of the Board of Directors by a proxy appointed by him in which event the presence or vote of the proxy shall for all purposes be deemed to be that of the Director.
- (b) The provisions of Articles 62-65 shall mutatis mutandis apply to the appointment of proxies by Directors.

#### VACATION OF OFFICE OF DIRECTOR

97 The office of a Director shall be vacated:

- (a) if he gives notice in writing to the Company that he resigns the office of Director;
- (b) if he absents himself (without being represented by proxy or an alternate Director appointed by him) from three (3) consecutive meetings of the Board of Directors without special leave of absence from the Directors, and they pass a resolution that he has by reason of such absence vacated office;
- (c) if he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (d) if he is found a lunatic or becomes of unsound mind; or
- (e) if he is removed pursuant to Articles 69 and 98.

APPOINTMENT AND REMOVAL OF DIRECTORS

98 The Directors of the Company may only be appointed as provided in Article 69. No Director designated or appointed pursuant to this Article may be removed from office unless (A) such removal is directed or approved of the Member(s) which originally designated or appointed such Director, or (B) the Member(s) originally entitled to designate or appoint such Director pursuant to this Article is no longer so entitled to designate or appoint such Director. Any vacancy on the Board of Directors occurring because of the death, resignation or removal of a director shall be filled by the vote or written consent of the same Member or Members who nominated and elected such Director.

99 In the absence of reasonable cause, a Director of the Company shall only be removed by the Members who nominated and elected him as provided in Article 69.

PRESUMPTION OF ASSENT

100 A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SEAL

- 101 (a) The Company may, if the Directors so determine, have a Seal which shall, subject to Article 101(c) below, only be used by the authority of the Directors or of a committee of the Directors authorized by the Directors in that behalf and every instrument to which the Seal has been affixed shall be signed by one (1) person who shall be either a Director or the Secretary or Secretary-Treasurer or some person appointed by the Directors for such purpose.
- (b) The Company may have a duplicate Seal or Seals each of which shall be a facsimile of the Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.
- (c) A Director, Secretary or other officer or representative or attorney may without further authority of the Directors affix the Seal of the Company over his signature alone to any document of the Company required to be authenticated by him under Seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

## OFFICERS

102 Subject to Article 20, the Company may have a chief executive officer, a president, a chief financial officer, a secretary or a secretary-treasurer appointed by the Directors who may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time prescribe.

## DIVIDENDS, DISTRIBUTIONS AND RESERVE

103 (a) Subject to the Statute and these Articles, in particular Article 87, the Directors may from time to time declare dividends (including interim dividends) and distributions on shares of the Company outstanding and authorize payment of the same out of the funds of the Company lawfully available therefor and in accordance with the provisions of this Article 103. Each holder of the Ordinary Shares (on as-converted basis) shall be entitled to receive dividends ratably on the number of Ordinary Shares, out of any funds legally available therefor, pro rata based on the number of Ordinary Shares held by each holder.

Unless and until any dividends or other distributions in like amount have been paid in full on the Preferred Shares (on an as-converted basis), the Company shall not declare, pay or set apart for payment, any dividend and other distributions on any Junior Shares or make any payment on account of, or set apart for payment, money for a sinking or other similar fund for, the purchase, redemption or other retirement of, any Junior Shares or any warrants, rights, calls or options exercisable or exchangeable for or convertible into any Junior Shares, or make any distribution in respect thereof, either directly or indirectly, and whether in cash, obligations or shares of the Company or other property.

(b) Dividends shall be paid on the Preferred Shares, payable out of funds or assets when and as such funds or assets become legally available therefor on parity with each other, on an as-converted basis and prior and in preference to any dividend (payable other than in Ordinary Shares) on the Junior Shares; provided that such dividends shall be payable only when, as, and if declared by the Board of Directors (including the affirmative votes of the Investor Director Majority).

(c) No dividends (other than those payable solely in-kind in the form of Ordinary Shares) shall be declared or paid on any Junior Shares during any previous or current fiscal year of the Company until all accrued dividends in the amounts set forth in subsections (a) and (b) above shall have been paid or declared and set apart during that fiscal year and unless and until a dividend in like amount as is declared or paid on such Junior Share has been declared or paid on each outstanding Preferred Share (on an as-converted basis).

- 104 The Directors may, before declaring any dividends or distributions, set aside such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors, be applicable for any purpose of the Company and pending such application may, at the like discretion, be employed in the business of the Company.
- 105 No dividend or distribution shall be payable except out of the profits of the Company, realized or unrealized, or out of the Share Premium Account or as otherwise permitted by the Statute.
- 106 Subject to the rights of persons, if any, entitled to shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of shares they shall be declared and paid according to the amounts paid or credited as paid on the shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.
- 107 The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
- 108 The Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures, or debenture stock of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular, may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.
- 109 Any dividend, distribution, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the register of Members or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two (2) or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the share held by them as joint holders.
- 110 No dividend or distribution shall bear interest against the Company.

#### CAPITALIZATION

- 111 Subject to Article 20, the Company may upon the recommendation of the Directors by an ordinary resolution authorize the Directors to capitalize any sum standing to the credit of any of the Company's reserve accounts (including Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend and to apply such sum on their behalf in paying up in full unissued shares for allotment and distribution credited as fully paid up to and amongst them in the proportion aforesaid. In such event the Directors shall do all acts and things required to give effect to such capitalization, with full power to the Directors to make such provisions as they think fit for the case of shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorize any person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

#### BOOKS OF ACCOUNT

- 112 The Directors shall cause proper books of account to be kept with respect to:

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place;
- (b) all sales and purchases of goods by the Company; and
- (c) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if such books of account are not kept as necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

- 113 The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by Statute or authorized by the Directors or by the Company in general meeting.

114 The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

#### AUDIT

115 The Directors shall deliver to the holders of the Preferred Shares (i) annual audited consolidated financial statements within ninety (90) days after the end of each fiscal year; (ii) monthly bank statements of each Group Company and monthly unaudited consolidated financial statements of the Group Companies within thirty (30) days after the end of each calendar month; (iii) quarterly unaudited consolidated financial statements within thirty (30) days after the end of each quarter; semiannually unaudited consolidated financial statements of the Group Companies within thirty (30) days after the end of each half year; and (iv) an annual consolidated budget within forty-five (45) days prior to the end of each fiscal year. All audits shall be performed in accordance with International Accounting Standards (IAS) or other accounting principle as approved by the Investor Director Majority by a reputable accounting firm acceptable to the Investor Director Majority.

116 Any holder of the Preferred Shares or its appointee shall have the right of inspection (including the right of access, examine and copy all books of account of the Company and/or any of its Subsidiaries).

117 For so long as any holder of the Preferred Shares continues to hold the Preferred Shares (or Ordinary Shares received upon conversion of the Preferred Shares), the Company shall provide each such holder with copies of (i) promptly after filing, all of the Company's annual and periodic reports made available to its Members as well as all public reports (including any periodic, interim, or extraordinary reports) filed with the Securities and Futures Commission of the Hong Kong Special Administrative Region, the China Securities and Regulatory Commission of the People's Republic of China, the U.S. Securities and Exchange Commission, or any other stock exchange or securities regulatory authority; and (ii) promptly upon request, current versions of investment documents and all documents relating to any subsequent financings by the Company, or otherwise affecting the Preferred Shares or the holders of the Preferred Shares, in each case with all amendments and restatements.

118 Subject to Article 20, the Company may at any annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the next annual general meeting and may fix his or their remuneration.

119 Subject to Article 20, the Directors may before the first annual general meeting appoint an Auditor or Auditors of the Company who shall hold office until the first annual general meeting unless previously removed by an ordinary resolution of the Members in general meeting in which case the Members at that meeting may appoint Auditors. The Directors may fill any casual vacancy in the office of Auditor but while any such vacancy continues, the surviving or continuing Auditor or Auditors, if any, may act. The remuneration of any Auditor appointed by the Directors under this Article may be fixed by the Directors.

- 120 Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
- 121 Auditors shall at the next annual general meeting following their appointment and at any other time during their term of office, upon request of the Directors or any general meeting of the Members, make a report on the accounts of the Company in general meeting during their tenure of office.

#### NOTICES

- 122 Notices shall be in writing and may be given by the Company to any Member either personally or by sending it by overnight or international courier, facsimile or electronic mail to him or to his address as shown in the register of Members. No matter whether the recipient signs such notice in person or not, or the recipient refuses to sign or changes the communication address, such notices shall be deemed to be served.
- 123 (a) Where a notice is sent by overnight or international courier, service of the notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the notice, with a confirmation of delivery, and to have been effected at the expiration of sixty (60) hours after the letter containing the same is sent by overnight or international courier as aforesaid.
- (b) Where a notice is sent by facsimile or electronic mail, service of the notice shall be deemed to be effected on the day the same is sent as aforesaid.
- 124 A notice may be given by the Company to the joint holders of record of a share by giving the notice to the joint holder first named on the register of Members in respect of the share.
- 125 A notice may be given by the Company to the person or persons which the Company has been advised are entitled to a share or shares in consequence of the death or bankruptcy of a Member by sending it through overnight or international courier as aforesaid in a pre-paid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the persons claiming to be so entitled, or at the option of the Company by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

126 Notice of every general meeting shall be given in any manner hereinbefore authorized to:

- (a) every person shown as a Member in the register of Members as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of Members; and
- (b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other person shall be entitled to receive notices of general meetings.

#### WINDING UP

127 Subject to these Articles, if the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

#### LIQUIDATION PREFERENCE.

128 Upon any liquidation, closure, dissolution, merger or acquisition of any Group Company; or the transfer of a controlling interest (i.e., more than 50% of the equity) by the shareholders of any Group Company (excluding the Investors); or the sale of the majority of any Group Company's assets to third parties; or the transfer of the majority of any Group Company's Intellectual Property to third parties; or any event that can be defined as a transfer of control of any Group Company; or any transfer of the Shares of any Group Company (excluding the Shares of the Company held by the Investors) or shares of the Founder Holdco without the prior written consent of the Investor Director Majority, Series C Investors and Series D Investors; or any breach of the Warrantors under the Transaction Documents which would cause Series C Investors and Series D Investors intend to claim for termination of any of the Transaction Documents (each a "**Liquidation Event**"), distributions to the Members of the Company shall be made in the following manner:



- (a) Firstly, before any distribution or payment shall be made to the holders of any Ordinary Shares, Series C Preferred Shares, Series B Preferred Shares and Series A Preferred Shares, each Series D Preferred Share shall be entitled to receive, on parity with each other, an amount equal to: with respect to each Series D Preferred Share issued and outstanding, 100% of the Series D Original Issue Price, plus an amount that would accrue on the Series D Original Issue Price (adjusted only for increase by any share splits, share dividends, combinations, recapitalizations and similar transactions) at a simple interest rate of fifteen percent (15%) per annum (if such period is less than a year, such interest amount shall be calculated proportionally), and plus all declared but unpaid dividends with respect thereto per Series D Preferred Share (“**Priority Liquidation Amount**”). If, upon any Liquidation Event, the assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Series D Preferred Shares, then such assets shall be distributed among the holders of Series D Preferred Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.
- (b) Secondly, if there are any assets or funds remaining after the Priority Liquidation Amount has been fully paid, before any distribution or payment shall be made to the holders of Ordinary Shares, Series B Preferred Shares and Series A Preferred Shares, each Series C Preferred Share shall be entitled to receive, on parity with each other, an amount equal to: with respect to each Series C Preferred Share issued and outstanding, one hundred percent (100%) of the Series C Original Issue Price, plus an amount that would accrue on the Series C Original Issue Price (adjusted only for increase by any share splits, share dividends, combinations, recapitalizations and similar transactions) at a simple interest rate of fifteen percent (15%) per annum (if such period is less than a year, such interest amount shall be calculated proportionally), and plus all declared but unpaid dividends with respect thereto per Series C Preferred Share (the “**Series C Preferred Shares Liquidation Preference**”). If, upon any Liquidation Event, the assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Series C Preferred Shares, then such assets shall be distributed among the holders of Series C Preferred Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.

- (c) Thirdly, if there are any assets or funds remaining after the Series C Preferred Shares Liquidation Preference has been fully paid, before any distribution or payment shall be made to the holders of any Ordinary Shares and Series A Preferred Shares, each Series B Preferred Share shall be entitled to receive, on parity with each other, an amount equal to the higher of (the “**Series B Preferred Shares Liquidation Preference**”): (i) one hundred percent (100%) of the Series B Original Issue Price, plus an amount that would accrue on the Series B Original Issue Price at a simple interest rate of fifteen percent (15%) per annum, during the period commencing from the date of issuance of such Series B Preferred Share and ending on the date when any amounts due and payable in respect of such Series B Preferred Share under this article shall be paid in full (if such period is less than a year, such interest amount shall be calculated proportionally), plus all declared but unpaid dividends with respect thereto per Series B Preferred Share up to the actual payment date of the Series B Preferred Shares Liquidation Preference, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; or (ii) two hundred percent (200%) of the Series B Original Issue Price; or (iii) the distributions in proportion to the number of outstanding Ordinary Shares held by them (with outstanding Preferred Shares treated on an as-if-converted basis). If, upon any Liquidation Event, the assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Series B Preferred Shares, then such assets shall be distributed among the holders of Series B Preferred Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.
- (d) Fourthly, if there are any assets or funds remaining after the Series B Preferred Shares Liquidation Preference has been fully paid, before any distribution or payment shall be made to the holders of Ordinary Shares, each Series A Preferred Share shall be entitled to receive, on parity with each other, an amount equal to one hundred and fifty percent (150%) of the Series A Original Issue Price, plus all dividends declared and unpaid with respect thereto per Series A Preferred Share, then held by such holder. If, upon any Liquidation Event, the assets of the Company shall be insufficient to make payment of the foregoing amounts in full on all Series A Preferred Shares, then such assets shall be distributed among the holders of Series A Preferred Shares ratably in proportion to the full amounts to which they would otherwise be respectively entitled thereon.
- (e) After distribution or payment in full of the amount distributable or payable on the Preferred Shares pursuant to above paragraph (a), (b), (c) and (d) of this Article 128, the remaining assets of the Company available for distribution to Members shall be distributed ratably among the holders of outstanding Ordinary Shares and the holders of outstanding Preferred Shares in proportion to the number of outstanding Ordinary Shares held by them (with outstanding Preferred Shares treated on an as-if-converted basis). For the avoidance of doubt, in case that the Liquidation Event or Deemed Liquidation Event occurs within three (3) years after the closing of the Series B Investors, the ESOP shares that have not been granted, vested or exercised shall be canceled and such distribution amount for the ESOP shares shall be distributed to the Series D Investors, Series C Investors and Series B Investors in proportion to their relative shareholding in the Group Companies.

- (f) Subject to then effective applicable laws and regulations, if any holder of Preferred Shares fails to receive the amounts set forth in above sub-article (a), (b), (c) and/or (d) (if applicable) in full for whatever reason, each holder of Ordinary Shares (excluding the Ordinary Shares converted from the Preferred Shares) shall and subject to the assets or cash it received from the Company in such Liquidation Event or Deemed Liquidation Event, transfer such assets or cash to the holder of Preferred Shares until all the amount set forth in above sub-article (a), (b), (c) and/or (d) (if applicable) have been fully paid to such holder of Preferred Shares in the subsequence and mechanism as set forth above.
- (g) Liquidation on Sale or Merger. The following events shall be treated as a liquidation under this Article 128 unless waived by the Investor Director Majority (each, a "**Deemed Liquidation Event**"):
- (1) (A) any consolidation, amalgamation or merger of the Company and/or any Group Company with or into any other Person or other corporate reorganization, in which the Members of the Company or shareholders of such Group Company immediately prior to such consolidation, amalgamation, merger or reorganization, own less than fifty percent (50%) of the voting power of Company or any other Group Company immediately after such consolidation, merger, amalgamation or reorganization, or (B) any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's or any other Group Company's voting power is transferred, but in case of (B) excluding any transaction effected solely for tax purposes or to change the Company's domicile or any other Group Company's domicile without resulting in any change to any Investor's shareholding percentage in the Company (or the post-restructuring Group Companies);
  - (2) the sale, exchange, transfer or other disposition, in one or a series of related transactions, of a majority of the outstanding share capital of any Group Company to one Person or a group of Persons acting in concert, under circumstances in which the holders of a majority in voting power of the outstanding share capital of any Group Company immediately prior to such transaction beneficially own less than a majority in voting power of the outstanding share capital of the surviving entity or the acquiring Person immediately following such transaction;
  - (3) a sale, lease, transfer or other disposition, in a single transaction or series of related transactions, by any Group Company of all or substantially all of the assets of any Group Company; or

(4) the exclusive licensing of all or substantially all of the Group Companies intellectual property to a third party,

and upon any such event, any proceeds resulting to the Members of the Company therefrom shall be distributed in accordance with the terms of paragraph (a) through (e) of this Article 128.

- (h) In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company, the value of the assets to be distributed to the holder of the Preferred Shares and Ordinary Shares shall be determined in good faith by the Board of Directors (including the affirmative votes of the Investor Director Majority), or by a liquidator if one is appointed. Any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:
- (i) if traded on a securities exchange, the value shall be deemed to be the average of the security's closing prices on such exchange over the thirty (30) day period ending one (1) day prior to the distribution;
  - (ii) if traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and
  - (iii) if there is no active public market, the value shall be the fair market value thereof as determined in good faith by the Board of Directors (including the affirmative votes of the Investor Director Majority).
- (i) The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in clause (i), (ii) or (iii) to reflect the fair market value thereof as determined in good faith by the Board of Directors (including the affirmative votes of the Investor Director Majority), or by a liquidator if one is appointed. The Investor Director Majority shall have the right to challenge any determination by the Board of Directors of fair market value pursuant to this Article 128(h), in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Board of Directors and the challenging parties, the cost of such appraisal to be borne by the Company.

#### INDEMNITY

- 129 The Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their respective heirs, executors, administrators and personal representatives shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own willful neglect or default and no such Director, officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other Director, officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his office or trust unless the same shall happen through the willful neglect or default of such Director, officer or trustee.

#### FINANCIAL YEAR

- 130 Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31 in each year and, following the year of incorporation, shall begin on January 1 in each year.

#### AMENDMENTS OF ARTICLES

- 131 Subject to the Statute and to any quorum, voting or procedural requirements expressly imposed by these Articles in regard to the variation of rights attached to a specific class of shares of the Company, the Company may at any time and from time to time by a Special Resolution, change the name of the Company or alter or amend these Articles or the Memorandum of Association, in whole or in part.

#### TRANSFER BY WAY OF CONTINUATION

- 132 If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

#### MERGERS AND CONSOLIDATIONS

- 133 Subject to Article 20, the Company shall have the power to merge or consolidate with one or more other constituent companies (as defined in the Statute) upon such terms as the Directors may determine and (to the extent required by the Statute) with the approval of a Special Resolution.

**THE COMPANIES ACT (AS REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**SEVENTH AMENDED AND RESTATED  
MEMORANDUM OF ASSOCIATION  
OF  
ADLAI NORTYE LTD.**

(Adopted by a Special Resolution passed on April 17, 2023 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its Ordinary Shares)

1. The name of the Company is **Adlai Nortye Ltd.** (the "**Company**").
  2. The registered office of the Company will be situated at Maples Corporate Service Limited, PO Box 309, Uglund House, Grand Cayman KY1-1104, Cayman Islands or at such other location as the Directors may from time to time determine.
  3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act (As Revised) or any other law of the Cayman Islands (the "**Companies Act**").
  4. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Act.
  5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
  6. The liability of the shareholders of the Company is limited to the amount, if any, unpaid on the shares respectively held by them.
  7. The authorised share capital of the Company is US\$50,000 divided into 500,000,000 Ordinary Shares, comprising of (i) 434,709,000 Class A ordinary share with a par value of US\$0.0001 each, (ii) 16,990,000 Class B ordinary share with a par value of US\$0.0001 each, and (iii) 48,301,000 undesignated shares with a par value of US\$0.0001 each, of such class or classes (however designated) as the board of directors may determine in accordance with Articles 8 and 9 of the Articles of Association of the Company. Subject to the Companies Act and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorised share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
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8. The Company has the power contained in the Companies Act to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.
  9. Capitalised terms that are not defined in this Memorandum of Association bear the same meanings as those given in the Articles of Association of the Company.
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**THE COMPANIES ACT (AS REVISED)  
OF THE CAYMAN ISLANDS  
COMPANY LIMITED BY SHARES**

**SEVENTH AMENDED AND RESTATED  
ARTICLES OF ASSOCIATION  
OF  
ADLAI NORTYE LTD.**

(Adopted by a Special Resolution passed on April 17, 2023 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its Ordinary Shares)

**TABLE A**

The regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Act shall not apply to the Company and the following Articles shall comprise the Articles of Association of the Company.

**INTERPRETATION**

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

<b>“ADS”</b>	means an American Depositary Share representing Class A Ordinary Shares;
<b>“Affiliate”</b>	means in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with such Person, and (i) in the case of a natural person, shall include, without limitation, such person's spouse, parents, children, siblings, mother-in-law, father-in-law, brothers-in-law and sisters-in-law, a trust for the benefit of any of the foregoing, and a corporation, partnership or any other entity wholly or jointly owned by any of the foregoing, and (ii) in the case of an entity, shall include a partnership, a corporation or any other entity or any natural person which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term “control” shall mean the ownership, directly or indirectly, of shares possessing more than fifty per cent (50%) of the voting power of the corporation, partnership or other entity (other than, in the case of a corporation, securities having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity;
<b>“Articles”</b>	means these articles of association of the Company, as amended or substituted from time to time altered or added to in accordance with the Companies Act and these Articles;
<b>“Board” and “Board of Directors” and “Directors”</b>	means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof;

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<b>“Chairman”</b>	means the chairman of the Board of Directors;
<b>“Class” or “Classes”</b>	means any class or classes of Shares as may from time to time be issued by the Company;
<b>“Class A Ordinary Share”</b>	means an Ordinary Share of a par value of US\$0.0001 in the capital of the Company, designated as a Class A Ordinary Shares and having the rights provided for in these Articles;
<b>“Class B Ordinary Share”</b>	means an Ordinary Share of a par value of US\$0.0001 in the capital of the Company, designated as a Class B Ordinary Shares and having the rights provided for in these Articles;
<b>“Commission”</b>	means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;
<b>“Communications Facilities”</b>	means technology (including without limitation video, video-conferencing, internet or online conferencing applications, telephone or tele-conferencing and/or other video-communications, internet or online conferencing application or telecommunications facilities) by which natural persons are capable of hearing and being heard by each other;
<b>“Company”</b>	means <b>Adlai Nortye Ltd.</b> , a Cayman Islands exempted company;
<b>“Companies Act”</b>	means the Companies Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof;
<b>“Company’s Website”</b>	means the main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company with the Commission in connection with its initial public offering of ADSs, or which has otherwise been notified to Shareholders;
<b>“Designated Stock Exchange”</b>	means the stock exchange in the United States on which any Shares and ADSs are listed for trading;
<b>“Designated Stock Exchange Rules”</b>	means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any Shares or ADSs on the Designated Stock Exchange;
<b>“electronic”</b>	has the meaning given to it in the Electronic Transactions Act and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
<b>“electronic communication”</b>	means electronic posting to the Company’s Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than a majority of the vote of the Board;
<b>“Electronic Transactions Act”</b>	means the Electronic Transactions Act (As Revised) of the Cayman Islands and any statutory amendment or re-enactment thereof;
<b>“electronic record”</b>	has the meaning given to it in the Electronic Transactions Act and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
<b>“Founder”</b>	means Yang Lu ( ), a citizen of the People’s Republic of China;

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<b>“Memorandum of Association”</b>	means the memorandum of association of the Company, as amended or substituted from time to time;
<b>“Ordinary Resolution”</b>	means a resolution: <ul style="list-style-type: none"> <li>(a) passed by a simple majority of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company held in accordance with these Articles; or</li> <li>(b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;</li> </ul>
<b>“Ordinary Shares”</b>	means the ordinary shares in the capital of the Company with a par value of US\$0.0001 each, including Class A Ordinary Shares and Class B Ordinary Shares;
<b>“paid up”</b>	means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up;
<b>“Person”</b>	means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;
<b>“Present”</b>	means, in respect of any Person, such Person’s presence at a general meeting of Shareholders, which may be satisfied by means of such Person or, if a corporation or other non-natural Person, its duly authorized representative (or, in the case of any Shareholder, a proxy which has been validly appointed by such Shareholder in accordance with these Articles), being: (a) physically present at the venue specified in the notice convening the meeting; or (b) in the case of any meeting at which Communications Facilities are permitted in accordance with these Articles, including any Virtual Meeting, connected by Communication Facilities in accordance with procedures specified in the notice convening such general meeting; and <b>“Presence”</b> shall be construed accordingly;
<b>“Register”</b>	means the register of Members of the Company maintained in accordance with the Companies Act;
<b>“Registered Office”</b>	means the registered office of the Company as required by the Companies Act;
<b>“Seal”</b>	means the common seal of the Company (if adopted) including any facsimile thereof;
<b>“Secretary”</b>	means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;
<b>“Securities Act”</b>	means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;
<b>“Share”</b>	means a share in the capital of the Company. All references to “Shares” herein shall be deemed to be Shares of any or all Classes as the context may require. For the avoidance of doubt in these Articles the expression “Share” shall include a fraction of a Share;

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<b>“Shareholder” or “Member”</b>	means a Person who is registered as the holder of one or more Shares in the Register;
<b>“Share Premium Account”</b>	means the share premium account established in accordance with these Articles and the Companies Act;
<b>“signed”</b>	means bearing a signature or representation of a signature affixed by mechanical means or an electronic symbol or process attached to or logically associated with an electronic communication and executed or adopted by a Person with the intent to sign the electronic communication;
<b>“Special Resolution”</b>	means a special resolution of the Company passed in accordance with the Companies Act, being a resolution: <ul style="list-style-type: none"> <li>(a) passed by not less than two-thirds of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or</li> <li>(b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed;</li> </ul>
<b>“Treasury Share”</b>	means a Share held in the name of the Company as a treasury share in accordance with the Companies Act;
<b>“United States”</b>	means the United States of America, its territories, its possessions and all areas subject to its jurisdiction; and
<b>“Virtual Meeting”</b>	means any general meeting of the Shareholders at which the Shareholders (and any other permitted participants of such meeting, including without limitation the chairman of the meeting and any Directors) are permitted to be Present solely by means of Communications Facilities.

2. In these Articles, save where the context requires otherwise:

- (a) words importing the singular number shall include the plural number and vice versa;
  - (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
  - (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
  - (d) reference to a dollar or dollars (or US\$) and to a cent or cents is reference to dollars and cents of the United States of America;
  - (e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
  - (f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case;
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- (g) reference to "in writing" shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing including in the form of an electronic record or partly one and partly another;
  - (h) any requirements as to delivery under the Articles include delivery in the form of an electronic record or an electronic communication;
  - (i) any requirements as to execution or signature under the Articles, including the execution of the Articles themselves, can be satisfied in the form of an electronic signature as defined in the Electronic Transactions Act; and
  - (j) Sections 8 and 19(3) of the Electronic Transactions Act shall not apply.
3. Subject to the last two preceding Articles, any words defined in the Companies Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

#### **PRELIMINARY**

4. The business of the Company may be conducted as the Directors see fit.
5. The Registered Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
6. The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company. Such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.
7. The Directors shall keep, or cause to be kept, the Register at such place or (subject to compliance with the Companies Act and these Articles) places as the Directors may from time to time determine and, in the absence of any such determination, the Register shall be kept at the Registered Office.

#### **SHARES**

8. Subject to these Articles, all Shares for the time being unissued shall be under the control of the Directors who may, without the approval of the Members, cause the Company to:
- (a) issue, allot and dispose of Shares (whether in certificated form or non-certificated form) to such Persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine; and
  - (b) grant options with respect to Shares and issue warrants, convertible securities or similar instruments with respect thereto,
- and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.
9. Subject to these Articles, the Directors, or the Shareholders by Ordinary Resolution, may authorise the division of Shares into any number of Classes and the different Classes shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different Classes (if any) may be fixed and determined by the Directors or by the Shareholders by Ordinary Resolution. The Company is not obliged to issue, allot or dispose of Shares if it is, in the opinion of the Directors, unlawful or impracticable. The Company shall not issue Shares to bearer.
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10. The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also pay such brokerage as may be lawful on any issue of Shares.
11. The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

#### **CLASS A ORDINARY SHARES AND CLASS B ORDINARY SHARES**

12. Holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. Each Class A Ordinary Share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company, and each Class B Ordinary Share shall entitle the holder thereof to fifteen (15) votes on all matters subject to vote at general meetings of the Company.
13. Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share at any time at the option of the holder thereof. The right to convert shall be exercisable by the holder of the Class B Ordinary Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Ordinary Shares into Class A Ordinary Shares. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares.
14. Any conversion of Class B Ordinary Shares into Class A Ordinary Shares pursuant to these Articles shall be effected by means of the re-designation of each relevant Class B Ordinary Share as a Class A Ordinary Share. Such conversion shall become effective (i) in the case of any conversion effected pursuant to Article 13, forthwith upon the receipt by the Company of the written notice delivered to the Company as described in Article 13 (or at such later date as may be specified in such notice), or (ii) in the case of any automatic conversion effected pursuant to Article 15, forthwith upon occurrence of the event specified in Article 15 which triggers such automatic conversion, and the Company shall make entries in the Register to record the re-designation of the relevant Class B Ordinary Shares as Class A Ordinary Shares at the relevant time.
15. Upon any sale, transfer, assignment or disposition of any Class B Ordinary Share by a Shareholder, or any Affiliate of the Founder to any person who is not the Founder, or an Affiliate of the Founder, or upon a change of ultimate beneficial ownership of any Class B Ordinary Share to any Person who is not the Founder, or an Affiliate of the Founder, such Class B Ordinary Share shall be automatically and immediately converted into one Class A Ordinary Share. For the avoidance of doubt, (i) a sale, transfer, assignment or disposition shall be effective upon the Company's registration of such sale, transfer, assignment or disposition in its Register; and (b) the creation of any pledge, charge, encumbrance or other third party right of whatever description on any Class B Ordinary Shares to secure a holder's contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in the third party holding legal title to the relevant Class B Ordinary Shares, in which case all the related Class B Ordinary Shares shall be automatically converted into the same number of Class A Ordinary Shares. For the purpose of this Article 15, beneficial ownership shall have the meaning set forth in Rule 13d-3 under the United States Securities Exchange Act of 1934, as amended.
16. Save and except for voting rights and conversion rights as set out in Articles 12 to 16 (inclusive), the Class A Ordinary Shares and the Class B Ordinary Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

#### **MODIFICATION OF RIGHTS**

17. Whenever the capital of the Company is divided into different Classes (and as otherwise determined by the Directors), the rights attached to any such Class may, subject to any rights or restrictions for the time being attached to any Class, only be materially adversely varied or abrogated with the consent in writing of the holders of not less than two-thirds of the issued Shares of that Class or with the sanction of a resolution passed at a separate meeting of the holders of the Shares of that Class by a majority of two-thirds of the votes cast at such a meeting. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, except that the necessary quorum shall be one or more Persons holding or representing by proxy at least one-third in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him. For the purposes of this Article the Directors may treat all the Classes or any two or more Classes as forming one Class if they consider that all such Classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes.
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18. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that Class, be deemed to be materially adversely varied or abrogated by, inter alia, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any Class by the Company.

#### **CERTIFICATES**

19. Every Person whose name is entered as a Member in the Register may, without payment and upon its written request, request a certificate within one calendar month after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the Share or Shares held by that Person, provided that in respect of a Share or Shares held jointly by several Persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all. All certificates for Shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at such Member's address notified by such Member to the Company prior to such delivery, or if absent of such notification, at the Member's registered address as appearing in the Register.
20. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.
21. Any two or more certificates representing Shares of any one Class held by any Member may at the Member's request be cancelled and a single new certificate for such Shares issued in lieu on payment (if the Directors shall so require) of one U.S. dollar (US\$1.00) or such smaller sum as the Directors shall determine.
22. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Shares may be issued to the relevant Member upon request, subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
23. In the event that Shares are held jointly by several Persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

#### **FRACTIONAL SHARES**

24. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.
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## LIEN

25. The Company has a first and paramount lien on every Share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Company also has a first and paramount lien on every Share registered in the name of a Person indebted or under liability to the Company (whether he is the sole registered holder of a Share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The Directors may at any time declare a Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends.
26. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any Share on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of fourteen calendar days after a notice in writing, demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the Persons entitled thereto by reason of his death or bankruptcy.
27. For giving effect to any such sale the Directors may authorise a Person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
28. The proceeds of the sale after deduction of expenses, fees and commissions incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the Person entitled to the Shares immediately prior to the sale.

## CALLS ON SHARES

29. Subject to the terms of the allotment, the Directors may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their Shares, and each Shareholder shall (subject to receiving at least fourteen calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.
  30. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.
  31. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
  32. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
  33. The Directors may make arrangements with respect to the issue of partly paid Shares for a difference between the Shareholders, or the particular Shares, in the amount of calls to be paid and in the times of payment.
  34. The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Shareholder paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.
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#### **FORFEITURE OF SHARES**

35. If a Shareholder fails to pay any call or instalment of a call in respect of partly paid Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
36. The notice shall name a further day (not earlier than the expiration of fourteen calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.
37. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
38. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
39. A Person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.
40. A certificate in writing under the hand of a Director that a Share has been duly forfeited on a date stated in the certificate shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share.
41. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favour of the Person to whom the Share is sold or disposed of and that Person shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.
42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **TRANSFER OF SHARES**

43. The instrument of transfer of any Share shall be in writing and in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if in respect of a nil or partly paid up Share, or if so required by the Directors, shall also be executed on behalf of the transferee and shall be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register in respect of the relevant Shares.
  44. (a) The Directors may in their absolute discretion decline to register any transfer of Shares which is not fully paid up or on which the Company has a lien.
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- (b) The Directors may also decline to register any transfer of any Share unless:
- (i) the instrument of transfer is lodged with the Company, accompanied by the certificate for the Shares to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
  - (ii) the instrument of transfer is in respect of only one Class of Shares;
  - (iii) the instrument of transfer is properly stamped, if required;
  - (iv) in the case of a transfer to joint holders, the number of joint holders to whom the Share is to be transferred does not exceed four; and
  - (v) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.

45. The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the Designated Stock Exchange Rules, be suspended and the Register closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the Register closed for more than thirty calendar days in any calendar year.

46. All instruments of transfer that are registered shall be retained by the Company. If the Directors refuse to register a transfer of any Shares, they shall within one calendar month after the date on which the transfer was lodged with the Company send notice of the refusal to each of the transferor and the transferee.

#### **TRANSMISSION OF SHARES**

47. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased holder of the Share, shall be the only Person recognised by the Company as having any title to the Share.

48. Any Person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt Person before the death or bankruptcy.

49. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such Person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

#### **REGISTRATION OF EMPOWERING INSTRUMENTS**

50. The Company shall be entitled to charge a fee not exceeding one U.S. dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

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## ALTERATION OF SHARE CAPITAL

51. The Company may from time to time by Ordinary Resolution increase the share capital by such sum, to be divided into Shares of such Classes and amount, as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the resolution shall prescribe.
52. The Company may by Ordinary Resolution:
- (a) increase its share capital by new Shares of such amount as it thinks expedient;
  - (b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;
  - (c) subdivide its Shares, or any of them, into Shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; and
  - (d) cancel any Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled.

The Board may settle as they consider expedient any difficulty which arises in relation to any consolidation and division under the preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of Shares or arrange for the sale of the Shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorize some person to transfer the Shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

53. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by the Company Act.

## REDEMPTION, PURCHASE AND SURRENDER OF SHARES

54. Subject to the provisions of the Companies Act and these Articles, the Company may:
- (a) issue Shares that are to be redeemed or are liable to be redeemed at the option of the Shareholder or the Company. The redemption of Shares shall be effected in such manner and upon such terms as may be determined, before the issue of such Shares, by either the Board or by the Shareholders by Ordinary Resolution;
  - (b) redeem or purchase its own Shares (including any redeemable Shares) on such terms and in such manner as have been approved by the Board or by the Members by Ordinary Resolution, or are otherwise authorised by these Articles, and as agreed to by the relevant Member; and
  - (c) make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Act, including out of capital.
55. The purchase of any Share shall not oblige the Company to purchase any other Share other than as may be required pursuant to applicable law and any other contractual obligations of the Company.
56. The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof. Any Share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.
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57. The Directors may accept the surrender for no consideration of any fully paid Share.

#### **TREASURY SHARES**

58. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.

59. The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration). In the event that the Directors do not specify that the relevant Shares are to be held as Treasury Shares, such Shares shall be cancelled.

60. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to Shareholders on a winding up) may be declared or paid in respect of a Treasury Share.

61. The Company shall be entered in the Register as the holder of the Treasury Shares provided that:

- (a) the Company shall not be treated as a Shareholder for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void;
- (b) a Treasury Share shall not be voted, directly or indirectly, at any meeting of the Company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of these Articles or the Companies Act, save that an allotment of Shares as fully paid bonus shares in respect of a Treasury Share is permitted and Shares allotted as fully paid bonus shares in respect of a treasury share shall be treated as Treasury Shares.

62. Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

#### **GENERAL MEETINGS**

63. All general meetings other than annual general meetings shall be called extraordinary general meetings.

64. (a) The Company may (but shall not be obliged to, unless as required by applicable law or Designated Stock Exchange Rules) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors.

(b) At these meetings the report of the Directors (if any) shall be presented.

65. (a) The Chairman or a majority of the Directors may call general meetings, and they shall on a Shareholders' requisition forthwith proceed to convene an extraordinary general meeting of the Company.

(b) A Shareholders' requisition is a requisition of Members holding at the date of deposit of the requisition Shares which carry in aggregate not less than ten per cent (10%) of all votes attaching to all issued and outstanding Shares of the Company that as at the date of the deposit carry the right to vote at general meetings of the Company.

(c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

(d) If there are no Directors as at the date of the deposit of the Shareholders' requisition, or if the Directors do not within twenty-one (21) calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one (21) calendar days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three calendar months after the expiration of the said twenty-one calendar days.

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- (e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

#### NOTICE OF GENERAL MEETINGS

66. At least seven (7) calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place (except in the case of a Virtual Meeting), the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed:
- (a) in the case of an annual general meeting, by all the Shareholders (or their proxies) entitled to attend and vote thereat; and
  - (b) in the case of an extraordinary general meeting, by three-fourth of the Shareholders having a right to attend and vote at the meeting, Present at the meeting.
67. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Shareholder shall not invalidate the proceedings at any meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

68. No business except for the appointment of a chairman for the meeting shall be transacted at any general meeting unless a quorum of Shareholders is Present at the time when the meeting proceeds to business. One or more Shareholders holding Shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all Shares in issue and entitled to vote at such general meeting, Present at the meeting, shall be a quorum for all purposes.
69. If within half an hour from the time appointed for the meeting a quorum is not Present, the meeting shall be dissolved.
70. If the Directors so determine in respect of a specific general meeting or all general meetings of the Company, Presence at the relevant general meeting may be by means of Communications Facilities. The Directors may determine that any general meeting may be held as a Virtual Meeting. The notice of any general meeting at which Communications Facilities may be utilized (including any Virtual Meeting) must disclose the Communications Facilities that will be used, including the procedures to be followed by any Shareholder or other participant of the general meeting utilizing such Communications Facilities.
71. The Chairman, if any, shall preside as chairman at every general meeting of the Company.
72. If there is no such Chairman, or if at any general meeting he is not Present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman of the meeting, any Director or Person nominated by the Directors shall preside as chairman of that meeting, failing which the Shareholders Present shall choose any Person Present to be chairman of that meeting.
73. The chairman of any general meeting shall be entitled to participate at any such general meeting by Communication Facilities, and to act as the chairman of such general meeting, in which event the following provisions shall apply:
- (a) he shall be deemed to be Present at the general meeting; and
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- (b) if the Communication Facilities fail to enable the chairman of the general meeting to hear and be heard by other Persons participating in the meeting, then the other Directors Present at the general meeting shall choose another Director Present to act as chairman of the general meeting for (or for the remainder of) the general meeting; provided that if no other Director is Present at the general meeting, or if all the Directors Present decline to take the chair, then the general meeting shall be automatically adjourned to the same day in the next week and at such time and place as shall be decided by the Directors.
74. The chairman of any general meeting at which a quorum is Present may with the consent of the meeting (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for fourteen calendar days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
75. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Shareholders in accordance with these Articles, for any reason or for no reason, upon notice in writing to Shareholders. A postponement may be for a stated period of any length or indefinitely as the Directors may determine. Notice of the business to be transacted at such postponed general meeting shall not be required.
76. At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may, in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands, and where a show of hands is allowed pursuant to these Articles, before or on the declaration of the result of the show of hands, a poll may be demanded by the chairman of the meeting or any one Shareholder holding not less than 10% of the votes attaching to the Shares present in person or by proxy. Where a resolution is voted on by a show of hands, a declaration by the chairman of the meeting that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution. For the purposes of these Articles, procedural and administrative matters are (i) the proposal of new resolutions which are not already set out in the notice convening the general meeting or any proposed amendments to the resolutions; and (ii) those that relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all Shareholders a reasonable opportunity to express their views.
77. If a poll is duly demanded it shall be taken in such manner as the chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
78. All questions submitted to a meeting shall be decided by an Ordinary Resolution except where a greater majority is required by these Articles or by the Companies Act.
79. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

#### **VOTES OF SHAREHOLDERS**

80. Subject to any rights and restrictions for the time being attached to any Share, at a general meeting of the Company, (i) on a show of hands, every Shareholder Present at the meeting shall have one vote, and (ii) on a poll, every Shareholder Present at the meeting shall have one (1) vote for each Class A Ordinary Share and fifteen (15) votes for each Class B Ordinary Share of which such Shareholder is the holder.
81. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.
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82. Shares carrying the right to vote that are held by a Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may be voted, whether on a show of hands or on a poll, by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person may vote in respect of such Shares by proxy.
83. No Shareholder shall be entitled to vote at any general meeting of the Company unless all calls, if any, or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.
84. On a poll votes may be given either personally or by proxy.
85. Each Shareholder, other than a recognised clearing house (or its nominee(s)) or depository (or its nominee(s)), may only appoint one proxy on a show of hands. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.
86. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
87. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company:
- (a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
  - (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
  - (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded be delivered at the meeting at which the poll was demanded to the Chairman of the meeting or to the secretary or to any Director;

provided that the Directors may in the notice convening the meeting, or in an instrument of proxy sent out by the Company, direct that the instrument appointing a proxy may be deposited at such other time (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The chairman of the meeting may in any event at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited. An instrument of proxy that is not deposited in the manner permitted shall be invalid.

88. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
89. A resolution in writing signed by all the Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

#### **CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS**

90. Any corporation which is a Shareholder or a Director may by resolution of its directors or other governing body authorise such Person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or of the Directors or of a committee of Directors, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder or Director.
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## DEPOSITARY AND CLEARING HOUSES

91. If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such Person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or of any Class of Shareholders provided that, if more than one Person is so authorised, the authorisation shall specify the number and Class of Shares in respect of which each such Person is so authorised. A Person so authorised pursuant to this Article shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual Member holding the number and Class of Shares specified in such authorisation, including the right to vote individually on a show of hands.

## DIRECTORS

92. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than five (5) Directors. The Board of Directors shall have the right to change the size of the Board of Directors and determine the exact number of Directors.
93. All Directors shall hold office until the expiration of their respective terms of office (if any) and until their successors shall have been appointed and qualified. A Director appointed to fill a vacancy resulting from the death, resignation or removal of a Director shall serve for the remainder of the full term of the Director (if any) whose death, resignation or removal shall have created such vacancy and until his successor shall have been appointed and qualified.
94. The Company may by Ordinary Resolution appoint any person to be a Director.
95. The Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director, to fill a casual vacancy on the Board or as an addition to the existing Board.
96. A Director may be removed from office by Ordinary Resolution or by the Board, notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal.
97. The Board of Directors shall elect and appoint a Chairman by a majority of the Directors then in office. The period for which the Chairman will hold office will also be determined by a majority of all of the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board of Directors. To the extent the Chairman is not present at a meeting of the Board of Directors within fifteen minutes after the time appointed for holding the same, the attending Directors may choose one of their number to be the chairman of the meeting.
98. The Board may, from time to time, and except as required by applicable law or Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company and determine on various corporate governance related matters of the Company as the Board shall determine by resolution of Directors from time to time.
99. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at general meetings.
100. The remuneration of the Directors may be determined by the Directors or by Ordinary Resolution.
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101. The Directors shall be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive such fixed allowance in respect thereof as may be determined by the Directors from time to time, or a combination partly of one such method and partly the other.

#### **ALTERNATE DIRECTOR**

102. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing Director, and to act in such Director's place at any meeting of the Directors at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall be deemed for all purposes to be a Director and shall not be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

#### **POWERS AND DUTIES OF DIRECTORS**

103. Subject to the Companies Act, these Articles and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. No resolution passed by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been passed.
104. Subject to these Articles, the Directors may from time to time appoint any natural person or corporation, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, chief executive officer, one or more other executive officers, president, one or more vice presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any natural person or corporation so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto terminate if any managing director ceases for any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.
105. The Directors may appoint any natural person or corporation to be a Secretary (and if need be an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.
106. The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.
107. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand) or otherwise appoint any company, firm or Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorised signatory (any such person being an "Attorney" or "Authorised Signatory", respectively) of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorised Signatory as the Directors may think fit, and may also authorise any such Attorney or Authorised Signatory to delegate all or any of the powers, authorities and discretion vested in him.
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108. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.
109. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any natural person or corporation to be a member of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such natural person or corporation.
110. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any natural person or corporation so appointed and may annul or vary any such delegation, but no Person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
111. Any such delegates as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities, and discretion for the time being vested in them.

#### **BORROWING POWERS OF DIRECTORS**

112. The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow money and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, to issue debentures, debenture stock, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

#### **THE SEAL**

113. The Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixing of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose and every Person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
114. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a resolution of the Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixing of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such Person or Persons as the Directors shall for this purpose appoint and such Person or Persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more Persons as the Directors may appoint for the purpose.
115. Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.
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## DISQUALIFICATION OF DIRECTORS

116. The office of Director shall be vacated, if the Director:
- (a) becomes bankrupt or makes any arrangement or composition with his creditors;
  - (b) dies or is found to be or becomes of unsound mind;
  - (c) resigns his office by notice in writing to the Company;
  - (d) is prohibited by any applicable law or Designated Stock Exchange Rules from being a Director;
  - (e) without special leave of absence from the Board, is absent from meetings of the Board for three consecutive meetings and the Board resolves that his office be vacated; or
  - (f) is removed from office pursuant to any other provision of these Articles.

## PROCEEDINGS OF DIRECTORS

117. The Directors may meet together (either within or outside of the Cayman Islands) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. At any meeting of the Directors, each Director present in person or represented by his alternate shall be entitled to one vote. In case of an equality of votes the Chairman shall have a second or casting vote. A Director may, and a Secretary or assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
118. A Director may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director is a member, by means of telephone or similar communication equipment by way of which all Persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.
119. The quorum necessary for the transaction of the business of the Board may be fixed by the Directors, and unless so fixed, the quorum shall be a majority of Directors then in office. A Director represented by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
120. A Director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract or transaction which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made or transaction so consummated. Subject to the Designated Stock Exchange Rules and disqualification by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration, provided that:
- (a) such Director, if his interest (whether direct or indirect) in such contract or arrangement is material, has declared the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice; and
  - (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee of the Company.
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121. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.
  122. Any Director may act by himself or through his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
  123. The Directors shall cause minutes to be made for the purpose of recording:
    - (a) all appointments of officers made by the Directors;
    - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
    - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
  124. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
  125. A resolution in writing signed by all the Directors or all the members of a committee of Directors entitled to receive notice of a meeting of Directors or committee of Directors, as the case may be (an alternate Director, subject as provided otherwise in the terms of appointment of the alternate Director, being entitled to sign such a resolution on behalf of his appointer), shall be as valid and effectual as if it had been passed at a duly called and constituted meeting of Directors or committee of Directors, as the case may be. When signed a resolution may consist of several documents each signed by one or more of the Directors or his duly appointed alternate.
  126. Meetings of the Directors may be called by any Director on not less than 48 hours' notice to each Director in accordance with Articles 153 through 158; provided that a meeting of the Directors shall, whether or not the notice specified in this Article has been given and whether or not the provisions of these Articles regarding meetings of the Directors have been complied with, be deemed to have been duly convened if it is so agreed by a majority of the Directors then in office.
  127. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number, or of summoning a general meeting of the Company, but for no other purpose.
  128. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, the committee members present may choose one of their number to be chairman of the meeting.
  129. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
  130. All acts done by any meeting of the Directors or of a committee of Directors, or by any Person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or Person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and was qualified to be a Director.
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#### PRESUMPTION OF ASSENT

131. A Director who is present at a meeting of the Board of Directors at which an action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

#### DIVIDENDS

132. Subject to any rights and restrictions for the time being attached to any Shares, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.
133. Subject to any rights and restrictions for the time being attached to any Shares, the Company by Ordinary Resolution may declare dividends, but no dividend shall exceed the amount recommended by the Directors.
134. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, in the absolute discretion of the Directors, be applicable for meeting contingencies or for equalising dividends or for any other purpose to which those funds may be properly applied, and pending such application may in the absolute discretion of the Directors, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Directors may from time to time think fit.
135. Any dividend payable in cash to the holder of Shares may be paid in any manner determined by the Directors. If paid by cheque it will be sent by mail addressed to the holder at his address in the Register, or addressed to such person and at such addresses as the holder may direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company.
136. The Directors may determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Directors may fix the value of such specific assets, may determine that cash payment shall be made to some Shareholders in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.
137. Subject to any rights and restrictions for the time being attached to any Shares, all dividends shall be declared and paid according to the amounts paid up on the Shares, but if and for so long as nothing is paid up on any of the Shares dividends may be declared and paid according to the par value of the Shares. No amount paid on a Share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the Share.
138. If several Persons are registered as joint holders of any Share, any of them may give effective receipts for any dividend or other moneys payable on or in respect of the Share.
139. No dividend shall bear interest against the Company.
140. Any dividend unclaimed after a period of six calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.
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## ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

141. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
142. The books of account shall be kept at the Registered Office, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
143. The Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right to inspect any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.
144. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.
145. The Directors may appoint an auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
146. Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
147. The auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.
148. The Directors in each calendar year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Companies Act and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

## CAPITALISATION OF RESERVES

149. Subject to the Companies Act and these Articles, the Directors may:
    - (a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve and profit and loss account), which is available for distribution;
    - (b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
      - (i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or
      - (ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid;
    - (c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;
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- (d) authorise a Person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for either:
  - (i) the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation, or
  - (ii) the payment by the Company on behalf of the Shareholders (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing Shares,

and any such agreement made under this authority being effective and binding on all those Shareholders; and

- (e) generally do all acts and things required to give effect to a resolution of Directors passed pursuant to this Article.

150. Notwithstanding any provision in these Articles but subject to the Companies Act, the Directors may resolve to capitalise an amount standing to the credit of reserves (including the Share Premium Account, capital redemption reserve and profit and loss account) or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:

- (a) employees (including Directors) or service providers of the Company or its subsidiaries or group companies upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;
- (b) any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or
- (c) any depositary of the Company for the purposes of the issue, allotment and delivery by the depositary of ADSs to employees (including Directors) or service providers of the Company or its subsidiaries or group companies upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

#### **SHARE PREMIUM ACCOUNT**

151. The Directors shall in accordance with the Companies Act establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.

152. There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Companies Act, out of capital.

#### **NOTICES**

153. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by posting it by airmail or a recognised courier service in a prepaid letter addressed to such Shareholder at his address as appearing in the Register, or by electronic mail to any electronic mail address such Shareholder may have specified in writing for the purpose of such service of notices, or by facsimile to any facsimile number such Shareholder may have specified in writing for the purpose of such service of notices, or by placing it on the Company's Website should the Directors deem it appropriate. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

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154. Notices sent from one country to another shall be sent or forwarded by prepaid airmail or a recognised courier service.
155. Any Shareholder Present at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
156. Any notice or other document, if served by:
- (a) post, shall be deemed to have been served five calendar days after the time when the letter containing the same is posted;
  - (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
  - (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or
  - (d) electronic means, shall be deemed to have been served immediately (i) upon the time of the transmission to the electronic mail address supplied by the Shareholder to the Company or (ii) upon the time of its placement on the Company's Website.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

157. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document have been removed from the Register as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.

158. Notice of every general meeting of the Company shall be given to:

- (a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and
- (b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting.

No other Person shall be entitled to receive notices of general meetings.

#### **INFORMATION**

159. Subject to the relevant laws, rules and regulations applicable to the Company, no Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.
160. Subject to due compliance with the relevant laws, rules and regulations applicable to the Company, the Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.
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#### INDEMNITY

161. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, willful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.
162. No Indemnified Person shall be liable:
- (a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or
  - (b) for any loss on account of defect of title to any property of the Company; or
  - (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or
  - (d) for any loss incurred through any bank, broker or other similar Person; or
  - (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or
  - (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, willful default or fraud.

#### FINANCIAL YEAR

163. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31<sup>st</sup> in each calendar year and shall begin on January 1<sup>st</sup> in each calendar year.

#### NON-RECOGNITION OF TRUSTS

164. No Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as the Companies Act requires) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register.

#### WINDING UP

165. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Act, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.
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166. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

#### **AMENDMENT OF ARTICLES OF ASSOCIATION**

167. Subject to the Companies Act, the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

#### **CLOSING OF REGISTER OR FIXING RECORD DATE**

168. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed in any case thirty calendar days in any calendar year.
169. In lieu of or apart from closing the Register, the Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any dividend the Directors may, at or within ninety calendar days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.
170. If the Register is not so closed and no record date is fixed for the determination of those Shareholders entitled to receive notice of, attend or vote at a meeting of Shareholders or those Shareholders that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

#### **REGISTRATION BY WAY OF CONTINUATION**

171. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

#### **DISCLOSURE**

172. The Directors, or any service providers (including the officers, the Secretary and the registered office provider of the Company) specifically authorised by the Directors, shall be entitled to disclose to any regulatory or judicial authority any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.
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#### EXCLUSIVE FORUM

173. For the avoidance of doubt and without limiting the jurisdiction of the courts of the Cayman Islands to hear, settle and/or determine disputes related to the Company, the courts of the Cayman Islands shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any Director, officer, or other employee of the Company to the Company or the Members, (iii) any action asserting a claim arising pursuant to any provision of the Companies Act or these Articles including but not limited to any purchase or acquisition of Shares, security, or guarantee provided in consideration thereof, or (iv) any action asserting a claim against the Company which if brought in the United States of America would be a claim arising under the internal affairs doctrine (as such concept is recognized under the laws of the United States from time to time).
174. Unless the Company consents in writing to the selection of an alternative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than the Company. Any person or entity purchasing or otherwise acquiring any Share or other securities in the Company, or purchasing or otherwise acquiring ADSs issued pursuant to deposit agreements, shall be deemed to have notice of and consented to the provisions of this Article. Without prejudice to the foregoing, if the provision in this Article is held to be illegal, invalid or unenforceable under applicable law, the legality, validity or enforceability of the rest of these Articles shall not be affected and this Article shall be interpreted and construed to the maximum extent possible to apply in the relevant jurisdiction with whatever modification or deletion may be necessary so as best to give effect to the intention of the Company.
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**Adlai Nortye Ltd. - Class A Ordinary Shares**  
(Incorporated under the laws of the Cayman Islands)

Number

Shares

- Share capital is US\$50,000 divided into
- (i) 434,709,000 Class A Ordinary Shares of a par value of US\$0.0001 each,
  - (ii) 16,990,000 Class B Ordinary Shares of a par value of US\$0.0001 each,
  - (iii) 48,301,000 Undesignated shares of par value of US\$0.0001 each

THIS IS TO CERTIFY THAT

\_\_\_\_\_

is the registered holder of

\_\_\_\_\_

Shares in the above-named Company subject to the Memorandum and Articles of Association thereof .

EXECUTED for and on behalf of the Company on

by:

DIRECTOR

\_\_\_\_\_

\_\_\_\_\_



**Our ref** ELR/744148-000008/26410659v2

Adlai Nortye Ltd.  
PO Box 309, Uglund House  
Grand Cayman, KY1-1104  
Cayman Islands

, 2023

Dear Sirs and/or Madams

**Adlai Nortye Ltd.**

We have acted as Cayman Islands legal advisers to Adlai Nortye Ltd. (the "**Company**") in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "**Registration Statement**"), filed with the Securities and Exchange Commission (the "**Commission**") under the U.S. Securities Act of 1933, as amended to date, relating to the offering by the Company of certain American depository shares (the "**ADSs**") representing the Company's class A ordinary shares of par value US\$0.0001 each (the "**Shares**").

We are furnishing this opinion as Exhibits 5.1, 8.1 and 23.2 to the Registration Statement.

**1 Documents Reviewed**

For the purposes of this opinion, we have reviewed only originals, copies or final drafts of the following documents:

- 1.1 The certificate of incorporation dated 9 May 2018 and the certificate of incorporation on adoption of dual foreign name dated 19 July 2021 issued by the Registrar of Companies in the Cayman Islands.
- 1.2 The sixth amended and restated memorandum and articles of association of the Company adopted by special resolution passed on 23 June 2021 (the "**Pre-IPO Memorandum and Articles**").
- 1.3 The seventh amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on 17 April 2023 and effective immediately prior to the completion of the Company's initial public offering of ADSs representing its Shares (the "**IPO Memorandum and Articles**").

- 1.4 The minutes (the “**Minutes**”) of the meeting (“**Meeting**”) of the directors of the Company dated 21 April 2023.
- 1.5 The minutes of meeting of the shareholders of the Company dated 17 April 2023 (the “**Shareholders' Resolutions**”).
- 1.6 A certificate from a director of the Company, a copy of which is attached hereto (the “**Director's Certificate**”).
- 1.7 A certificate of good standing dated 3 April 2023, issued by the Registrar of Companies in the Cayman Islands (the “**Certificate of Good Standing**”).
- 1.8 The Registration Statement.

## 2 Assumptions

The following opinions are given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this opinion letter. These opinions only relate to the laws of the Cayman Islands which are in force on the date of this opinion letter. In giving these opinions we have relied (without further verification) upon the completeness and accuracy, as of the date of this opinion letter, of the Director's Certificate and the Certificate of Good Standing. We have also relied upon the following assumptions, which we have not independently verified:

- 2.1 Copies of documents, conformed copies or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals.
- 2.2 All signatures, initials and seals are genuine.
- 2.3 There is nothing under any law (other than the law of the Cayman Islands), which would or might affect the opinions set out below.

## 3 Opinion

Based upon the foregoing and subject to the qualifications set out below and having regard to such legal considerations as we deem relevant, we are of the opinion that:

- 3.1 The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing with the Registrar of Companies under the laws of the Cayman Islands.
- 3.2 The authorised share capital of the Company, with effect immediately prior to the completion of the Company's initial public offering of the ADSs representing the Shares, will be US\$50,000 divided into 500,000,000 Ordinary Shares, comprising of (i) 434,709,000 Class A ordinary share with a par value of US\$0.0001 each, (ii) 16,990,000 Class B ordinary share with a par value of US\$0.0001 each, and (iii) 48,301,000 undesignated shares with a par value of US\$0.0001 each.
- 3.3 The issue and allotment of the Shares have been duly authorised and when allotted, issued and paid for as contemplated in the Registration Statement, the Shares will be legally issued and allotted, fully paid and non-assessable. As a matter of Cayman law, a share is only issued when it has been entered in the register of members (shareholders).

3.4 The statements under the caption "Taxation" in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects and that such statements constitute our opinion.

#### 4 **Qualifications**

In this opinion the phrase "non-assessable" means, with respect to shares in the Company, that a shareholder shall not, solely by virtue of its status as a shareholder, be liable for additional assessments or calls on shares by the Company or its creditors (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Except as specifically stated herein, we make no comment with respect to any representations and warranties which may be made by or with respect to the Company in any of the documents or instruments cited in this opinion or otherwise with respect to the commercial terms of the transactions, which are the subject of this opinion.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference to our name under the headings "Enforceability of Civil Liabilities", "Taxation" and "Legal Matters" and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

Maples and Calder (Hong Kong) LLP

Director's Certificate

, 2023

To: Maples and Calder (Hong Kong) LLP  
26th Floor, Central Plaza  
18 Harbour Road  
Wanchai, Hong Kong

Dear Sirs

**Adlai Nortye Ltd. (the "Company")**

I, the undersigned, being a director of the Company, am aware that you are being asked to provide a legal opinion (the "**Opinion**") in relation to certain aspects of Cayman Islands law. Capitalised terms used in this certificate have the meaning given to them in the Opinion. I hereby certify that:

- 1 The Pre-IPO Memorandum and Articles remain in full and effect and, except as amended by the Shareholders Resolutions adopting the IPO Memorandum and Articles, are otherwise unamended.
  - 2 The Minutes are a true and correct record of the proceedings of the Meeting, which was duly convened and held, and at which a quorum was present throughout, in each case, in the manner prescribed in the Pre-IPO Memorandum and Articles. The resolutions set out in the Minutes were duly passed in the manner prescribed in the Pre-IPO Memorandum and Articles (including, without limitation, with respect to the disclosure of interests (if any) by directors of the Company) and have not been amended, varied or revoked in any respect.
  - 3 The Shareholders Resolutions were duly passed in the manner prescribed in the Pre-IPO Memorandum and Articles (including, without limitation, with respect to the disclosure of interests (if any) by directors of the Company) and have not been amended, varied or revoked in any respect.
  - 4 The authorised share capital of the Company is US\$50,000 divided into 500,000,000 shares of a nominal or par value of US\$0.0001 each, of which, 440,546,909 shall be designated as ordinary shares, 14,560,000 shall be designated as series A preferred shares, 13,607,896 shall be designated as series B preferred shares, 14,653,013 shall be designated as series C preferred shares and 16,632,182 shall be designated as series D preferred shares.
  - 5 The authorised share capital of the Company, with effect immediately prior to the completion of the Company's initial public offering of the ADSs representing the Shares, will be US\$50,000 divided into 500,000,000 Ordinary Shares, comprising of (i) 434,709,000 Class A ordinary share with a par value of US\$0.0001 each, (ii) 16,990,000 Class B ordinary share with a par value of US\$0.0001 each, and (iii) 48,301,000 undesignated shares with a par value of US\$0.0001 each of such class or classes (however designated) as the board of directors may determine in accordance with the IPO Memorandum and Articles.
  - 6 The shareholders of the Company have not restricted or limited the powers of the directors in any way and there is no contractual or other prohibition (other than as arising under Cayman Islands law) binding on the Company prohibiting it from issuing and allotting the Shares or otherwise performing its obligations under the Registration Statement.
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- 7 The directors of the Company at the date of the Board Resolutions and as at the date of this certificate were and are as follows: LU Yang, YANG Donghui, TIAN Yuan, SHAO Hui, Sun Yuan and Wu Shuqing.
- 8 Each director of the Company considers the transactions contemplated by the Registration Statement to be of commercial benefit to the Company and has acted bona fide in the best interests of the Company, and for a proper purpose of the Company in relation to the transactions which are the subject of the Opinion.
- 9 To the best of my knowledge and belief, having made due inquiry, the Company is not the subject of legal, arbitral, administrative or other proceedings in any jurisdiction and neither the directors nor Shareholders have taken any steps to have the Company struck off or placed in liquidation. Further, no steps have been taken to wind up the Company or to appoint restructuring officers or interim restructuring officers, and no receiver has been appointed in relation to any of the Company's property or assets.
- 10 Upon the completion of the Company's initial public offering of the ADSs representing the Shares, the Company will not be subject to the requirements of Part XVIIIA of the Companies Act (As Revised) of the Cayman Islands.

I confirm that you may continue to rely on this Certificate as being true and correct on the day that you issue the Opinion unless I shall have previously notified you personally to the contrary.

*[signature page follows]*

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Signature: \_\_\_\_\_

Name: Yang Lu

Title: Chief Executive Officer, Chairman of Board of Directors

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**EMPLOYMENT AGREEMENT**

This EMPLOYMENT AGREEMENT (the “**Agreement**”) is entered into as of \_\_\_\_\_, 2023 by and between Adlai Nortye Ltd., an exempted company incorporated and existing under the laws of the Cayman Islands (the “**Company**”) and \_\_\_\_\_, an individual with \_\_\_\_\_ [passport/ID number] \_\_\_\_\_ (the “**Executive**”).

**RECITALS**

WHEREAS, the Company desires to employ the Executive and to assure itself of the services of the Executive during the term of Employment (as defined below) and under the terms and conditions of the Agreement;

WHEREAS, the Executive desires to be employed by the Company during the term of Employment and under the terms and conditions of the Agreement;

**AGREEMENT**

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the Company and the Executive agree as follows:

**1. EMPLOYMENT**

The Company hereby agrees to employ the Executive and the Executive hereby accepts such employment, on the terms and conditions hereinafter set forth (the “**Employment**”).

**2. TERM**

Subject to the terms and conditions of the Agreement, the initial term of the Employment shall be \_\_\_\_\_ years, commencing on \_\_\_\_\_, 2023 (the “**Effective Date**”) and ending on \_\_\_\_\_, 2024 (the “**Initial Term**”), unless terminated earlier pursuant to the terms of the Agreement. Upon expiration of the Initial Term of the Employment, the Employment shall be automatically extended for successive periods of 12 months each (each, an “**Extension Period**”) unless either party shall have given 60 days advance written notice to the other party, in the manner set forth in Section 19 below, prior to the end of the Extension Period in question, that the term of this Agreement that is in effect at the time such written notice is given is not to be extended or further extended, as the case may be (the period during which this Agreement is effective being referred to hereafter as the “**Term**”).

**3. POSITION AND DUTIES**

- (a) During the Term, the Executive shall serve as \_\_\_\_\_ of the Company or in such other position or positions with a level of duties and responsibilities consistent with the foregoing with the Company and/or its subsidiaries and affiliated entities as the board of directors of the Company (the “**Board**”) may specify from time to time and shall have the duties, responsibilities and obligations customarily assigned to individuals serving in the position or positions in which the Executive serves hereunder and as assigned by the Board, or with the Board’s authorization, by the Company’s Chief Executive Officer.
- (b) The Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director of the Company or any subsidiaries or affiliated entities of the Company (collectively, the “**Group**”) and as a member of any committees of the board of directors of any such entity, provided that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently provided to any other director of any member of the Group.

- (c) The Executive agrees to devote all of his/her working time and efforts to the performance of his/her duties for the Company and to faithfully and diligently serve the Company in accordance with the Agreement and the guidelines, policies and procedures of the Company approved from time to time by the Board.

**4. NO BREACH OF CONTRACT**

The Executive hereby represents to the Company that: (i) the execution and delivery of the Agreement by the Executive and the performance by the Executive of the Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, the terms of any other agreement or policy to which the Executive is a party or by which the Executive is otherwise bound, except that the Executive does not make any representation with respect to agreements required to be entered into by and between the Executive and any member of the Group pursuant to the applicable law of the jurisdiction in which the Executive is based, if any; (ii) that the Executive is not in possession of any information (including, without limitation, confidential information and trade secrets) the knowledge of which would prevent the Executive from freely entering into the Agreement and carrying out his/her duties hereunder; and (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement with any person or entity other than any member of the Group.

**5. LOCATION**

The Executive will be based in \_\_\_\_\_ or any other location as requested by the Company during the Term.

**6. COMPENSATION AND BENEFITS**

Cash Compensation. As compensation for the performance by the Executive of his/her obligations hereunder, during the Term, the Company shall pay the Executive cash compensation (inclusive of the statutory benefit contributions that the Company is required to set aside for the Executive under applicable law), subject to annual review and adjustment by the Board or any committee designated by the Board. It is hereby acknowledged the cash compensation has included any salary payable by the Company under any separate employment agreement entered into between the Executive and any affiliated entity of the Company.

**7. TERMINATION OF THE AGREEMENT**

The Employment may be terminated as follows:

- (a) Death. The Employment shall terminate upon the Executive's death.
- (b) Disability. The Employment shall terminate if the Executive has a disability, including any physical or mental impairment which, as reasonably determined by the Board, renders the Executive unable to perform the essential functions of his/her position at the Company, even with reasonable accommodation that does not impose an undue burden on the Company, for more than 180 days in any 12-month period, unless a longer period is required by applicable law, in which case that longer period shall apply.
- (c) Cause. The Company may terminate the Executive's employment hereunder for Cause. The occurrence of any of the following, as reasonably determined by the Company, shall be a reason for Cause, provided that, if the Company determines that the circumstances constituting Cause are curable, then such circumstances shall not constitute Cause unless and until the Executive has been informed by the Company of the existence of Cause and given an opportunity of ten business days to cure, and such Cause remains uncured at the end of such ten-day period:
  - (1) continued failure by the Executive to satisfactorily perform his/her duties;
  - (2) willful misconduct or gross negligence by the Executive in the performance of his/her duties hereunder, including insubordination;

- (3) the Executive's conviction or entry of a guilty or *nolo contendere* plea of any felony or any misdemeanor involving moral turpitude;
  - (4) the Executive's commission of any act involving dishonesty that results in material financial, reputational or other harm, monetary or otherwise, to any member of the Group, including but not limited to an act constituting misappropriation or embezzlement of the property of any member of the Group as determined in good faith by the Board; or
  - (5) any material breach by the Executive of this Agreement.
- (d) Good Reason. The Executive may terminate his/her employment hereunder for "Good Reason" upon the occurrence, without the written consent of the Executive, of an event constituting a material breach of this Agreement by the Company that has not been fully cured within ten business days after written notice thereof has been given by the Executive to the Company setting forth in sufficient detail the conduct or activities the Executive believes constitute grounds for Good Reason, including but not limited to: the failure by the Company to pay to the Executive any portion of the Executive's current compensation or to pay to the Executive any portion of an installment of deferred compensation under any deferred compensation program of the Company, within twenty business days of the date such compensation is due.
- (e) Without Cause by the Company; Without Good Reason by the Executive. The Company may terminate the Executive's employment hereunder at any time without Cause upon 60-day prior written notice to the Executive. The Executive may terminate the Executive's employment voluntarily for any reason or no reason at any time by giving 60-day prior written notice to the Company.
- (f) Notice of Termination. Any termination of the Executive's employment under the Agreement shall be communicated by written notice of termination ("**Notice of Termination**") from the terminating party to the other party. The notice of termination shall indicate the specific provision(s) of the Agreement relied upon in effecting the termination.
- (g) Date of Termination. The "**Date of Termination**" shall mean (i) the date specified in the Notice of Termination, or (ii) if the Executive's employment is terminated by the Executive's death, the date of his/her death.
- (h) Compensation upon Termination.
- (1) Death. If the Executive's employment is terminated by reason of the Executive's death, the Company shall have no further obligations to the Executive under this Agreement and the Executive's benefits shall be determined under the Company's retirement, insurance and other benefit and compensation plans or programs then in effect in accordance with the terms of such plans and programs.
  - (2) By Company without Cause or by the Executive for Good Reason. If the Executive's employment is terminated by the Company other than for Cause or by the Executive for Good Reason, the Company shall (i) continue to pay and otherwise provide to the Executive, during any notice period, all compensation, base salary and previously earned but unpaid incentive compensation, if any, and shall continue to allow the Executive to participate in any benefit plans in accordance with the terms of such plans during such notice period; and (ii) pay to the Executive, in lieu of benefits under any severance plan or policy of the Company, any such amount as may be agreed between the Company and the Executive.
  - (3) By Company for Cause or by the Executive other than for Good Reason. If the Executive's employment shall be terminated by the Company for Cause or by the Executive other than for Good Reason, the Company shall pay the Executive his/her base salary at the rate in effect at the time Notice of Termination is given through the Date of Termination, and the Company shall have no additional obligations to the Executive under this Agreement.

- (i) Return of Company Property. The Executive agrees that following the termination of the Executive's employment for any reason, or at any time prior to the Executive's termination upon the request of the Company, he/she shall return all property of the Group that is then in or thereafter comes into his/her possession, including, but not limited to, any Confidential Information (as defined below) or Intellectual Property (as defined below), or any other documents, contracts, agreements, plans, photographs, projections, books, notes, records, electronically stored data and all copies, excerpts or summaries of the foregoing, as well as any automobile or other materials or equipment supplied by the Group to the Executive, if any.
- (j) Requirement for a Release. Notwithstanding the foregoing, the Company's obligations to pay or provide any benefits shall (1) cease as of the date the Executive breaches any of the provisions of Sections 8, 9 and 11 hereof, and (2) be conditioned on the Executive signing the Company's customary release of claims in favor of the Group and the expiration of any revocation period provided for in such release.

## 8. CONFIDENTIALITY AND NONDISCLOSURE

- (a) Confidentiality and Non-Disclosure.
  - (1) The Executive acknowledges and agrees that: (A) the Executive holds a position of trust and confidence with the Company and that his/her employment by the Company will require that the Executive have access to and knowledge of valuable and sensitive information, material, and devices relating to the Company and/or its business, activities, products, services, customers and vendors, including, but not limited to, the following, regardless of the form in which the same is accessed, maintained or stored: the identity of the Company's actual and prospective customers and, as applicable, their representatives; prior, current or future research or development activities of the Company; the products and services provided or offered by the Company to customers or potential customers and the manner in which such services are performed or to be performed; the product and/or service needs of actual or prospective customers; pricing and cost information; information concerning the development, engineering, design, specifications, acquisition or disposition of products and/or services of the Company; user base personal data, programs, software and source codes, licensing information, personnel information, advertising client information, vendor information, marketing plans and techniques, forecasts, and other trade secrets ("**Confidential Information**"); and (B) the direct and indirect disclosure of any such Confidential Information would place the Company at a competitive disadvantage and would do damage, monetary or otherwise, to the Company's business.
  - (2) During the Term and at all times thereafter, the Executive shall not, directly or indirectly, whether individually, as a director, stockholder, owner, partner, employee, consultant, principal or agent of any business, or in any other capacity, publish or make known, disclose, furnish, reproduce, make available, or utilize any of the Confidential Information without the prior express written approval of the Company, other than in the proper performance of the duties contemplated herein, unless and until such Confidential Information is or shall become general public knowledge through no fault of the Executive.
  - (3) In the event that the Executive is required by law to disclose any Confidential Information, the Executive agrees to give the Company prompt advance written notice thereof and to provide the Company with reasonable assistance in obtaining an order to protect the Confidential Information from public disclosure.
  - (4) The failure to mark any Confidential Information as confidential shall not affect its status as Confidential Information under this Agreement.

- (b) Third Party Information in the Executive's Possession. The Executive agrees that he/she shall not, during the Term, (i) improperly use or disclose any proprietary information or trade secrets of any former employer or other person or entity with which the Executive has an agreement or duty to keep in confidence information acquired by Executive, if any, or (ii) bring into the premises of Company any document or confidential or proprietary information belonging to such former employer, person or entity unless consented to in writing by such former employer, person or entity. The Executive will indemnify the Company and hold it harmless from and against all claims, liabilities, damages and expenses, including reasonable attorneys' fees and costs of litigation, arising out of or in connection with any violation of the foregoing.
- (c) Third Party Information in the Company's Possession. The Executive recognizes that the Company may have received, and in the future may receive, from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. The Executive agrees that the Executive owes the Company and such third parties, during the Term and thereafter, a duty to hold all such confidential or proprietary information in strict confidence and not to disclose such information to any person or firm, or otherwise use such information, in a manner inconsistent with the limited purposes permitted by the Company's agreement with such third party.

This Section 8 shall survive the termination of the Agreement for any reason. In the event the Executive breaches this Section 8, the Company shall have right to seek remedies permissible under applicable law.

## 9. INTELLECTUAL PROPERTY

- (a) Assignment of Intellectual Property. The Executive hereby assigns to the Company or its designees, without further consideration and free and clear of any lien or encumbrance, the Executive's entire right, title and interest (within the United States and all foreign jurisdictions) to any and all inventions, discoveries, improvements, developments, works of authorship, concepts, ideas, plans, specifications, software, formulas, databases, designees, processes and contributions to Confidential Information created, conceived, developed or reduced to practice by the Executive (alone or with others) during the Term which (i) are related to the Company's current or anticipated business, activities, products, or services, (ii) result from any work performed by Executive for the Company, or (iii) are created, conceived, developed or reduced to practice with the use of Company property, including any and all Intellectual Property Rights (as defined below) therein ("**Work Product**"). Any Work Product which falls within the definition of "work made for hire", as such term is defined in the U.S. Copyright Act, shall be considered a "work made for hire", the copyright in which vests initially and exclusively in the Company. The Executive waives any rights to be attributed as the author of any Work Product and any "droit morale" (moral rights) in Work Product. The Executive agrees to immediately disclose to the Company all Work Product. For purposes of this Agreement, "**Intellectual Property**" shall mean any patent, copyright, trademark or service mark, trade secret, or any other proprietary rights protection legally available.
- (b) Patent and Copyright Registration. The Executive agrees to execute and deliver any instruments or documents and to do all other things reasonably requested by the Company in order to more fully vest the Company with all ownership rights in the Work Product. If any Work Product is deemed by the Company to be patentable or otherwise registrable, the Executive shall assist the Company (at the Company's expense) in obtaining letters of patent or other applicable registration therein and shall execute all documents and do all things, including testifying (at the Company's expense) as necessary or appropriate to apply for, prosecute, obtain, or enforce any Intellectual Property right relating to any Work Product. Should the Company be unable to secure the Executive's signature on any document deemed necessary to accomplish the foregoing, whether due to the Executive's disability or other reason, the Executive hereby irrevocably designates and appoints the Company and each of its duly authorized officers and agents as the Executive's agent and attorney-in-fact to act for and on the Executive's behalf and stead to take any of the actions required of Executive under the previous sentence, with the same effect as if executed and delivered by the Executive, such appointment being coupled with an interest.

This Section 9 shall survive the termination of the Agreement for any reason. In the event the Executive breaches this Section 9, the Company shall have right to seek remedies permissible under applicable law.

## 10. CONFLICTING EMPLOYMENT

The Executive hereby agrees that, during the Term, he/she will not engage in any other employment, occupation, consulting or other business activity related to the business in which the Company is now involved or becomes involved during the Term, nor will the Executive engage in any other activities that conflict with his/her obligations to the Company without the prior written consent of the Company.

## 11. NON-COMPETITION AND NON-SOLICITATION

- (a) Non-Competition. In consideration of the compensation provided to the Executive by the Company hereunder, the adequacy of which is hereby acknowledged by the parties hereto, the Executive agree that during the Term and for a period of one year following the termination of the Employment for whatever reason, the Executive shall not engage in Competition (as defined below) with the Group. For purposes of this Agreement, "Competition" by the Executive shall mean the Executive's engaging in, or otherwise directly or indirectly being employed by or acting as a consultant or lender to, or being a director, officer, employee, principal, agent, stockholder, member, owner or partner of, or permitting the Executive's name to be used in connection with the activities of, any other business or organization which competes, directly or indirectly, with the Group in the Business; provided, however, it shall not be a violation of this Section 11(a) for the Executive to become the registered or beneficial owner of up to five percent (5%) of any class of the capital stock of a publicly traded corporation in Competition with the Group, provided that the Executive does not otherwise participate in the business of such corporation.

For purposes of this Agreement, "**Business**" means aesthetic medical services, and any other business which the Group engages in, or is preparing to become engaged in, during the Term.

- (b) Non-Solicitation; Non-Interference. During the Term and for a period of one year following the termination of the Executive's employment for any reason, the Executive agrees that he/she will not, directly or indirectly, for the Executive's benefit or for the benefit of any other person or entity, do any of the following:
- (1) approach the suppliers, clients, direct or end customers or contacts or other persons or entities introduced to the Executive in his/her capacity as a representative of the Group for the purpose of doing business of the same or of a similar nature to the Business or doing business that will harm the business relationships of the Group with the foregoing persons or entities;
  - (2) assume employment with or provide services to any competitors of the Group, or engage, whether as principal, partner, licensor or otherwise, any of the Group's competitors, without the Group's express consent; or
  - (3) seek, directly or indirectly, to solicit the services of, or hire or engage, any person who is known to be employed or engaged by the Group; or
  - (4) otherwise interfere with the business or accounts of the Group.
- (c) Injunctive Relief; Indemnity of Company. The Executive agrees that any breach or threatened breach of subsections (a) and (b) of this Section 11 would result in irreparable injury and damage to the Company for which an award of money to the Company would not be an adequate remedy. The Executive therefore also agrees that in the event of said breach or any reasonable threat of breach, the Company shall be entitled to seek an immediate injunction and restraining order to prevent such breach and/or threatened breach and/or continued breach by the Executive and/or any and all persons and/or entities acting for and/or with the Executive. The terms of this paragraph shall not prevent the Company from pursuing any other available remedies for any breach or threatened breach hereof, including, but not limited to, remedies available under this Agreement and the recovery of damages. The Executive and the Company further agree that the provisions of this Section 11 are reasonable. The Executive agrees to indemnify and hold harmless the Company from and against all reasonable expenses (including reasonable fees and disbursements of counsel) which may be incurred by the Company in connection with, or arising out of, any violation of this Agreement by the Executive. This Section 11 shall survive the termination of the Agreement for any reason.

**12. WITHHOLDING TAXES**

Notwithstanding anything else herein to the contrary, the Company may withhold (or cause there to be withheld, as the case may be) from any amounts otherwise due or payable under or pursuant to the Agreement such national, state, provincial, local or any other income, employment, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

**13. ASSIGNMENT**

The Agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer the Agreement or any rights or obligations hereunder; provided, however, that the Company may assign or transfer the Agreement or any rights or obligations hereunder to any member of the Group without such consent. If the Executive should die while any amounts would still be payable to the Executive hereunder if the Executive had continued to live, all such amounts unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate. The Company will require any and all successors (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Company had terminated the Executive's employment other than for Cause, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Section, "**Company**" shall mean the Company as herein before defined and any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 13 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

**14. SEVERABILITY**

If any provision of the Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of the Agreement are declared to be severable.

**15. ENTIRE AGREEMENT**

The Agreement constitutes the entire agreement and understanding between the Executive and the Company regarding the terms of the Employment and supersedes all prior or contemporaneous oral or written agreements concerning such subject matter. The Executive acknowledges that he/she has not entered into the Agreement in reliance upon any representation, warranty or undertaking which is not set forth in the Agreement.

**16. GOVERNING LAW**

The Agreement shall be governed by, construed and interpreted in accordance with the laws of the State of New York, U.S.A., without giving effect to conflicts of law provisions thereof.

**17. AMENDMENT**

The Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to the Agreement, which agreement is executed by both of the parties hereto.



**18. WAIVER**

Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under the Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

**19. NOTICES**

All notices, requests, demands and other communications required or permitted under the Agreement shall be in writing and shall be deemed to have been duly given and made if (i) delivered by hand, (ii) otherwise delivered against receipt therefor, (iii) sent by a recognized courier with next-day or second-day delivery to the last known address of the other party; or (iv) sent by e-mail with confirmation of receipt.

**20. COUNTERPARTS**

The Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. The Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

**21. NO INTERPRETATION AGAINST DRAFTER**

Each party recognizes that the Agreement is a legally binding contract and acknowledges that such party has had the opportunity to consult with legal counsel of choice. In any construction of the terms of the Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such terms.

*[The remainder of this page is intentionally left blank.]*

IN WITNESS WHEREOF, the parties hereto execute this Agreement as of the date first written above.

COMPANY:

**Adlai Nortye Ltd.**

a Cayman Islands exempted company

By: \_\_\_\_\_

Name:

Title:

EXECUTIVE:

\_\_\_\_\_  
Name:

## INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT (this "**Agreement**") is made as of \_\_\_\_\_, by and between Adlai Nortye Ltd., an exempted company with limited liability duly incorporated and validly existing under the laws of the Cayman Islands (the "**Company**"), and \_\_\_\_\_ (Passport/ID Number \_\_\_\_\_) (the "**Indemnitee**"), a [director/an executive officer] of the Company.

WHEREAS, the Indemnitee has served or has agreed to serve as a director/an executive officer of the Company and in such capacity will render valuable services to the Company; and

WHEREAS, in order to induce and encourage highly experienced and capable persons such as the Indemnitee to serve as directors/an executive officer of the Company, the Board of Directors has determined that this Agreement is not only reasonable and prudent, but necessary to promote and ensure the best interests of the Company and its shareholders;

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter set forth, and other good and valuable consideration, including, without limitation, the service of the Indemnitee, the receipt of which hereby is acknowledged, and in order to induce the Indemnitee to serve as a director/an executive officer of the Company, the Company and the Indemnitee hereby agree as follows:

**1. Definitions.** As used in this Agreement:

(a) "**Board of Directors**" shall mean the board of directors of the Company.

(b) "**Change in Control**" shall mean a change in control of the Company of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar or successor schedule or form) promulgated under the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (collectively, the "**Act**"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred (irrespective of the applicability of the initial clause of this definition) if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Act, but excluding any trustee or other fiduciary holding securities pursuant to an employee benefit or welfare plan or employee share plan of the Company or any subsidiary of the Company, or any entity organized, appointed, established or holding securities of the Company with voting power for or pursuant to the terms of any such plan) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Act), directly or indirectly, of securities of the Company representing 20% or more of the combined voting power of the Company's then outstanding securities without the prior approval of at least two-thirds of the Continuing Directors (as defined below) in office immediately prior to such person's attaining such interest; (ii) the Company is a party to a merger, consolidation, scheme of arrangement, sale of assets or other reorganization, or a proxy contest, as a consequence of which Continuing Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors of the Company (or any successor entity) thereafter; or (iii) during any period of two (2) consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (including for this purpose any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of such period) (such directors being referred to herein as "**Continuing Directors**") cease for any reason to constitute at least a majority of the Board of Directors of the Company.

(c) "**Disinterested Director**" with respect to any request by the Indemnitee for indemnification or advancement of expenses hereunder shall mean a director of the Company who neither is nor was a party to the Proceeding (as defined below) in respect of which indemnification or advancement is being sought by the Indemnitee.

(d) The term "**Expenses**" shall mean, without limitation, expenses of Proceedings, including attorneys' fees, disbursements and retainers, accounting and witness fees, expenses related to the preparation or service as a witness, travel and deposition costs, expenses of investigations, judicial or administrative proceedings and appeals, amounts paid in settlement of a Proceeding by or on behalf of the Indemnitee, costs of attachment or similar bonds, any expenses of attempting to establish or establishing a right to indemnification or advancement of expenses, under this Agreement, the Company's Memorandum and Articles of Association as currently in effect (the "**Articles**"), applicable law or otherwise, and reasonable compensation for time spent by the Indemnitee in connection with the investigation, defense or appeal of a Proceeding or action for indemnification for which the Indemnitee is not otherwise compensated by the Company or any third party. The term "Expenses" shall not include the amount of judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are actually levied against or sustained by the Indemnitee to the extent sustained after final adjudication.

(e) The term “**Independent Legal Counsel**” shall mean any firm of attorneys reasonably selected by the Board of Directors of the Company, so long as such firm has not represented the Company, the Company’s subsidiaries or affiliates, the Indemnitee, any entity controlled by the Indemnitee, or any party adverse to the Company, within the preceding five (5) years. Notwithstanding the foregoing, the term “Independent Legal Counsel” shall not include any person who, under applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee’s right to indemnification or advancement of Expenses under this Agreement, the Company’s Articles, applicable law or otherwise.

(f) The term “**Proceeding**” shall mean any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, or any other proceeding (including, without limitation, an appeal therefrom), formal or informal, whether brought in the name of the Company or otherwise, whether of a civil, criminal, administrative or investigative nature, and whether by, in or involving a court or an administrative, other governmental or private entity or body (including, without limitation, an investigation by the Company or its Board of Directors), by reason of (i) the fact that the Indemnitee is or was a director/an executive officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, whether or not the Indemnitee is serving in such capacity at the time any liability or expense is incurred for which indemnification or reimbursement is to be provided under this Agreement, (ii) any actual or alleged act or omission or neglect or breach of duty, including, without limitation, any actual or alleged error or misstatement or misleading statement, which the Indemnitee commits or suffers while acting in any such capacity, or (iii) the Indemnitee attempting to establish or establishing a right to indemnification or advancement of Expenses pursuant to this Agreement, the Company’s Articles, applicable law or otherwise.

(g) The phrase “**servicing at the request of the Company as an agent of another enterprise**” or any similar terminology shall mean, unless the context otherwise requires, serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic. The phrase “servicing at the request of the Company” shall include, without limitation, any service as a director/an executive officer of the Company which imposes duties on, or involves services by, such director/an executive officer with respect to the Company or any of the Company’s subsidiaries, affiliates, employee benefit or welfare plans, such plan’s participants or beneficiaries or any other enterprise, foreign or domestic. In the event that the Indemnitee shall be a director, officer, employee or agent of another corporation, partnership, joint venture, limited liability company, trust, employee benefit or welfare plan or other enterprise, foreign or domestic, 50% or more of the ordinary shares, combined voting power or total equity interest of which is owned by the Company or any subsidiary or affiliate thereof, then it shall be presumed conclusively that the Indemnitee is so acting at the request of the Company.

2. **Services by the Indemnitee.** The Indemnitee agrees to serve as a director of the Company under the terms of the Indemnitee’s agreement with the Company for so long as the Indemnitee is duly elected and qualified, appointed or until such time as the Indemnitee tenders a resignation in writing or is removed as a director; provided, however, that the Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or other obligation imposed by operation of law).

3. **Proceeding Other Than a Proceeding by or in the Right of the Company.** The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding (other than a Proceeding by or in the right of the Company), by reason of the fact that the Indemnitee is or was a director/an executive officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, against all Expenses, judgments, fines, interest or penalties, and excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in connection with such a Proceeding, to the fullest extent permitted by applicable law; provided, however, that any settlement of a Proceeding must be approved in advance in writing by the Company (which approval shall not be unreasonably withheld).

4. **Proceedings by or in the Right of the Company.** The Company shall indemnify the Indemnitee if the Indemnitee is a party to or threatened to be made a party to or is otherwise involved in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that the Indemnitee is or was a director/an executive officer of the Company, or is or was serving at the request of the Company as an agent of another enterprise, against all Expenses, judgments, fines, interest or penalties, and excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in connection with such a Proceeding, to the fullest extent permitted by applicable law, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that the conduct involved was unlawful; except that no indemnification under this section shall be made in respect of any claim, issue or matter as to which such person shall have been adjudicated by final judgment by a court of competent jurisdiction to be liable to the Company for willful misconduct in the performance of his/her duty to the Company, unless and only to the extent that the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which such other court shall deem proper.

5. **Indemnification for Costs, Charges and Expenses of Witness or Successful Party.** Notwithstanding any other provision of this Agreement (except as set forth in subparagraph 9(a)hereof), and without a requirement for determination as required by Paragraph 8 hereof, to the extent that the Indemnitee (a) has prepared to serve or has served as a witness in any Proceeding in any way relating to (i) the Company or any of the Company's subsidiaries, affiliates, employee benefit or welfare plans or such plan's participants or beneficiaries or (ii) anything done or not done by the Indemnitee as a director/an executive officer of the Company or in connection with serving at the request of the Company as an agent of another enterprise, or (b) has been successful, in whole or in part, in defense of any Proceeding or in defense of any claim, issue or matter therein, on the merits or otherwise, including the dismissal of a Proceeding without prejudice or the settlement of a Proceeding without an admission of liability, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee in connection therewith to the fullest extent permitted by applicable law. If the Indemnitee has been wholly unsuccessful in defense of any Proceeding or in defense of any claim, issue or matter therein, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee in connection therewith to the extent the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that the conduct involved was unlawful.

6. **Partial Indemnification.** If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for a portion of the Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are actually and reasonably incurred by the Indemnitee in the investigation, defense, appeal or settlement of any Proceeding, but not, however, for the total amount of the Indemnitee's Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, then the Company shall nevertheless indemnify the Indemnitee for the portion of such Expenses, judgments, fines, interest penalties or excise taxes to which the Indemnitee is entitled.

7. **Advancement of Expenses.** The Expenses incurred by the Indemnitee in any Proceeding shall be paid promptly by the Company in advance of the final disposition of the Proceeding at the written request of the Indemnitee to the fullest extent permitted by applicable law; provided, however, that the Indemnitee shall set forth in such request reasonable evidence that such Expenses have been incurred by the Indemnitee in connection with such Proceeding, a statement that such Expenses do not relate to any matter described in subparagraph 9(a) of this Agreement, and an undertaking in writing to repay any advances if it is ultimately determined as provided in subparagraph 8(b) of this Agreement that the Indemnitee is not entitled to indemnification under this Agreement.

**8. Indemnification Procedure; Determination of Right to Indemnification.**

(a) Promptly after receipt by the Indemnitee of notice of the commencement of any Proceeding, the Indemnitee shall, if a claim for indemnification or advancement of Expenses in respect thereof is to be made against the Company under this Agreement, notify the Company of the commencement thereof in writing. The omission to so notify the Company will not relieve the Company from any liability which the Company may have to the Indemnitee under this Agreement unless the Company shall have lost significant substantive or procedural rights with respect to the defense of any Proceeding as a result of such omission to so notify.

(b) The Indemnitee shall be conclusively presumed to have met the relevant standards of conduct, if any, as defined by applicable law, for indemnification pursuant to this Agreement and shall be absolutely entitled to such indemnification, unless a determination is made that the Indemnitee has not met such standards by a court of competent jurisdiction.

(c) If a claim for indemnification or advancement of Expenses under this Agreement is not paid by the Company within thirty (30) days after receipt by the Company of written notice thereof, the rights provided by this Agreement shall be enforceable by the Indemnitee in any court of competent jurisdiction. Such judicial proceeding shall be made de novo. The burden of proving that indemnification or advances are not appropriate shall be on the Company. Neither the failure of the directors or shareholders of the Company or Independent Legal Counsel to have made a determination prior to the commencement of such action that indemnification or advancement of Expenses is proper in the circumstances because the Indemnitee has met the applicable standard of conduct, if any, nor an actual determination by the directors or shareholders of the Company or Independent Legal Counsel that the Indemnitee has not met the applicable standard of conduct shall be a defense to an action by the Indemnitee or create a presumption for the purpose of such an action that the Indemnitee has not met the applicable standard of conduct. The termination of any Proceeding by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself (i) create a presumption that the Indemnitee did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Company and/or its shareholders, and, with respect to any criminal Proceeding, that the Indemnitee had reasonable cause to believe that his conduct was unlawful or (ii) otherwise adversely affect the rights of the Indemnitee to indemnification or advancement of Expenses under this Agreement, except as may be provided herein. The Company further agrees to stipulate in any such judicial proceeding that the Company is bound by all the provisions of this Agreement and is precluded from making any assertion to the contrary.

(d) The Company's obligations to indemnify the Indemnitee hereunder are primary in nature as to any other right to indemnification that the Indemnitee may be entitled to. The Company shall process Indemnitee's request for indemnification or advancement for Expenses immediately in accordance with the procedures set out herein and shall not decline a claim from the Indemnitee on the basis that the Indemnitee may have the right to seek indemnification under arrangements other than those contained hereunder.

(e) If a court of competent jurisdiction shall determine that the Indemnitee is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Indemnitee in connection with such adjudication (including, but not limited to, any appellate proceedings). The Indemnitee's Expenses incurred in connection with any Proceeding concerning the Indemnitee's right to indemnification or advancement of Expenses in whole or in part pursuant to this Agreement shall also be indemnified by the Company, regardless of the outcome of such a Proceeding, to the fullest extent permitted by applicable law and the Company's Articles.

(f) With respect to any Proceeding for which indemnification or advancement of Expenses is requested, the Company will be entitled to participate therein at its own expense and, except as otherwise provided below, to the extent that it may wish, the Company may assume the defense thereof, with counsel reasonably satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election to assume the defense of a Proceeding, the Company will not be liable to the Indemnitee under this Agreement for any Expenses subsequently incurred by the Indemnitee in connection with the defense thereof, other than as provided below. The Company shall not settle any Proceeding in any manner which would impose any penalty or limitation on the Indemnitee without the Indemnitee's written consent. The Indemnitee shall have the right to employ his own counsel in any Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense of the Proceeding shall be at the expense of the Indemnitee, unless (i) the employment of counsel by the Indemnitee has been authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of a Proceeding, or (iii) the Company shall not in fact have employed counsel to assume the defense of a proceeding, in each of which cases the fees and expenses of the Indemnitee's counsel shall be advanced by the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Indemnitee has reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee.

9. **Limitations on Indemnification.** No payments pursuant to this Agreement shall be made by the Company:

(a) To indemnify or advance funds to the Indemnitee for Expenses with respect to (i) Proceedings initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to Proceedings brought to establish or enforce a right to indemnification under this Agreement or any other statute or law or otherwise as required under applicable law or (ii) Expenses incurred by the Indemnitee in connection with preparing to serve or serving, prior to a Change in Control, as a witness in cooperation with any party or entity who or which has threatened or commenced any action or proceeding against the Company, or any director, officer, employee, trustee, agent, representative, subsidiary, parent corporation or affiliate of the Company, but such indemnification or advancement of Expenses in each such case may be provided by the Company if the Board of Directors finds it to be appropriate;

(b) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, and sustained in any Proceeding for which payment is actually made to the Indemnitee under a valid and collectible insurance policy carried out by the Company, except in respect of any excess beyond the amount of payment under such insurance;

(c) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties sustained in any Proceeding for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Act or similar provisions of any foreign or United States federal, state or local statute or regulation;

(d) To indemnify the Indemnitee for any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, for which the Indemnitee is fully indemnified by the Company otherwise than pursuant to this Agreement;

(e) To indemnify the Indemnitee for any Expenses (including without limitation any Expenses relating to a Proceeding attempting to enforce this Agreement), judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, on account of the Indemnitee's conduct if such conduct shall be finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful misconduct, including, without limitation, breach of the duty of loyalty;

(f) If a court of competent jurisdiction finally determines that any indemnification hereunder is unlawful;

(g) To indemnify the Indemnitee in connection with Indemnitee's personal tax matter; or

(h) To indemnify the Indemnitee with respect to any claim related to any dispute or breach arising under any contract or similar obligation between the Company or any of its subsidiaries or affiliates and such Indemnitee.

**10. Contribution in the Event of Joint Liability.**

(a) To the fullest extent not prohibited by (and not merely to the extent affirmatively permitted by) law, if the indemnification rights provided for in this Agreement are unavailable to the Indemnitee in whole or in part for any reason whatsoever, in respect of any Proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such Proceeding), the Company, in lieu of indemnifying the Indemnitee, shall pay, in the first instance, the entire amount incurred by the Indemnitee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, without requiring the Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against the Indemnitee.

(b) The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against the Indemnitee.

(c) The Company hereby agrees to fully indemnify, hold harmless and exonerate the Indemnitee from any claims for contribution which may be brought by officers, directors or employees of the Company (other than the Indemnitee) who may be jointly liable with the Indemnitee.

**11. Continuation of Indemnification.** All agreements and obligations of the Company contained herein shall continue during the period that the Indemnitee is a director/an executive officer of the Company (or is or was serving at the request of the Company as an agent of another enterprise, foreign or domestic), regardless of whether the Indemnitee was appointed before or after the date of this Agreement and shall continue thereafter so long as the Indemnitee shall be subject to any possible Proceeding by reason of the fact that the Indemnitee was a director/an executive officer of the Company or serving in any other capacity referred to in this Paragraph 11.

**12. Indemnification Hereunder Not Exclusive.** The indemnification provided by this Agreement shall not be deemed to be exclusive of any other rights to which the Indemnitee may be entitled under the Company's Articles, any agreement, vote of shareholders or vote of Disinterested Directors, provisions of applicable law, or otherwise, both as to action or omission in the Indemnitee's official capacity and as to action or omission in another capacity on behalf of the Company while holding such office.

**13. Successors and Assigns.**

(a) This Agreement shall be binding upon, and shall inure to the benefit of, the Indemnitee and the Indemnitee's heirs, executors, administrators and assigns, whether or not the Indemnitee has ceased to be a director/an executive officer, and the Company and its successors and assigns. Upon the sale of all or substantially all of the business, assets or share capital of the Company to, or upon the merger of the Company into or with, any corporation, partnership, joint venture, trust or other person, this Agreement shall inure to the benefit of and be binding upon both the Indemnitee and such purchaser or successor person. Subject to the foregoing, this Agreement may not be assigned by either party without the prior written consent of the other party hereto.

(b) If the Indemnitee is deceased and is entitled to indemnification under any provision of this Agreement, the Company shall indemnify the Indemnitee's estate and the Indemnitee's spouse, heirs, executors, administrators and assigns against, and the Company shall, and does hereby agree to assume, any and all Expenses actually and reasonably incurred by or for the Indemnitee or the Indemnitee's estate, in connection with the investigation, defense, appeal or settlement of any Proceeding. Further, when requested in writing by the spouse of the Indemnitee, and/or the Indemnitee's heirs, executors, administrators and assigns, the Company shall provide appropriate evidence of the Company's agreement set out herein to indemnify the Indemnitee against and to itself assume such Expenses.



14. **Subrogation.** In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all documents required and shall do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

15. **Severability.** Each and every paragraph, sentence, term and provision of this Agreement is separate and distinct so that if any paragraph, sentence, term or provision thereof shall be held to be invalid, unlawful or unenforceable for any reason, such invalidity, unlawfulness or unenforceability shall not affect the validity, unlawfulness or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Agreement may be modified by a court of competent jurisdiction to preserve its validity and to provide the Indemnitee with the broadest possible indemnification permitted under applicable law. The Company's inability, pursuant to a court order or decision, to perform its obligations under this Agreement shall not constitute a breach of this Agreement.

16. **Savings Clause.** If this Agreement or any paragraph, sentence, term or provision hereof is invalidated on any ground by any court of competent jurisdiction, the Company shall nevertheless indemnify the Indemnitee as to any Expenses, judgments, fines, interest or penalties, or excise taxes assessed with respect to any employee benefit or welfare plan, which are incurred with respect to any Proceeding to the fullest extent permitted by any (a) applicable paragraph, sentence, term or provision of this Agreement that has not been invalidated or (b) applicable law.

17. **Interpretation; Governing Law.** This Agreement shall be construed as a whole and in accordance with its fair meaning and any ambiguities shall not be construed for or against either party. Headings are for convenience only and shall not be used in construing meaning. This Agreement shall be governed and interpreted in accordance with the laws of the Cayman Islands without regard to the conflict of laws principles thereof.

18. **Amendments.** No amendment, waiver, modification, termination or cancellation of this Agreement shall be effective unless in writing signed by the party against whom enforcement is sought. The indemnification rights afforded to the Indemnitee hereby are contract rights and may not be diminished, eliminated or otherwise affected by amendments to the Company's Articles, or by other agreements, including directors' and officers' liability insurance policies, of the Company.

19. **Counterparts.** This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each party and delivered to the other.

20. **Notices.** Any notice required to be given under this Agreement shall be directed to Adlai Nortye Ltd. at Building 6, No. 1008, Xiangwang Street, Cangqian Avenue, Yuhang District, Hangzhou, China, and to the Indemnitee at \_\_\_\_\_ or to such other address as either shall designate to the other in writing.

[Signatures on the Next Page]

IN WITNESS WHEREOF, the parties have executed this Indemnification Agreement as of the date first written above.

**INDEMNITEE**

\_\_\_\_\_  
Name:

**Adlai Nortye Ltd.**

By: \_\_\_\_\_  
Name:  
Title:

Certain confidential information contained in this document, marked by brackets as [\*\*\*], has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed. In addition, certain personally identifiable information contained in this document, marked by brackets as [\*\*\*], has been omitted from this exhibit pursuant to Item 601(a)(6) under Regulation S-K.

#### OPTION AGREEMENT

This option agreement (the “**Option Agreement**”), effective as of April 26, 2023 (the “**Effective Date**”), by and between Nippon Kayaku Co., Ltd., a company organized under the laws of Japan and located at 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, Japan (“**Nippon Kayaku**”), and Adlai Nortye Pte Ltd., a company organized under the laws of Singapore, located 77 Robinson Road, #20-01 Robinson 77, Singapore, 068896 (“**Adlai Nortye**”). Nippon Kayaku and Adlai Nortye are each referred to individually as a “**Party**” and together as the “**Parties**.”

#### BACKGROUND

- A. Adlai Nortye has intellectual property rights to the Compound (defined below).
- B. Nippon Kayaku desires to obtain the Option (defined below) to enter into a license agreement to further develop and commercialize products containing the Compound in the Field (as defined below) in the Territory (as defined below).
- C. Adlai Nortye and Nippon Kayaku wish to enter into an agreement to outline the rights and obligations of each Party with respect to such Option.

**NOW THEREFORE**, in consideration of the mutual covenants and agreements contained herein below, and other good and valuable consideration, the sufficiency of which is hereby acknowledged by both Parties, the Parties agree as follows:

#### 1. DEFINITIONS AND INTERPRETATIONS

Whenever used in this Option Agreement with an initial capital letter, the terms defined in this Article 1 and elsewhere in this Option Agreement, whether used in the singular or plural, will have the meanings specified.

**1.1 “Affiliate”** means with respect to either Party, any Person controlling, controlled by or under common control with such Party, for so long as such control exists. For purposes of the definition of Affiliate, “control” means: (a) direct or indirect ownership of fifty percent (50%) or more of the stock or shares having the right to vote for the election of directors of such corporate entity; or (b) the possession, directly or indirectly, of the power to direct, or cause the direction of, the management or policies of such entity, whether through the ownership of voting securities, by contract or otherwise.

**1.2 “Applicable Laws”** means all federal, state, local, national and supra-national laws, statutes, rules and regulations, including any rules, regulations, guidelines or requirements of regulatory authorities, national securities exchanges or securities listing organizations that may be in effect from time to time during the term of this Option Agreement and applicable to a particular activity hereunder.

**1.3 “Business Day”** means a day which is not a (i) Saturday or Sunday or (ii) day on which banks are not open for normal banking business in Japan, China and Cayman Islands.

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1.5 “**Confidential Information**” means any and all confidential or proprietary, nonpublic information which is generated by or on behalf of, or disclosed (directly or indirectly) by a Party (the “**Disclosing Party**”) to the other Party (the “**Receiving Party**”) in connection with this Option Agreement (whether prior to the Effective Date or during the term of this Option Agreement), in each case whether made available orally, in writing, or in electronic form, (including research results, product plans, products, services, customers, markets, inventions, discoveries, ideas, processes, designs, drawings, formulations, specifications, product configuration information, marketing and finance documents, prototypes, samples, data, data bases and data sets). Confidential Information may include information of a Third Party that is in the possession of the Disclosing Party and is disclosed to the Receiving Party under this Option Agreement. Notwithstanding any provision of this Option Agreement to the contrary, this Option Agreement and its Exhibits and amendments constitute Confidential Information of both Parties.

1.6 “**Compound**” means the compound AN2025 (a.k.a. Buparlisib), and any pharmacologically and/or therapeutically active derivatives thereof, including isomers, esters, salts, hydrates, anhydrous forms and other solvates and polymorphs of such compounds.

1.7 “**US Dollars,**” “**USD**” or “**\$**” means the lawful currency of the United States of America.

1.8 “**Field**” means any and all therapeutic, prophylactic and/or diagnostic use in humans.

1.9 “**Person**” means any individual, partnership, limited liability company, firm, corporation, association, trust, unincorporated organization or other entity.

1.10 “**Territory**” means Japan.

1.11 “**Third Party**” means any person or entity other than Nippon Kayaku or Adlai Nortye

1.12 **Additional Definitions.** In addition, each of the following definitions shall have the respective meanings set forth in the section of this Option Agreement indicated below.

<b>Definition</b>	<b>Section</b>
Adlai Nortye	Preamble
Nippon Kayaku	Preamble
Claimant	7.3
Cure Period	4.2.1
Effective Date	Preamble
Evaluation Material	2.2.1
FDA	2,2,1
License Agreement	Exhibit A
NDA	2.2.1
NDA Condition	2.2.1
Option	2.1.1
Option Agreement	Preamble
Option Exercise Event	2.2.1
Option Exercise Notice	2.2.1
Option Exercise Period	2.2.1
Party/Parties	Preamble
Respondent	7.3
Request	7.3

## 2. OPTION; LICENSE AGREEMENT

### 2.1 Option.

**2.1.1 Option Grant.** During the term of this Option Agreement, subject to the terms and conditions of this Option Agreement, Adlai Nortye hereby grants to Nippon Kayaku an exclusive option to enter into the License Agreement (the “**Option**”). Adlai Nortye shall agree not to negotiate with any Third Party regarding the grant of the License Agreement during the period from the Effective Date until the termination of the Option.

**2.1.2 Consideration.** In consideration for the Option granted in Section 2.1.1, Nippon Kayaku shall pay Adlai Nortye option grant fee of five (5) million US Dollars (\$5,000,000) (the “**Grant Fee**”) by the earlier of: (a) the [\*\*\*] day after the Effective Date; and (b) the [\*\*\*] day of the next month immediately following the Effective Date.

### 2.2 Option Exercise; License Agreement Execution.

**2.2.1 Option Exercise.** Adlai Nortye shall immediately notify Nippon Kayaku in writing once Adlai Nortye submits the first new drug application for the Compound (“**NDA**”) to the Food and Drug Administration (“**FDA**”) of the United States and the FDA accepts the NDA without any refusal or order of modification of the NDA (“**NDA Condition**”). Following the submission of the NDA to the FDA, Adlai Nortye shall promptly provide Nippon Kayaku with copies of all documents that were included in the submission of the NDA to the FDA (the “**Evaluation Materials**”). Upon satisfaction of the NDA Condition, Nippon Kayaku shall have the right to exercise the Option by performing all of the following conditions: (a) paying the Grant Fee pursuant to Section 2.1.2; (b) having invested by the date the NDA Condition is met, or investing after the date the NDA Condition is met, [\*\*\*] US Dollar [\*\*\*] in aggregate into Adlai Nortye [\*\*\*] (“**Option Exercise Event**”); and (c) notifying Adlai Nortye of its intent of exercising the Option in writing (“**Option Exercise Notice**”), in each case of (b) and (c), unless otherwise extended in writing by the Parties, no later than the date that is [\*\*\*] after the date the NDA Condition has been satisfied or the date Evaluation Materials have been provided to Nippon Kayaku, whichever is later (the “**Option Exercise Period**”), except that, if the NDA Condition is satisfied before the Option Exercise Event has been met, then Nippon Kayaku may exercise the Option solely by providing the Option Exercise Notice to Adlai Nortye before the end of the Option Exercise Period. If the Option has not been exercised before the end of the Option Exercise Period, then the Option will automatically and irrevocably terminate, and Adlai Nortye will have no further obligation to Nippon Kayaku with respect to the Compound, the Option or the License Agreement, provided, however, in the event where the NDA to the FDA was not successful (including but not limited to where Adlai Nortye receives a refuse-to-file letter), the NDA Condition shall be deemed not to have been satisfied and the Option shall not terminate, and Nippon Kayaku may exercise the Option if the following NDA is made subject to the conditions set forth in this Article.

**2.2.2 License Agreement Execution.** Within [\*\*\*] Business Days after both Adlai Nortye’s receipt of the Option Exercise Notice and the completion of the Option Exercise Event, the Parties will enter into an exclusive license agreement that is for the Compound in the Field in the Territory and that is substantially in the form of the document set forth in **Exhibit A** (“**License Agreement**”), except that the requirement for completion of the Option Exercise Event may be waived by: (a) Adlai Nortye in writing expressly waiving Nippon Kayaku’s obligation to cause the Option Exercise Event to occur prior to its exercise of the Option; or (b) the NDA Condition is satisfied before the Option Exercise Event has been met.

**2.2.3 Information Sharing.** Adlai Nortye shall use commercially reasonable efforts to provide Nippon Kayaku with material updates on the progress of Adlai Nortye’s preparations for the NDA to the FDA.

### 2.3 No Implied Diligence Obligations; No Representations, Warranties or Covenants.

2.3.1 Nothing in this Option Agreement will be construed as any obligation by Adlai Nortye to, whether inside or outside the Territory: (a) achieve the successful discovery, development or commercialization of the Compound; (b) perform any specific activity or activities with respect to the Compound; or (c) achieve any level of sales or actual value of the Compound under this Option Agreement.

2.3.2 Adlai Nortye makes no representation, warranty or covenant, either express or implied, that: (a) it will successfully develop or commercialize the Compound; (b) if commercialized, that the Compound will achieve any particular sales level; or (c) Adlai Nortye will devote, or cause to be devoted, any level of diligence or resources to developing or commercializing the Compound, in each case of the foregoing (a), (b) and (c) anywhere in the world.

### 2.4 Right of First Proposal

2.4.1 Subject to Section 2.4.2, during the term of this Option Agreement or for a period of [\*\*\*] years from the Effective Date, whichever is longer, each time prior to Adlai Nortye, by itself or through any of its Affiliates, making an offer to a Third Party for either the granting of an exclusive out-license in the Territory for the development, manufacture, or commercialization of one or more pharmaceutical, therapeutic or diagnostic products Controlled by Adlai Nortye or its Affiliate other than the Compound, or the divestment of all rights in the Territory to such products (“**Proposed Transaction**”), Nippon Kayaku shall have the right to be provided with notice of such Proposed Transaction (“**Transaction Notice**”). Upon receipt of the Transaction Notice, Nippon Kayaku shall have [\*\*\*] days to notify Adlai Nortye in writing that it is interested in the Proposed Transaction, and if Nippon Kayaku so notifies Adlai Nortye, then the Parties shall negotiate in good faith, for a period of [\*\*\*] days, which may be extended by mutual written agreement of the Parties (the “**Proposal Exercise Period**”), the commercially reasonable terms for such Proposed Transaction. If the Parties have not entered into a definitive agreement within such Proposal Exercise Period, or if Nippon Kayaku either does not timely respond to the Transaction Notice or declines such Proposed Transaction, then Nippon Kayaku will no longer have any rights with respect to such Proposed Transaction, and Adlai Nortye shall have no further obligation to Nippon Kayaku with respect to such Proposed Transaction.

2.4.2 Notwithstanding anything to the contrary, Nippon Kayaku’s rights under this Section 2.4 shall automatically and immediately expire upon the first occurrence of any of the following: [\*\*\*]

## 3. CONFIDENTIALITY

### 3.1 Confidential Information.

During the term of this Option Agreement and continuing for [\*\*\*] years thereafter, all Confidential Information disclosed by the Disclosing Party to the Receiving Party hereunder will be maintained in confidence by the Receiving Party and will not be disclosed to any Third Party or used for any purpose, except as set forth herein, without the prior written consent of the Disclosing Party. The Receiving Party may only use Confidential Information of the Disclosing Party for purposes of exercising its rights and fulfilling its obligations under this Option Agreement and may only disclose Confidential Information of the Disclosing Party to employees, agents, contractors, consultants and advisers of the Receiving Party and the Affiliate of the Receiving Party to the extent reasonably necessary for such purposes and provided that such persons and entities are bound by confidentiality, non-disclosure and non-use obligations with respect to such Confidential Information that are at least as restrictive as those set forth in this Article 3.

### **3.2 Exceptions.**

The obligations under this Article 3 will not apply to any information to the extent the Receiving Party can demonstrate by competent evidence that such information:

**3.2.1** is (at the time of disclosure) or becomes (after the time of disclosure) known to the public or part of the public domain through no breach of this Option Agreement by the Receiving Party;

**3.2.2** was known to, or was otherwise in the possession of, the Receiving Party prior to the time of disclosure by the Disclosing Party;

**3.2.3** is disclosed to the Receiving Party on a non-confidential basis by a Third Party that is entitled to disclose it without breaching any confidentiality obligation to the Disclosing Party; or

**3.2.4** is independently developed by or on behalf of the Receiving Party, as evidenced by its written records, without use of or reference to Confidential Information of the Disclosing Party.

### **3.3 Authorized Disclosures.**

Subject to this Section 3.3, the Receiving Party may disclose Confidential Information belonging to the Disclosing Party to the extent permitted as follows:

**3.3.1** disclosure to such Party's attorneys, independent accountants or financial advisors for the sole purpose of enabling such attorneys, independent accountants or financial advisors to provide advice to the Receiving Party, on the condition that such attorneys, independent accountants and financial advisors are bound by confidentiality, non-disclosure, and non-use obligations that are at least as restrictive as those set forth in this Article 3;

**3.3.2** disclosure required in connection with any judicial or administrative process relating to or arising from this Option Agreement (including any enforcement hereof) or to comply with applicable court orders or governmental regulations (or the rules of any recognized stock exchange or quotation system); or

**3.3.3** disclosure to potential or actual investors, potential or actual acquirers in connection with due diligence or similar investigations by such Third Parties; provided, in each case, that any such potential or actual investor or acquirer agrees to be bound by confidentiality, non-disclosure and non-use obligations that are at least as restrictive as those set forth in this Article 3.

**3.3.4** If the Receiving Party is required by judicial or administrative process to disclose Confidential Information that is subject to the non-disclosure provisions of this Article 3, as set forth in Section 3.3.2, then such Party will promptly inform the other Party of the disclosure that is being sought in order to provide the other Party an opportunity to challenge or limit the disclosure obligations. Confidential Information that is disclosed as permitted by this Section 3.3 will remain otherwise subject to the confidentiality and non-use provisions of this Article 3, and the Party disclosing Confidential Information as permitted by this Section 3.3 will take all steps reasonably necessary, including obtaining an order of confidentiality and otherwise cooperating with the other Party, to ensure the continued confidential treatment of such Confidential Information.

## 4. TERMINATION

### 4.1 Termination by Mutual Consent.

This Option Agreement may be terminated at any time prior to the exercise of the Option by the mutual written consent of the Parties.

### 4.2 Termination for Cause.

**4.2.1 Termination for Material Breach.** This Option Agreement may be terminated in its entirety by either Party for the material breach of this Option Agreement by the other Party if the breaching Party has not cured such material breach within [\*\*\*] days after the date of written notice to the breaching Party of such breach (the “**Cure Period**”), which notice will describe such breach in reasonable detail and will state the non-breaching Party’s intention to terminate this Option Agreement pursuant to this Section 4.2.1. Any such termination of this Option Agreement under this Section 4.2.1 will become effective at the end of the Cure Period unless the breaching Party has cured such material breach prior to the expiration of such Cure Period.

**4.2.2 Termination for Insolvency.** To the extent permitted by Applicable Law, this Option Agreement may be terminated by either Party upon the filing or institution of bankruptcy, reorganization, liquidation, or receivership proceedings with respect to, or upon an assignment of a substantial portion of the assets for the benefit of creditors, by the other Party; except that, in the event of any involuntary bankruptcy or receivership proceeding, such right to terminate will only become effective if the non-terminating Party consents to the involuntary bankruptcy or receivership or such proceeding is not dismissed within [\*\*\*] days after the filing thereof.

**4.2.3 Termination for Failure of NDA Condition.** Nippon Kayaku may terminate this Option Agreement by so notifying Adlai Nortye in writing if the NDA Condition is not satisfied by [\*\*\*] (“**NDA Due Date**”). Any such termination of this Option Agreement under this Section 4.2.3 will become effective [\*\*\*] days after Adlai Nortye’s receipt of such notice. If: (a) the NDA Condition is not satisfied by the NDA Due Date; and (b) Nippon Kayaku has not acquired shares in Adlai Nortye Ltd. [\*\*\*] by the NDA Due Date, Nippon Kayaku may demand in writing that Adlai Nortye pay five million US Dollars (\$5,000,000) to the bank account designated by Nippon Kayaku, and such payment will be due by the earlier of: (x) the [\*\*\*] day after the date that demand has been received by Adlai Nortye; and (y) the [\*\*\*] day of the next month immediately following the date that demand has been received by Adlai Nortye.

**4.2.4 Termination for Option Termination.** Adlai Nortye may terminate this Option Agreement by so notifying Nippon Kayaku in writing if the Option has been terminated. Any such termination of this Option Agreement under this Section 4.2.4 will become effective [\*\*\*] days after Nippon Kayaku’s receipt of such notice.

[\*\*\*]



#### **4.3 Effects of Termination.**

**4.3.1** *General.* Subject to Sections 4.3.3 and 4.4, all rights of Nippon Kayaku, and all obligations of Adlai Nortye, under this Option Agreement (including the Option granted to Nippon Kayaku hereunder) shall cease and be of no further force or effect immediately upon termination of this Option Agreement for any reason.

**4.3.2** *Confidential Information.* Promptly upon termination of this Option Agreement for any reason, each Party will return or cause to be returned to the other Party, or destroy, all Confidential Information received from the other Party and all copies thereof; provided, however, that each Party may keep one (1) copy of Confidential Information received from the other Party in its confidential files for record purposes, and provided further that each Party may retain any Confidential Information reasonably necessary to exercise any surviving rights in accordance with this Option Agreement.

**4.3.3** *License Agreements.* Termination of this Option Agreement will not terminate any License Agreement that is executed by the Parties prior to the effective date of such termination.

#### **4.4 Survival.**

Termination of this Option Agreement will not relieve the Parties of any obligation accruing prior to such termination, nor affect in any way the survival of any other right, duty or obligation of the Parties which is expressly stated elsewhere in this Option Agreement to survive such termination. Without limiting the foregoing and except as expressly set forth otherwise in this Option Agreement, Articles 1, 3, and 6 and Sections 2.4, 4.3.1, 4.3.2, 4.3.3, 4.4 and 5.2 will survive the expiration or termination of this Option Agreement.

### **5. REPRESENTATIONS AND WARRANTIES**

**5.1 Representations and Warranties by Each Party.** Each Party represents and warrants to the other as of the Effective Date that:

**5.1.1** such Party is duly organized, validly existing, and in good standing under the Applicable Laws of the jurisdiction of its formation and has full corporate power and authority to enter into this Option Agreement and to carry out the provisions hereof;

**5.1.2** all necessary consents, approvals, and authorizations required to be obtained by it as of the Effective Date in connection with the execution, delivery, and performance of this Option Agreement have been obtained;

**5.1.3** notwithstanding anything to the contrary in this Option Agreement, the execution and delivery of this Option Agreement and the performance of such Party's obligations under this Option Agreement: (i) do not and will not conflict with or violate any requirement of any Applicable Laws existing as of the Effective Date; and (ii) do not and will not conflict with, violate, breach, or constitute a default under any agreement, or other instrument, or any provision thereof, oral or written, to which such Party is a party or by which such Party is bound, existing as of the Effective Date; and

**5.1.4** this Option Agreement has been duly executed and delivered on behalf of such Party and is a legal and valid obligation binding upon it and is enforceable in accordance with its terms.

## 5.2 No Other Warranties.

EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS OPTION AGREEMENT, EACH PARTY EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS OR WARRANTIES OF ANY KIND WITH RESPECT TO THE SUBJECT MATTER OF THIS OPTION AGREEMENT, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

## 6. LIMITATION OF LIABILITY

6.1 THE PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, EXEMPLARY OR INCIDENTAL DAMAGES (INCLUDING LOST OR ANTICIPATED REVENUES OR PROFITS RELATING TO THE SAME), ARISING FROM ANY CLAIM RELATING TO THIS OPTION AGREEMENT, WHETHER SUCH CLAIM IS BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EVEN IF AN AUTHORIZED REPRESENTATIVE OF SUCH PARTY IS ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SAME.

6.2 UNDER NO CIRCUMSTANCES WILL ADLAI NORTYE'S TOTAL LIABILITY UNDER THIS OPTION AGREEMENT, REGARDLESS OF THE FORUM AND REGARDLESS OF WHETHER ANY ACTION OR CLAIM IS BASED ON CONTRACT, TORT, OR OTHERWISE, EXCEED THE AMOUNT PAID BY NIPPON KAYAKU TO ADLAI NORTYE UNDER THIS OPTION AGREEMENT.

## 7. GENERAL PROVISIONS

### 7.1 Assignment.

Except as provided in this Section 7.1, this Option Agreement may not be assigned or otherwise transferred, nor may any right or obligation hereunder be assigned or transferred, by either Party without the consent of the other Party; provided, however, that (and notwithstanding anything elsewhere in this Option Agreement to the contrary) either Party may, without such consent, assign this Option Agreement and its rights and obligations hereunder: (a) in connection with the transfer or sale of all or substantially all of its assets or business related to the subject matter of this Option Agreement; or (b) pursuant to a merger or consolidation (or similar transaction) of the assigning Party. A Party may not assign this Option Agreement and its rights and obligations hereunder to an Affiliate of such Party without the consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed. Any attempted assignment not in accordance with this Section 7.1 will be null and void. Any permitted assignee will assume all assigned obligations of its assignor under this Option Agreement.

### 7.2 Severability.

Should one or more of the provisions of this Option Agreement become void or unenforceable as a matter of Applicable Laws, then this Option Agreement will be construed as if such provision were not contained herein and the remainder of this Option Agreement will be in full force and effect, and the Parties will use their best efforts to substitute for the invalid or unenforceable provision a valid and enforceable provision which conforms as nearly as possible with the original intent of the Parties.

### 7.3 Governing Law; Dispute Resolution.

This Option Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to any rules of conflict of laws. Any dispute arising out of or in connection with this Option Agreement, including any question regarding its existence, validity or termination, shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre (the "SIAC") in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference in this clause. The seat of the arbitration shall be Singapore. The tribunal shall consist of three (3) arbitrators. The Party initiating arbitration (the "Claimant") shall appoint its arbitrator in its request for arbitration (the "Request"). The other Party (the "Respondent") shall appoint its arbitrator within [\*\*\*] days after receipt of the Request and shall notify the Claimant of such appointment in writing. If the Respondent fails to appoint an arbitrator within such [\*\*\*] day period, the arbitrator named in the Request shall decide the controversy or claim as sole arbitrator. Otherwise, the two (2) arbitrators appointed by the Parties shall appoint a third (3rd) arbitrator within [\*\*\*] days after the Respondent has notified Claimant of the appointment of the Respondent's arbitrator. The language of the arbitration shall be English.

**7.4 Force Majeure.**

Neither Party will be responsible to the other for any failure or delay in performing any of its obligations under this Option Agreement or for other nonperformance hereunder if such delay or nonperformance is caused by act of God, earthquake, storm, flood, typhoon, tornado, blizzard, volcanic activity, landslide, tidal wave, tsunami, damage or destruction by lightning and drought, fire or other acts of nature, plague, epidemic, pandemic, war (whether or not declared), riot, public disturbance, strike or lockouts, government actions, terrorist attack, explosion, radioactive contamination, destruction of machines, equipment or factories and of any kind of installation, and pronged break-down of transport, telecommunication or electric current or the like, or by any other cause unavoidable or beyond the control of any Party hereto. In such event, the Party affected will use reasonable efforts to resume performance of its obligations and will keep the other Party informed of actions related thereto.

**7.5 Waivers and Amendments.**

The failure of any Party to assert a right hereunder or to insist upon compliance with any term or condition of this Option Agreement will not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. No waiver will be effective unless it has been given in writing and signed by the Party giving such waiver. No provision of this Option Agreement may be amended or modified other than by a written document signed by authorized representatives of each Party.

**7.6 Relationship of the Parties.**

Both Parties are independent contractors under this Option Agreement. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties hereto or any of their agents or employees, or any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

## 7.7 Notices.

All notices, consents or waivers under this Option Agreement will be in writing and will be deemed to have been duly given when: (a) scanned and converted into a portable document format file (i.e., pdf file) and sent as an attachment to an e-mail message, and such message is received and a read receipt e-mail is received by the sender (and such read receipt e-mail is preserved by the Party sending the notice), provided further that a copy is promptly sent by an internationally recognized overnight delivery service (receipt requested) (although the sending of the e-mail message will be when the notice is deemed to have been given); or (b) the earlier of: (x) when received by the addressee; and (y) [\*\*\*] days after it was sent, if sent by registered letter or overnight courier by an internationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and e-mail addresses set forth below (or to such other addresses and e-mail addresses as a Party may designate by notice):

If to Adlai Nortye: Adlai Nortye Pte Ltd.  
[\*\*\*]  
Attention: [\*\*\*]  
E-mail address: [\*\*\*]

If to Nippon Kayaku: Nippon Kayaku Co., Ltd.  
Address: [\*\*\*]  
Attention:[\*\*\*]  
E-mail address: [\*\*\*]

## 7.8 Compliance with Law.

Each Party will perform its obligations under this Option Agreement in accordance with all Applicable Laws. No Party will, or will be required to, undertake any activity under or in connection with this Option Agreement which violates, or which it believes, in good faith, may violate, any Applicable Laws.

## 7.9 No Third Party Beneficiary Rights.

This Option Agreement is not intended to and will not be construed to give any Third Party any interest or rights (including any Third Party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby, except as otherwise expressly provided for in this Option Agreement.

## 7.10 Entire Option Agreement.

This Option Agreement [\*\*\*] set forth the entire agreement and understanding of the Parties as to the subject matter hereof and supersedes all proposals, oral or written, and all other communications between the Parties with respect to such subject matter. The Parties acknowledge and agree that all Confidential Information exchanged prior to the Effective Date is subject to the provisions of Article 3.

## 7.11 Counterparts.

This Option Agreement may be executed in two (2) or more counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each of the Parties, it being understood that the Parties need not sign the same counterpart. For the avoidance of doubt, any signature which is delivered by electronic transmission or by e-mail delivery of a portable digital file (PDF) shall NOT create a valid and binding obligation of the Party executing (or on whose behalf such signature is executed) with the same force and effect as if such electronic copy or PDF signature page were an original thereof.

## 7.12 Expenses.

Each Party will pay its own costs, charges and expenses incurred in connection with the negotiation, preparation and completion of this Option Agreement and any License Agreement.

## 7.13 Binding Effect.

This Option Agreement will be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and permitted assigns.

**7.14 Construction.**

The Parties hereto acknowledge and agree that: (a) each Party and its counsel reviewed and negotiated the terms and provisions of this Option Agreement and have contributed to its revision; (b) the rule of construction to the effect that any ambiguities are resolved against the drafting Party will not be employed in the interpretation of this Option Agreement; and (c) the terms and provisions of this Option Agreement will be construed fairly as to all Parties hereto and not in a favor of or against any Party, regardless of which Party was generally responsible for the preparation of this Option Agreement.

**7.15 Cumulative Remedies.**

No remedy referred to in this Option Agreement is intended to be exclusive unless explicitly stated to be so, but each will be cumulative and in addition to any other remedy referred to in this Option Agreement or otherwise available under law.

**7.16 Export.**

Each Party acknowledges that the laws and regulations of the United States restrict the export and re-export of commodities and technical data of United States origin. Each Party agrees that it will not export or re-export restricted commodities or the technical data of the other Party in any form without appropriate United States and foreign government licenses.

**7.17 Interpretation.**

The captions and headings to this Option Agreement are for convenience only and are to be of no force or effect in construing or interpreting any of the provisions of this Option Agreement. Unless specified to the contrary, references to Articles, Sections or Exhibits mean the particular Articles, Sections or Exhibits to this Option Agreement and references to this Option Agreement include all Exhibits hereto. In the event of any conflict between the main body of this Option Agreement and any Exhibit hereto, the main body of this Option Agreement will prevail. Unless context otherwise clearly requires, whenever used in this Option Agreement: (a) the words "include" or "including" will be construed as incorporating, also, "but not limited to" or "without limitation;" (b) the word "day" or "year" means a calendar day or year unless otherwise specified; (c) the word "notice" will mean notice in writing (whether or not specifically stated) and will include notices, consents, approvals and other written communications contemplated under this Option Agreement; (d) the words "hereof," "herein," "hereby" and derivative or similar words refer to this Option Agreement as a whole and not merely to the particular provision in which such words appear; (e) the words "shall" and "will" have interchangeable meanings for purposes of this Option Agreement; (f) the word "or" will have the inclusive meaning commonly associated with "and/or"; (g) provisions that require that a Party, the Parties or a committee hereunder "agree," "consent" or "approve" or the like will require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise; (h) words of any gender include the other gender; (i) words using the singular or plural number also include the plural or singular number, respectively; (j) references to any specific law, rule or regulation, or article, section or other division thereof, will be deemed to include the then-current amendments thereto or any replacement law, rule or regulation thereof; (k) neither Party will be deemed to be acting "under authority of" the other Party.

*[Remainder of page left blank intentionally.]*

The Parties to this Option Agreement have caused this Option Agreement to be executed and delivered as of the Effective Date.

Nippon Kayaku:

Adlai Nortye:

**NIPPON KAYAKU CO., LTD.**

**ADLAI NORTYE PTE LTD.**

**By:**

**By:**

**Name: [\*\*\*]**

**Name: [\*\*\*]**

**Title: [\*\*\*]**

**Title: [\*\*\*]**

**EXHIBIT A**  
**License Agreement**

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**EXHIBIT A**

**LICENSE AGREEMENT**

between

**ADLAI NORTYE PTE LTD.**

**and**

**NIPPON KAYAKU CO., LTD.**

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## LICENSE AGREEMENT

This license agreement (this “**License Agreement**”) is made as of \_\_, (“**Effective Date**”), by and between Nippon Kayaku Co., Ltd., a company organized under the laws of Japan and located at 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, Japan (“**Nippon Kayaku**”), and Adlai Nortye Pte Ltd., a company organized under the laws of Singapore (as defined below) and located 77 Robinson Road, #20-01 Robinson 77, Singapore, 068896 (“**Adlai Nortye**”). Nippon Kayaku and Adlai Nortye are each referred to individually as a “**Party**” and together as the “**Parties**.”

### RECITALS

WHEREAS, Adlai Nortye has certain Intellectual Property Rights Covering the Compound (each as defined below);

WHEREAS, Nippon Kayaku desires to in-license certain rights to develop, manufacture, and commercialize the Licensed Product (as defined below) consisting of such Compound; and

WHEREAS, subject to the rights and obligations of the Novartis Agreement (as defined below), Adlai Nortye desires to grant to Nippon Kayaku the rights under the Licensed IP (as defined below) related to the Licensed Product in the Field (as defined below) in the Territory (as defined below) on the terms set forth herein,

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the Parties hereby agree as follows:

### 1. DEFINITIONS AND INTERPRETATION

**1.1 Definitions.** The capitalized terms used in this License Agreement shall have the meanings as defined below:

“**Accounting Standards**” means, with respect to Nippon Kayaku, Japanese GAAP (Generally Accepted Accounting Principles) as generally and consistently applied throughout Nippon Kayaku’s organization. Nippon Kayaku shall promptly notify Adlai Nortye in the event that it changes the Accounting Standards pursuant to which its records are maintained, it being understood that Nippon Kayaku may only use internationally recognized accounting principles (e.g. IFRS, US GAAP, etc.).

“**Adlai Nortye**” shall have the meaning set forth in the preamble hereto.

“**Affiliate**” means, with respect to a Party, any Person that directly or indirectly controls, is controlled by, or is under common control with that Party. For the purpose of this definition, “**control**” shall mean: (a) direct or indirect, ownership of fifty percent (50%) or more of the shares of stock entitled to vote for the election of directors, in the case of a corporation; (b) fifty percent (50%) or more of the equity interest in the case of any other type of legal entity or status as a general partner in any partnership; (c) any other arrangement whereby the entity or Person controls or has the right to control the board of directors or equivalent governing body of a corporation or other entity; (d) if a Party is exposed, or has rights, to variable returns from its involvement with an entity or Person and has the ability to affect its returns through its power over such entity or Person; or (e) the ability to cause the direction of the management or policies of a corporation or other entity. In the case of entities organized under the Laws of certain countries, the maximum percentage ownership permitted by Law for a foreign investor may be less than fifty percent (50%), and in such case such lower percentage shall be substituted in the preceding sentence, provided that such foreign investor has the power to direct the management and policies of such entity.

“**Alliance Manager**” shall have the meaning set forth in Clause 3.2.

“**Annual NHI List Price Sales**” means the NHI List Price gross sales amount made by or on behalf of Nippon Kayaku and any of its Affiliates or sublicensees or assignees during a Fiscal Year for a Licensed Product sold to Third Parties other than sublicensees/assignees, as calculated using the NHI List Price applicable for the Licensed Product at the time of sale.

“**Auditor**” shall have the meaning set forth in Clause 7.4(b).

“**Bulk Products**” shall have the meaning set forth in Clause 8.1(a).

“**Bulk Tablet Manufacturing IP**” means any and all Know-How and Patents related to the manufacture of the Compound and/or bulk form of the Licensed Product owned or Controlled by Adlai Nortye and/or its Affiliates as of the effective date of the agreement between the Parties pursuant to Clause 8.2(a) or Nippon Kayaku’s exercise of its rights under Clause 8.2(b) (as applicable), or at any time thereafter during the Term.

“**Business Day**” means a day (other than a Saturday, Sunday or a public holiday) on which the banks are open for business in New York City, United States of America, Tokyo, Japan, and Hangzhou, PRC.

“**Calendar Quarter**” means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

“**Calendar Year**” means a period of twelve (12) consecutive calendar months ending on December 31.

“**Claim**” shall have the meaning set forth in Clause 11.

“**Combination Product**” shall have the meaning set forth in Clause 6.4.

“**Commercialize**” means any and all activities directed toward marketing, promoting, detailing, distributing, importing, exporting, selling or offering to sell a Licensed Product in the Field in the Territory, including, for example, branding, pricing, distribution, market research, to sell or market the Licensed Product, preparing advertising and promotional materials, sales force training, and Manufacturing activities in support of the foregoing, and “**Commercialization**” and “**Commercializing**” shall have a corresponding meaning.

**“Commercially Reasonable Efforts”** means those diligent efforts and resources consistent with customary practices of multinational companies in the specialty pharmaceutical industry that such a company typically devotes to a product or compound owned by it or to which it has rights of the type it has hereunder, or similar market potential at a similar stage in the development or product life thereof and later Commercialization, in light of the potential profitability, price or reimbursement, the intellectual property and competitive landscape relevant to such Licensed Product, its safety and efficacy profile, the Development and Regulatory Approval risks associated with such Licensed Product, the Patent or other proprietary position of the Licensed Product (including the ability to obtain or enforce, or have obtained or enforced, such Patent or other proprietary positions), and the regulatory requirements involved.

**“Competition Law”** means the Sherman Act, as amended, the Clayton Act, as amended, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, the Federal Trade Commission Act, as amended, and all other federal, state or foreign statutes, rules, regulations, orders, decrees, administrative and judicial doctrines and other Laws, including any antitrust, competition or trade regulation Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition through merger, acquisition or otherwise.

**“Competition Law Notice”** shall have the meaning set forth in Clause 9.2.

**“Compound”** means the compound AN2025 (a.k.a. Buparlisib), as further described in Schedule B, and any pharmacologically and/or therapeutically active derivatives thereof, including isomers, esters, salts, hydrates, anhydrous forms and other solvates and polymorphs of such compounds.

**“Control”** or **“Controlled”** means, with respect to any intellectual property right, information, documents or materials of a Party, that such Party or its Affiliates, (a) owns or has a license to such intellectual property right, information, documents or materials (other than pursuant to this License Agreement); and (b) has the ability to grant access, a license or a sublicense to such intellectual property right, information, documents or materials to the other Party as provided in this License Agreement without violating an agreement with or other rights of any Third Party.

**“Cover”**, **“Covering”** or **“Covered”** means, with respect to a claim of a Patent and a Licensed Product, that the manufacture, use, offer for sale, sale or importation of the Licensed Product would infringe a Valid Claim of such Patent in the country in which such activity occurred, but for the licenses granted in this License Agreement (or ownership thereof).

**“Current Good Clinical Practice”** or **“cGCP”** means the then-current standards for clinical trials for pharmaceuticals, as set forth in the relevant FDA regulations relating to good clinical practice and clinical trials, or equivalent Laws, rules or regulations of an applicable Regulatory Authority, at the time of the clinical trials.

**“Current Good Laboratory Practice”** or **“cGLP”** means the then-current good laboratory practices, as set forth in the United States Code of Federal Regulations Title 21, Part 58 Good Laboratory Practice for Nonclinical Laboratory Studies promulgated or endorsed by the FDA, or equivalent Laws, rules or regulations of an applicable Regulatory Authority at the time of the laboratory studies.

“**Current Good Manufacturing Practice**” or “**cGMP**” means the then-current standards for good manufacturing practices and all applicable governmental rules and regulations as applied at the site(s) of manufacture and control, as amended from time to time and in effect during the term of this License Agreement.

“**Develop**” or “**Development**” means drug development activities, including research, process development, test method development and stability testing, assay development and audit development, toxicology, formulation, pharmaceutical development, quality assurance/quality control development, statistical analysis, clinical trials, process development, packaging development, product validation activities, regulatory affairs, and the preparation, filing and prosecution of Regulatory Filings.

“**Development Plan**” shall have the meaning set forth in Clause 4.1.

“**Disclosing Party**” shall have the meaning set forth in Clause 14.1.

“**Effective Date**” shall have the meaning set forth in the preamble hereto.

“**EMA**” means the European Medicines Agency or any successor entity thereto.

“**FDA**” means the United States Food and Drug Administration or any successor entity thereto.

“**Field**” means any and all therapeutic, prophylactic and/or diagnostic use in humans.

“**First Commercial Sale**” means, with respect to the Licensed Product, the first arm’s length sale to a Third Party (other than an Affiliate or sublicensee), for use of such Licensed Product in the Field in the Territory, after such Licensed Product has been granted Regulatory Approval for distribution, marketing and sale (in each case to the extent required by applicable Laws) in the Field by the competent Regulatory Authorities in the Territory, excluding transfers or dispositions of a Licensed Product for charitable, compassionate, promotional (including samples), pre-clinical, clinical or regulatory purposes.

“**Fiscal Year**” means a period of twelve (12) consecutive calendar months ending on March 31.

“**Force Majeure**” means any unavoidable and unforeseeable event which is beyond the reasonable control of the Party affected, including the following events: act of God, earthquake, storm, flood, typhoon, tornado, blizzard, volcanic activity, landslide, tidal wave, tsunami, damage or destruction by lightning and drought, fire or other acts of nature, plague, epidemic, pandemic, war (whether or not declared), riot, public disturbance, strike or lockouts, government actions, terrorist attack, explosion, radioactive contamination, destruction of machines, equipment or factories and of any kind of installation, and pronged break-down of transport, telecommunication or electric current or the like.

“**Governmental Entity**” means any court, agency, authority, department, legislative or regulatory body or other instrumentality of any (i) government, (ii) country, (iii) national, federal, state, provincial, regional, county, city or other political subdivision of any such government or country, (iv) supranational organization of which any such government or country is a member, or (v) quasi-governmental entity or self-regulatory organization of competent authority.



“**Indication**” means any disease, condition or syndrome, or sign or symptom of, or associated with, a disease, condition or syndrome for which a product can be approved by a Regulatory Authority, including all lines of therapy.

“**Information**” means all proprietary information and data of a financial, commercial or technical nature, including Know-How, owned or Controlled by a Party, which has been supplied or otherwise made available to the other Party or its Affiliates, under this License Agreement and whether made available orally, in writing or in electronic form, including information comprising or relating to concepts, discoveries, inventions, data, designs or formulae.

“**Infringement Claim**” shall have the meaning set forth in Clause 12.4.

“**Intellectual Property Rights**” means all rights in Patents, rights to inventions, copyright and related rights, rights in trade-marks, trade names and domain names, rights in designs, rights in computer software, database rights, rights in confidential information (including Know-How) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions (for their full term) of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

“**Insolvency Event**” means, in relation to Nippon Kayaku, any one of the following: (a) Nippon Kayaku is the subject of voluntary or involuntary bankruptcy proceedings instituted on behalf of or against Nippon Kayaku (except for involuntary bankruptcy proceedings which are dismissed within one-hundred and twenty (120) days); (b) an administrative receiver, receiver and manager, interim receiver, custodian, sequestrator or similar officer is appointed for substantially all of the assets of Nippon Kayaku; (c) a resolution to wind up Nippon Kayaku shall have been passed other than a resolution for the solvent reconstruction or reorganization of Nippon Kayaku; or (d) a resolution shall have been passed by Nippon Kayaku’s board of directors to make an application for an administration order or to appoint an administrator for substantially all of the assets of Nippon Kayaku.

“**Invention**” means any process, method, composition of matter, article of manufacture, discovery or finding, patentable or otherwise, that is invented as a result of a Party exercising its rights or carrying out its obligations under this License Agreement, whether directly or via its Affiliates, agents or independent contractors, including all rights, title and interest in and to the Intellectual Property Rights therein.

“**Joint Inventions**” shall have the meaning set forth in Clause 5.2.

“**Joint IP**” shall have the meaning set forth in Clause 5.2.

“**JPY**” or “**¥**” means the lawful currency of Japan.

**“Know-How”** means technical information, know-how and data, including Inventions (whether patentable or not), discoveries, trade secrets, package specifications, chemical specifications, analytical test methods, stability data, testing data, product specifications, instructions, processes, formulation information, validation documents, materials, drawings, formulae, reports, and other technology and techniques including all biological, chemical, pharmacological, toxicological, pharmaceutical, physical, analytical, safety, clinical safety, preclinical and clinical data.

**“Law”** means any statute, law, ordinance, requirement, regulatory rule, code or order of a Governmental Entity.

**“Legal Proceeding”** means any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding), hearing, inquiry, audit, examination or investigation commenced, brought, conducted or heard by or before, or otherwise involving, any court or other Governmental Entity or any tribunal, arbitrator or arbitration panel.

**“Licensed Know-How”** means all Know-How solely related to the Compound or a Licensed Product owned or Controlled as of the Effective Date or at any time thereafter during the Term by Adlai Nortye and/or its Affiliates that is necessary or reasonably useful to Develop, Manufacture, or Commercialize the Compound or a Licensed Product in the Field in the Territory, except that “Licensed Know-How” does not include any Know-How that is Controlled, either as of or after the Effective Date, and that relates to any active ingredient, innovative drug, compound, combination product or formulae that, in each case, is not the Compound.

**“Licensed IP”** means all Licensed Patents and Licensed Know-How.

**“Licensed Patents”** means those Patents listed on **Schedule A** attached hereto, as may be updated from time to time by agreement of the Parties, provided that Adlai Nortye shall not unreasonably refuse to add any Patent owned or Controlled by Adlai Nortye and/or its Affiliates as of the Effective Date or at any time thereafter during the Term, that is necessary or reasonably useful to Develop, Manufacture or Commercialize the Licensed Product in the Field in the Territory. **“Licensed Patents”** does not include any Patents that are Controlled, either as of the Effective Date or thereafter, and that solely relate to any active ingredient, innovative drug, compound, combination product or formulae that, in each case, is not the Compound, unless the Parties otherwise agree to include such Patent in the list on Schedule A.

**“Licensed Product(s)”** means one or more pharmaceutical, therapeutic or diagnostic products containing the Compound as an active ingredient alone or in combination with other active ingredients.

**“Licensed Product Activities”** shall have the meaning set forth in Clause 4.3.

**“Licensed Trademark(s)”** means all trade-marks, trade names, brands, logos, and domain names that are related to the Compound or Licensed Product and that are either registered or filed for registration by Adlai Nortye and/or its Affiliates in the Territory as of the Effective Date or at any time thereafter during the Term.

“**Losses**” means all claims, damages, losses, suits, proceedings, liabilities, and costs (including costs of litigation and reasonable attorney’s fees), of any kind and is not limited to matters asserted by Third Parties against a Party, but includes claims, damages, losses, suits, proceedings, liabilities, costs (including reasonable legal expenses, costs of litigation and reasonable attorney’s fees) and incurred or sustained by a Party or its Affiliates in the absence of Third Party claims.

“**Manufacture**” means any and all activities and operations involved in or relating to fill the blister, packaging and labeling the box with the bulk tablet form of the Licensed Product that Nippon Kayaku purchases from Adlai Nortye. “**Manufacturing**” has a corresponding meaning.

“**Milestone Event**” shall have the meaning set forth in Clause 6.1.

“**Milestone Payment**” shall have the meaning set forth in Clause 6.1.

“**NDA**” means a New Drug Application (as more fully described in U.S. 21 C.F.R. Parts 314.50 et seq. or its successor regulation or equivalent Laws, rules or regulations of an applicable Regulatory Authority) and all amendments and supplements thereto, submitted to the PMDA.

“**Net Sales**” means the net sales by or on behalf of Nippon Kayaku and any of its Affiliates or sublicensees or assignees for the Licensed Product sold to Third Parties other than sublicensees/assignees, as determined in accordance with Accounting Standards. The deductions booked by Nippon Kayaku and its Affiliates, sublicensees and assignees to calculate the recorded net sales from gross sales may include the following:

[\*\*\*]

With respect to the calculation of Net Sales:

[\*\*\*]

“**NHI List Price**” means, with respect to a Licensed Product, the drug price reimbursable to health- insurance medical service providers by the Japanese Ministry of Health, Labour and Welfare under the Japanese National Health Insurance programs.

“**Nippon Kayaku Indemnities**” shall have the meaning set forth in Clause 11.2.

“**Nippon Kayaku Know-How**” shall have the meaning set forth in Clause 5.1.

“**Nippon Kayaku Patents**” shall have the meaning set forth in Clause 5.1.

“**Nippon Kayaku Technology**” shall have the meaning set forth in Clause 5.1.

“**Novartis**” means Novartis Pharma AG.

“**Novartis Agreement**” means that certain License Agreement by and between Novartis Pharma AG and Adlai Nortye BioPharma Co. Ltd. dated as of December 22, 2017, together with all ancillary agreements referenced therein.

“**Option Agreement**” means that certain Option Agreement by and between the Parties dated as of April 26, 2023.

“**Party**” shall have the meaning set forth in the preamble hereto.

“**Patents**” means (a) all issued patents and pending patent applications, including the parents thereof and issued patents maturing therefrom, in any country or supranational jurisdiction worldwide, (b) any substitutions, divisionals, continuations, continuations-in-part, reissues, renewals, registrations, confirmations, re-examinations, extensions, supplementary protection certificates and the like of any such patents or patent applications, and (c) foreign counterparts of any of the foregoing.

“**Person**” means any individual, partnership, limited liability company, firm, corporation, association, trust, unincorporated organization or other entity.

“**PMDA**” means the Pharmaceuticals and Medical Devices Agency, an administrative agency under the control of the Japanese Ministry of Health, Labour and Welfare.

“**Product Trademarks**” shall have the meaning set forth in Clause 5.3.

“**PRC**” means the People’s Republic of China, excluding Hong Kong, Macau, and Taiwan.

“**Prosecution**” or “**Prosecute**” means, with regard to a Patent, the preparation, filing, prosecution and maintenance of such Patent, as well as re-examinations, reissues, appeals, requests for patent term adjustments and patent term extensions with respect to such Patent, together with the initiation or defense of interferences, oppositions, inter partes, re-examinations, post-grant proceedings and other similar proceedings with respect to the particular Patent, and any appeals therefrom. For clarification, “Prosecution” or “Prosecute” shall not include any other enforcement actions taken with respect to a Patent.

“**Recipient Party**” shall have the meaning set forth in Clause 14.1.

“**Recovery**” shall have the meaning set forth in Clause 12.2(a).

“**Regulatory Approval**” means, with respect to a Licensed Product, any approval (notwithstanding the Indication), registration, license or authorization from a Regulatory Authority to market and sell such Licensed Product in the Field in the Territory.

“**Regulatory Authority**” means, with respect to any country or jurisdiction, any Governmental Entity involved in granting Regulatory Approval in that country or jurisdiction.

“**Regulatory Documentation**” shall mean relevant applications, registrations, licenses, authorizations, approvals and correspondence submitted to or received from Regulatory Authorities (including minutes and official contact reports relating to any communications with any Regulatory Authority) and relevant and available supporting documents in connection therewith relating to the use of the Licensed Product in the Field, including relevant clinical trial data as required for regulatory purposes and contained in any of the foregoing, including drug master files and inspection reports related to the Licensed Product in the Field, or as required for regulatory purposes.

**“Regulatory-Based Exclusivity”** means, with respect to a Licensed Product in the Territory, that (a) Nippon Kayaku or any of its Affiliates or sublicensees has been granted the exclusive right by a Regulatory Authority (or is otherwise entitled to the exclusive right by operation of Law) in the Territory to market and sell the Licensed Product in such Territory, including any pediatric or orphan drug exclusivity, or (b) the data and information submitted by Nippon Kayaku or any of its Affiliates or sublicensees to the relevant Regulatory Authority in the Territory for purposes of obtaining Regulatory Approval for such Licensed Product may not be relied upon in any way by any Person other than Nippon Kayaku, its Affiliates or sublicensees (including by relying upon the Regulatory Authority’s previous findings regarding the safety or effectiveness of the Licensed Product) to market and sell a product for use in the same Indications as such Licensed Product by a Third Party in the Territory.

**“Regulatory Filings”** means, with respect to the Licensed Product, any submission to a Regulatory Authority of any appropriate regulatory application.

**“Required Antitrust Approvals”** shall have the meaning set forth in Clause 9.2.

**“Royalty Payment”** shall have the meaning set forth in Clause 6.3(a).

**“Royalty Payment Period”** shall have the meaning set forth in Clause 6.3(b).

**“Safety Information Exchange Agreement”** shall have the meaning set forth in Clause 3.4.

**“Sales & Royalty Report”** shall have the meaning set forth in Clause 7.4.

**“Sales-Based Milestone”** means any Milestone Event set forth in the table in Clause 6.1 under the title “Sales-Based Milestones”, and **“Sales-Based Milestone Payment”** means any Milestone Payment for any Sales-Based Milestone.

**“SIAC”** shall have the meaning set forth in Clause 16.3.

**“Sublicensing Fees”** shall have the meaning set forth in Clause 6.5

**“Supply Agreement”** shall have the meaning set forth in Clause 8.1(b).

**“Term”** shall have the meaning set forth in Clause 13.1.

**“Territory”** means the country of Japan.

**“Third Party”** means any Person other than a Party or an Affiliate of a Party.

**“USD”, “US Dollars” or “\$”** means the lawful currency of the United States of America.

**“Valid Claim”** means, with respect to the Territory, (a) a claim of a Patent application that is pending in good faith, claiming priority from any Patent that has been pending for no more than seven (7) years following the earliest priority filing date for such Patent and that has not been abandoned, finally rejected or expired without the possibility of appeal or refiling or (b) a claim of an issued and unexpired Patent that has not been held permanently revoked, held unenforceable or invalid by a decision of a court or other Governmental Entity of competent jurisdiction, which decision is unappealed or unappealable within the time allowed for appeal and has not been cancelled, withdrawn, abandoned, disclaimed or admitted to be invalid or unenforceable through reissue, re-examination, disclaimer or otherwise, that, in the case of (a) and (b) above, claims the composition of matter or method of use of a Licensed Product and is included within the Licensed Patents.

**1.2 Interpretation.** In this License Agreement, unless otherwise specified:

- (a) “includes” and “including” shall mean respectively includes and including without limitation;
- (b) words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;
- (c) the Schedules, Exhibits and other attachments form part of the operative provision of this License Agreement and references to this License Agreement shall, unless the context otherwise requires, include references to the Schedules, Exhibits and attachments;
- (d) references to Clauses and subclauses are to Clauses and subclauses of this License Agreement unless otherwise specified;
- (e) a reference to an enactment or statutory provision is a reference to it as it may from time to time be amended, modified, consolidated, repealed or re-enacted and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;
- (f) the headings in this License Agreement are for information only and shall not be considered in the interpretation of this License Agreement;
- (g) any reference to “writing” or “written” includes any legible reproduction of words delivered in permanent and tangible form, including email (subject to compliance with the requirements of Clause 16.6);
- (h) the words “hereof”, “herein” and “hereunder” and words of like import used in this License Agreement shall refer to this License Agreement as a whole and not to any particular provision of this License Agreement; and
- (i) the Parties agree that the terms and conditions of this License Agreement are the result of negotiations between the Parties and that this License Agreement shall not be construed in favor of or against any Party by reason of the extent to which any Party participated in its preparation.

## 2. LICENSE

**2.1 Exclusive License Grant from Adlai Nortye to Nippon Kayaku.** Subject to the terms and conditions of this License Agreement and the Option Agreement, Adlai Nortye hereby grants to Nippon Kayaku an exclusive, royalty-bearing, sublicensable (subject to Clause 2.3 below), assignable (subject to Clause 16.2 below) license under the Licensed IP solely to Commercialize, to Develop (including the right to reference Regulatory Documentation for obtaining and maintaining Regulatory Approval for the Licensed Product in the Field in the Territory), and to Manufacture and have Manufactured the Licensed Product in the Field in the Territory.

**2.2 Non-Exclusive License Grant from Adlai Nortye to Nippon Kayaku.** Solely on condition that: (a) the Parties reach an agreement that Nippon Kayaku undertakes to manufacture the Bulk Products pursuant to Clause 8.2(a); or (b) Nippon Kayaku elects to exercise its rights to manufacture the Bulk Products as set forth in Clause 8.2(b), Adlai Nortye shall grant and does hereby grant to Nippon Kayaku a non-exclusive, sublicensable (but solely for any sublicense that Nippon Kayaku grants to any Third Party that is a contract manufacturer of the Bulk Products manufactured under Clause 8.2 when the Bulk Products are manufactured solely for sale back to Nippon Kayaku), assignable (subject to Clause 16.2 below), royalty-free license under the Bulk Tablet Manufacturing IP to manufacture and have manufactured the Bulk Products in the Territory solely for the purpose of Development and Commercialization of the Licensed Product in the Field in the Territory.

### 2.3 Sublicensing.

(a) **By Nippon Kayaku.** Subject to Clause 2.3(b), upon prior written consent by Adlai Nortye (which shall not be unreasonably withheld, delayed or conditioned), Nippon Kayaku may sublicense the rights granted to it under Clause 2.1.

(b) **Sublicense Requirements.** Any sublicense by Nippon Kayaku will be subject to a written agreement that: (i) requires the sublicensee to comply with all applicable obligations of this License Agreement and the Novartis Agreement, and (ii) is not in conflict with any term of this License Agreement or the Novartis Agreement. Nippon Kayaku shall undertake to enforce the provisions of any such sublicense and shall remain responsible and jointly and severally liable with the sublicensee to Adlai Nortye for the performance of its sublicensee's obligations and for all acts or omissions of its sublicensees as if they were the acts or omissions of Nippon Kayaku under this License Agreement. Nippon Kayaku shall provide written notice to Adlai Nortye within [\*\*\*] Business Days of entering into such written agreement confirming compliance with the foregoing requirements, specifying the various components of consideration (including milestone payments and royalties) under such sublicensing agreement, and provide the calculation of the applicable the Sublicensing Fees in accordance with Clause 6.5.

### 2.4 Reservation of Rights by Adlai Nortye.

(a) Without prejudice to any other rights that Adlai Nortye and its Affiliates may have, Nippon Kayaku agrees that, as between the Parties, Adlai Nortye and its Affiliates retain or share full and unencumbered rights under the Licensed IP to exploit or have exploited the Licensed Products in the Territory solely outside the Field and outside the Territory in any field. Nippon Kayaku acknowledges and agrees that as between the Parties, Adlai Nortye and its Affiliates are the sole owner(s) of all right, title and interest in and to the Licensed IP, and Nippon Kayaku has not acquired, and shall not acquire, any right, title or interest in or to the Licensed IP pursuant to this License Agreement other than the rights expressly set forth in this License Agreement.



(b) Notwithstanding Clause 2.1, Nippon Kayaku acknowledges and agrees that Adlai Nortye and its Affiliates retain the right to Develop, use, and Commercialize the Licensed Product in the Field in the Territory and to Manufacture and have Manufactured the Licensed Product in the Field in the Territory, in each case to the extent necessary to fulfill all obligations expressly set forth in this License Agreement. Neither Adlai Nortye nor its Affiliates will use the foregoing retained rights for any purpose other than complying with such obligations.

(c) Nippon Kayaku hereby agrees that it will comply with the terms and conditions of the Novartis Agreement and the ancillary agreements referenced therein, as applicable to the sublicenses of the intellectual property rights licensed under the Novartis Agreement granted to Nippon Kayaku under this License Agreement. If, and to the extent, any of the terms and conditions of this License Agreement conflict with the terms and conditions of the Novartis Agreement, as applicable for this sublicense of the intellectual property rights licensed under the Novartis Agreement, then the terms and conditions of the Novartis Agreement shall control. Furthermore, Nippon Kayaku hereby agrees that Novartis is an intended third party beneficiary of the obligations of Nippon Kayaku under this License Agreement (solely as applicable to the rights licensed under the Novartis Agreement).

## 2.5 Right of First Proposal.

(a) Subject to Clause 2.5(b), during the term of this License Agreement and, in the event of early termination of this License Agreement, for a period of [\*\*\*] years from the Effective Date, each time prior to Adlai Nortye, by itself or through any of its Affiliates, making an offer to a Third Party for either the granting of an exclusive out-license in the Territory for the development, manufacture, or commercialization of one or more pharmaceutical, therapeutic or diagnostic products (other than the Compound) Controlled by Adlai Nortye or its Affiliate, or the divestment of all rights in the Territory to such products (“**Proposed Transaction**”), Nippon Kayaku shall have the right to be provided with notice of such Proposed Transaction (“**Transaction Notice**”). Upon receipt of the Transaction Notice, Nippon Kayaku shall have [\*\*\*] days to notify Adlai Nortye in writing that it is interested in the Proposed Transaction, and if Nippon Kayaku so notifies Adlai Nortye, then the Parties shall negotiate in good faith, the commercially reasonable terms for such Proposed Transaction for a period of [\*\*\*] days, which may be extended by mutual agreement of the Parties (the “**Proposal Exercise Period**”). If the Parties have not entered into a definitive agreement within such negotiation period, or if Nippon Kayaku either does not timely respond to the Transaction Notice or declines such Proposed Transaction, then Nippon Kayaku will no longer have any rights with respect to such Proposed Transaction.

(b) Notwithstanding anything to the contrary, Nippon Kayaku’s rights under this Clause 2.5 shall automatically and immediately expire upon the first occurrence of any of the following: [\*\*\*]

**2.6 Trademark License Grant from Adlai Nortye to Nippon Kayaku.** Subject to the terms and conditions of this License Agreement and the Option Agreement, Adlai Nortye hereby grants to Nippon Kayaku an exclusive, sublicensable (subject to Clause 2.3 above, as applied mutatis mutandis, but for the avoidance of doubt, Clause 6.5 does not apply to any sublicense of the Licensed Trademarks), assignable (subject to Clause 16.2 below), perpetual, irrevocable, royalty-free and fully paid-up license under the Licensed Trademarks: (i) to Commercialize, to Develop, and to Manufacture and have Manufactured the Licensed Product in the Field in the Territory; and (ii) in case of Clause 2.2, to manufacture and have manufactured the Bulk Products for the purpose of the Development and Commercialization of the Licensed Product in the Field in the Territory, and subject to Nippon Kayaku's material compliance with Adlai Nortye's trademark and branding style and use guidelines, which will be provided to Nippon Kayaku after such guidelines are completed and will be incorporated herein by reference, as may be reasonably updated by Adlai Nortye from time to time upon [\*\*\*] days prior written notice to Nippon Kayaku.

### 3. TRANSFER OF INFORMATION AND DATA

#### 3.1 Transfer of Regulatory Information and Licensed Know-How.

(a) Within [\*\*\*] days of the Effective Date, if not otherwise agreed to in accordance with a separate transitions services agreement between the Parties, Adlai Nortye shall use Commercially Reasonable Efforts to make available to Nippon Kayaku a copy of available tangible embodiments of Licensed Know-How concerning the Licensed IP for the Field relevant in the Territory and the Regulatory Documentation necessary or reasonably useful for the Licensed Product Activities in the Field in the Territory, respectively, Controlled by Adlai Nortye and available to Adlai Nortye on the Effective Date.

(b) During the Term, at Nippon Kayaku's request, Adlai Nortye shall use Commercially Reasonable Efforts to make available to Nippon Kayaku, from time to time and without any additional consideration other than the Milestone Payment and the Royalty Payment, then existing material Licensed Know-How and Regulatory Documentation Controlled by Adlai Nortye and available to Adlai Nortye that are necessary or reasonably useful for the Licensed Product Activities in the Field in the Territory.

**3.2 Alliance Managers.** Within [\*\*\*] days following the Effective Date, each Party will appoint (and notify the other Party of the identity of) a senior representative having a general understanding of pharmaceutical development and commercialization issues to act as its alliance manager under this License Agreement (each, an "**Alliance Manager**"). The Alliance Managers will: (a) serve as the contact point between the Parties for the purpose of providing each other with information on the progress of Nippon Kayaku's Development and Commercialization of the Licensed Products and Adlai Nortye's development and commercialization of the Licensed Products outside of the Territory or outside of the Field in the Territory; (b) be primarily responsible for facilitating the flow of information and otherwise promoting communication, coordination and collaboration between the Parties, including in particular the transfer of Licensed Know-How and Regulatory Documentation from Adlai Nortye to Nippon Kayaku; (c) provide a single point of communication for seeking consensus both internally within the respective Party's organization and facilitating review of external corporate communications in accordance with Clause 16.6; and (d) raise cross-Party and/or cross-functional disputes in a timely manner. Each Party may replace its Alliance Manager on written notice to the other Party.

**3.3 Meetings.** During the period from the Effective Date until the first NDA filing has been made with respect to a Licensed Product in the Territory, the Alliance Managers will meet (either in person or by teleconference) at least [\*\*\*] per year to review and discuss progress made under, and any changes to, the Development Plan, including the Development work performed, clinical trials, progress toward milestones, any key issues and the overall status of Development. In addition, at any time during the Term, Nippon Kayaku may request a meeting with Adlai Nortye to receive updates on the status of the development, manufacture, and commercialization of the Licensed Product outside of the Territory or outside of the Field in the Territory in furtherance of the Licensed Product Activities in the Field in the Territory.

**3.4 Adverse Event Reporting and Safety Data Exchange.** Notwithstanding anything to the contrary in this Clause 3, and subject to the limitations and requirements of the Novartis Agreement, the Parties shall cooperate with regard to the reporting and handling of clinical trial results and safety information involving or relating to the Compound and/or Licensed Products in the Field in the Territory. The Parties will enter into a separate, mutually acceptable written agreement containing customary terms that will govern the exchange of adverse event, a risk management plan, and other safety information reporting obligations relating to Licensed Products in the Field in the Territory to ensure that adverse events and other safety information is exchanged and reported to the relevant Regulatory Authorities in compliance with applicable Laws and the requirements of such Regulatory Authorities in the Territory (the “**Safety Information Exchange Agreement**”).

#### **4. DEVELOPMENT, COMMERCIALIZATION & MANUFACTURING**

**4.1 Development.** Nippon Kayaku will be solely responsible for and shall, subject to the terms of this License Agreement, have final decision-making authority with respect to the Development of the Licensed Product in the Field in the Territory. Following the Effective Date of this License Agreement, the Parties shall promptly discuss in good faith to develop a plan for the clinical development of Licensed Products and filing of Regulatory Approvals to be conducted by or on behalf of Nippon Kayaku under this License Agreement (a “**Development Plan**”). Nippon Kayaku may revise or amend the Development Plan from time to time in its sole discretion; provided, however, that in the event of a material change to the then-current Development Plan, such change shall require the approval of Adlai Nortye (which approval shall not be unreasonably withheld, delayed, or conditioned). Nippon Kayaku shall bear [\*\*\*] of all costs and expenses associated with such Development of Licensed Products in the Field in the Territory unless otherwise set forth in this License Agreement or agreed in writing between the Parties.

**4.2 Commercialization.** Nippon Kayaku will be solely responsible for and shall, subject to the terms of this License Agreement, have final decision-making authority with respect to the Commercialization of a Licensed Product in the Field in the Territory. Nippon Kayaku shall also bear [\*\*\*] of all costs and expenses associated with the Commercialization of Licensed Products in the Field in the Territory unless otherwise set forth in this License Agreement or agreed in writing between the Parties.

**4.3 Diligence.** Nippon Kayaku will use Commercially Reasonable Efforts to Develop, Manufacture and Commercialize Licensed Product(s) in the Field in the Territory and shall use Commercially Reasonable Efforts to obtain Regulatory Approval for as many Indications as possible, as included in the Development Plan, and to Commercialize Licensed Product for each such Indication (individually and together, the “**Licensed Product Activities**”).

**4.4 Manufacturing and Supply.** Except with respect to the bulk tablet form of the Compound received pursuant to the Supply Agreement under Clause 8, Nippon Kayaku will be solely responsible for all other Manufacturing activities, for the Licensed Product in the Field in the Territory and shall bear [\*\*\*] of all costs and expenses associated therewith unless otherwise set forth in this License Agreement or agreed between the Parties.

**4.5 Reporting Obligations.** Nippon Kayaku shall provide Adlai Nortye with a written summary report on or before [\*\*\*] and on or before [\*\*\*] of each Calendar Year, summarizing Nippon Kayaku’s and its Third Party collaborators’ and sublicensees’: (i) Licensed Product Activities for the Licensed Product(s) in the Field in the Territory performed in the previous [\*\*\*] month period; and (ii) anticipated plans for the Licensed Product Activities for the Licensed Product(s) in the Field in the Territory for the subsequent [\*\*\*] month period. Each such report shall contain, at a minimum, information sufficient to permit Adlai Nortye to evaluate the progress towards the respective obligations under this License Agreement, and, if so requested by Adlai Nortye, shall be followed-up or prefaced with a telephone conference between sufficiently qualified representatives of each Party at a mutually agreed time but in any event no later than [\*\*\*] days following Adlai Nortye’s request to discuss such report in more detail. All information and data obtained under this Clause 4.5 shall be used only for the purposes of verifying compliance with the diligence obligations under Clause 4 and shall be treated as Nippon Kayaku’s confidential Information and subject to the confidentiality obligations set forth in Clause 14.

**4.6 Compliance.** Nippon Kayaku agrees that in performing its obligations under this License Agreement, in particular with regard to Development activities and Licensed Product(s): (a) it shall, and shall cause its Affiliates, Third Party collaborators and sublicensees to, comply with all applicable Laws, including data privacy Laws, current international regulatory standards, including cGMP, cGLP, cGCP and other rules, regulations and requirements; and (b) it will not knowingly employ or use any Person that has been debarred under applicable Laws.

## **5. OWNERSHIP OF INTELLECTUAL PROPERTY.**

**5.1 Ownership of Invention.** Subject to the terms of this License Agreement, as between the Parties, Nippon Kayaku will be the sole owner of any Inventions that are discovered, generated, developed, invented or created solely by Nippon Kayaku, its Affiliates or Third Parties acting on its or its Affiliates’ behalf while conducting activities in connection with the Development, Manufacture and Commercialization of the Licensed Product (such Invention and intellectual property rights, “**Nippon Kayaku Know-How**”, and any Patents that claim such Nippon Kayaku Know-How, “**Nippon Kayaku Patents**” and, together with the Nippon Kayaku Know-How, the “**Nippon Kayaku Technology**”).

**5.2 Joint Invention.** Each Party shall promptly notify the other Party in writing if that Party has conceived, developed, discovered or otherwise obtained any Invention in the course of any collaborative activities by the Parties under this License Agreement (including, but not limited to, mutual discussions held between the Parties in accordance with Clause 3.3). If the Invention has been made solely by either Party, such Invention shall be owned solely by the Party who has made such Invention. If the Parties have jointly made the Invention, unless otherwise agreed by the Parties, such Invention shall be jointly owned by the Parties (the “**Joint Inventions**”); and any and all Intellectual Property Rights in and to such Joint Inventions, the “**Joint IP**”), and the ownership ratio of such Joint Inventions shall be determined by the Parties through their good faith discussions.

**5.3 Trademarks.**

(a) Nippon Kayaku may, in its sole discretion, select the trademarks to be used in connection with the Licensed Products in the Territory (the “**Product Trademarks**”). Nippon Kayaku shall own all right, title, and interest in and to the Product Trademarks other than the Licensed Trademarks, and shall be responsible for the registration, prosecution, maintenance and enforcement thereof. For clarity, Nippon Kayaku may use the same trademarks on the Licensed Products in the Territory as Adlai Nortye uses on the Licensed Products outside of the Territory, and, to the extent such trademarks are not the Licensed Trademarks, Nippon Kayaku shall own such Product Trademarks in the Territory. Adlai Nortye shall not directly or indirectly attack, challenge, dispute, or contest the validity of or ownership of any Product Trademarks in the Territory or any registrations issued with respect thereto.

(b) Adlai Nortye shall own all right, title, and interest in and to the Licensed Trademarks and shall be responsible for the registration, prosecution, maintenance and enforcement thereof. If Adlai Nortye desires not to maintain or enforce any such Licensed Trademarks, Adlai Nortye shall notify Nippon Kayaku in writing, in which case Nippon Kayaku shall have the right and option (but not the obligation) to acquire such Licensed Trademarks from Adlai Nortye. Upon exercise of such rights by Nippon Kayaku, Adlai Nortye shall transfer and assign to Nippon Kayaku, without compensation and free of charge, all right, title, and interest in and to such Licensed Trademarks and shall take all measures necessary or reasonably desirable to enable Nippon Kayaku to register, prosecute, maintain and enforce such Licensed Trademarks in the Territory, including executing a form of assignment of such Licensed Trademarks.

**6. FINANCIAL PROVISIONS**

**6.1 Milestone Payments.** In consideration for the licenses and rights granted to Nippon Kayaku hereunder, Nippon Kayaku shall pay to Adlai Nortye, upon achievement of the respective milestone events (“**Milestone Events**”) set forth below, whether achieved by Nippon Kayaku or on behalf of Nippon Kayaku, itself or through any of its Affiliates or sublicensees, the corresponding one-time, non-refundable, non-creditable payments (“**Milestone Payments**”):

<b>Milestone Event</b>	<b>Milestone Payment (USD)</b>
<b>Regulatory Milestones:</b>	
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
<b>Sales-Based Milestones:</b>	
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

**6.2 Payment of Milestones.** Each Milestone Payment shall be deemed earned as of the first achievement of the respective Milestone Event, and is payable one time only regardless of the number of Licensed Products. For clarity, more than one (1) Sales-Based Milestone Payments may be earned in a Fiscal Year based on the same Annual NHI List Price Sales of the Licensed Products. By way of example, if in the first Fiscal Year following the First Commercial Sale of a Licensed Product, the Annual NHI List Price Sales for such Licensed Product is equal to [\*\*\*] JPY, then Nippon Kayaku shall pay Adlai Nortye the Milestone Payments applicable for Milestone Events occurring as a result of Annual NHI List Price Sales reaching both [\*\*\*] JPY and [\*\*\*] JPY, for a total Milestone Payment of [\*\*\*] USD.

**6.3 Royalties.**

(a) **Royalty Payments.** In further consideration of the license and rights granted to Nippon Kayaku hereunder, during the Royalty Payment Period (as defined below), Nippon Kayaku will make annual royalty payments to Adlai Nortye determined by the Net Sales of Licensed Product(s) in the Field in the Territory by Nippon Kayaku and its Affiliates and sublicensees, for the Fiscal Year multiplied by the applicable royalty rate for such portion of Net Sales (“**Royalty Payment**”):

<b>Net Sales of a Licensed Product in the Territory in a Fiscal Year during the Royalty Payment Period (JPY)</b>	<b>Royalty Rate</b>
[***]	[***]
[***]	[***]
[***]	[***]

By way of example, if the Net Sales of a Licensed Product in a Fiscal Year are [\*\*\*] JPY, the Royalty Payment amount Nippon Kayaku will pay Adlai Nortye will be [\*\*\*] JPY and calculated as follows: [\*\*\*]

(b) **Royalty Payment Period.** The Royalty Payments set forth in Clause 6.3(a) will be payable on a Licensed Product-by-Licensed Product basis from date of the First Commercial Sale of such Licensed Product in the Territory and shall continue to be paid in accordance with the terms of this License Agreement until the latest of: (a) the expiration of the last to expire Valid Claim of any Licensed Patent Covering such Licensed Product in the Territory; (b) the expiration of Regulatory-Based Exclusivity for such Licensed Product in the Territory; and (c) the [\*\*\*] year anniversary of the date of First Commercial Sale of such Licensed Product in the Territory (the “**Royalty Payment Period**”).

(c) **Valid Claim Expiry.** On a Licensed Product-by-Licensed Product basis, if the last Valid Claim of any Licensed Patent Covering such Licensed Product in the Territory expires before the end of the Royalty Payment Period for such Licensed Product, then the Royalty Payment rate shall be reduced to [\*\*\*] of the rate otherwise payable by Nippon Kayaku to Adlai Nortye pursuant to Clause 6.3(a) until the end of the Royalty Payment Period.

(d) **Royalty Rate Reduction.** On a Licensed Product-by-Licensed Product basis, if Adlai Nortye’s royalty payment obligations under the Novartis Agreement for such Licensed Product are terminated prior to the end of the Royalty Payment Period of this License Agreement, then the Royalty Payment rate payable by Nippon Kayaku to Adlai Nortye pursuant to Clause 6.3(a) for such Licensed Product shall automatically be reduced and converted to a flat rate of [\*\*\*] from the effective date of such termination of Adlai Nortye’s royalty payment obligations under the Novartis Agreement until the end of the Royalty Payment Period.

(e) **Third Party Payments.** On a Licensed Product-by-Licensed Product basis, if, during the Royalty Payment Period, it is reasonably necessary for Nippon Kayaku to obtain a license or other rights under any Intellectual Property Rights controlled by a Third Party in any jurisdiction for the Development, Manufacture and Commercialization of a Licensed Product in the Territory, in the Field (“**Third Party Intellectual Property Rights**”), then prior to Nippon Kayaku obtaining such Third Party Intellectual Property Rights, Nippon Kayaku shall notify Adlai Nortye in writing of Nippon Kayaku’s intent to obtain Third Party Intellectual Property Rights, and Adlai Nortye shall have [\*\*\*] days to acquire the necessary Third Party Intellectual Property Rights (through a license or otherwise, including pursuant to any settlement agreement), which upon acquisition of such rights by Adlai Nortye shall be deemed “Licensed IP”. If Adlai Nortye does not so acquire the necessary Third Party Intellectual Property Rights, then Nippon Kayaku shall have the option to obtain such Third Party Intellectual Property Rights and deduct the amount paid by Nippon Kayaku to such Third Party in consideration for such Third Party Intellectual Property Rights in the applicable Fiscal Year from the Royalty Payment that would otherwise have been due with respect to the Net Sales of such Licensed Product for such Fiscal Year pursuant to Clause 6.3(a), subject to the remainder of this Clause 6.3(e). In no event shall Nippon Kayaku, as a result of the reduction set forth in this Clause 6.3(e) (and before applying the reduction set forth in Clause 6.3(c)), have the right to reduce the total royalty rate applied to the Net Sales: (i) below [\*\*\*] for any amount that would otherwise be payable under Clause 6.3(a) for any Licensed Product for which a royalty payment obligations exists under the Novartis Agreement; or (ii) below [\*\*\*] for any amount that would otherwise be payable under Clause 6.3(d) for any Licensed Product for which Adlai Nortye’s royalty payment obligations under the Novartis Agreement have terminated. No reduction authorized under this Clause 6.3(e) and not fully taken in the applicable Fiscal Year as a result of the application of the limitations hereunder may be carried forward to the following Fiscal Year and applied against future royalties otherwise payable by Nippon Kayaku. If, as a result of any reduction set forth under this Clause 6.3(e), the Royalty Payment payable to Adlai Nortye becomes less than the amount of royalties payable by Adlai Nortye to Novartis for the Territory under the Novartis Agreement, the Parties shall discuss in good faith to determine their respective responsibilities for the portion of the royalty amount that is insufficient to cover the royalty payable by Adlai Nortye to Novartis.

(f) **Fully Paid-Up, Royalty Free License.** Following expiration of the Royalty Payment Period for a Licensed Product in the Territory, no further royalties will be payable in respect of the Development, Manufacture and Commercialization of the Licensed Product in the Territory, and, thereafter, the license granted to Nippon Kayaku under Clause 2 with respect to the Licensed Product in the Territory will automatically become fully paid-up, perpetual, irrevocable and royalty-free.

(g) **Licensed IP Challenge.** In the event that Nippon Kayaku, or any sublicensee, Affiliate, or other Person acting on Nippon Kayaku's behalf, initiates or supports any proceeding or otherwise asserts any claim challenging the validity or enforceability of any of the Licensed IP or Adlai Nortye's right under the Novartis Agreement before any court, tribunal, or Governmental Entity, then the Royalty Payment rates as set forth in Clause 6.3 will increase by [\*\*\*]; provided, however, that the foregoing shall not apply where such proceeding or claim is brought as a counter measure or counter argument against any proceeding or claim initiated by Adlai Nortye, Novartis, their respective Affiliates or any Third Party acting on their behalf.

**6.4 Royalties on Combination Products.** If the Licensed Product is sold or provided as part of a system, package, or combination product or service that involve one or more products or services not Covered by the Licensed Patents (each, a "**Combination Product**"), [\*\*\*]

**6.5 Sublicensing Fees.** In addition to the other payment obligations of Nippon Kayaku hereunder, and in further consideration for the sublicensing rights granted to Nippon Kayaku pursuant to Clause 2.3, Nippon Kayaku shall pay Adlai Nortye a portion of net profit from any payments or other consideration received by Nippon Kayaku or its Affiliates in connection with the grant of sublicense for Licensed IP hereunder, as follows (the "**Sublicensing Fees**") (for the avoidance of doubt, any manufacturing subcontracting by Nippon Kayaku shall not be deemed as a sublicense and shall not be subject to this Clause 6.5.):



- (a) In the event of a sublicense entered into prior to [\*\*\*], an amount equal to [\*\*\*] of all net profits from any payments or other consideration attributable to such sublicense; and
- (b) In the event of a sublicense entered into [\*\*\*], an amount equal to [\*\*\*] of all net profits from any payments or other consideration attributable to such sublicense.
- (c) The applicable Sublicensing Fees shall become due and payable within [\*\*\*] days after any payment of consideration under any such sublicense by the sublicensee.

The foregoing provisions of this Clause 6.5 shall not be applied to any sublicense that Nippon Kayaku grants to any Third Party that is a contract manufacturer of the Bulk Products manufactured under Clause 8.2 when the Bulk Products are manufactured solely for sale back to Nippon Kayaku.

**6.6 Late Payments.** Any payments or portions thereof due hereunder that are not paid on the date such payments are due under this License Agreement shall bear interest at a rate equal to the lesser of: (a) [\*\*\*] percentage points above the prime rate as published by The Wall Street Journal or any successor thereto on the first day of each Calendar Quarter in which such payments are overdue; or (b) the maximum rate permitted by applicable Laws; in each case calculated on the number of days such payment is delinquent.

## 7. REPORTS AND PAYMENT TERMS

### 7.1 Payment Terms.

(a) Nippon Kayaku shall notify Adlai Nortye in writing within [\*\*\*] days after achievement of the applicable Milestone Event, and Adlai Nortye shall thereafter issue to Nippon Kayaku an invoice in respect of the applicable Milestone Payment. Nippon Kayaku will pay such invoice to Adlai Nortye within [\*\*\*] days from the date of receipt of the invoice.

(b) Within [\*\*\*] days after each Calendar Quarter during the term of this License Agreement following the First Commercial Sale of a Licensed Product (on a Licensed Product-by-Licensed Product basis), Nippon Kayaku will provide to Adlai Nortye a Sales & Royalty Report. Adlai Nortye shall submit an invoice to Nippon Kayaku with respect to the royalty amount shown therein. Nippon Kayaku shall pay such royalty amount within [\*\*\*] days after the date of its receipt of the invoice.

(c) All payments from Nippon Kayaku to Adlai Nortye shall be made by wire transfer of immediately available funds in US Dollars to the credit of such bank account or accounts as may be designated by Adlai Nortye in writing to Nippon Kayaku from time to time. Any payment which falls due on a date which is not a Business Day may be made on the next succeeding Business Day.

(d) All invoices issued by Adlai Nortye to Nippon Kayaku pursuant to this License Agreement shall be issued and delivered electronically to the email address set forth in Clause 16.6 unless otherwise agreed to by the Parties.

**7.2 Currency Exchange Rate.** All payments under this License Agreement shall be payable in US Dollars. Any amounts required to be converted to US Dollars, including any Sublicensing Fees, Milestone Payment, and Royalty Payment in respect of the Net Sales of the Licensed Product in the Field in the Territory sold in a currency other than US Dollars, shall be converted to the US Dollar equivalent using the buying rate for the applicable currency of the country from which the royalties are payable, certified by the United States Federal Reserve Bank of New York, as published from time to time by the United States Federal Reserve Board, on the Internet at <http://www.federalreserve.gov/releases/h10/>, or elsewhere, in respect of the last Business Day of the Calendar Quarter ending immediately prior to the date on which the applicable royalty payment, Milestone Payment, Sublicensing Fees, or other payment is due or the last date prior to such last Business Day for which such certified buying rate has been published by the United States Federal Reserve Board.

**7.3 Taxes.** If Nippon Kayaku is required to withhold from payments made to Adlai Nortye under this License Agreement any tax deduction, tax withholding or similar payment under the Laws of the country or jurisdiction where Nippon Kayaku is incorporated or operating (other than value-added tax, any goods and services tax, harmonized sales tax and any similar provincial sales tax), Nippon Kayaku shall be entitled to deduct the same from such payments (subject to the gross-up set forth in the next sentence). If any tax is withheld by Nippon Kayaku, Nippon Kayaku shall provide Adlai Nortye with receipts or other evidence of such withholding and payment to the appropriate tax authorities on a timely basis following that tax payment and (i) pay Adlai Nortye the actual stated amount set forth under this License Agreement in full; and (ii) pay any such tax withholding directly to the proper Governmental Entity. For clarity, Adlai Nortye shall receive, without any deduction or offset with respect to taxes and free of any tax withholding, a net amount equal to, after payment of any tax withholding, the amount to which Adlai Nortye was otherwise entitled under this License Agreement and would have received had no such tax withholding been required by Laws to be made. In the event that: (x) a tax withholding is required, but some or all of the tax required to be withheld and remitted by Nippon Kayaku is not withheld and/or is not remitted by Nippon Kayaku; and (y) instead Adlai Nortye pays the relevant amount of any required tax withholding to the appropriate Governmental Entity, Nippon Kayaku shall reimburse Adlai Nortye for the amount of such tax withholding paid by Adlai Nortye, including penalties and reasonable expenses arising therefrom or with respect thereto, and for any additional withholding taxes arising from the reimbursement of such amount.

In addition, the Parties shall cooperate in accordance with applicable Law to obtain relief or reduction of taxes (including withholding tax, value added tax, sales tax, consumption tax and other similar taxes) under the applicable tax treaties, including the submission or issuance of requisite forms and information in connection with this License Agreement.

**7.4 Records and Audit Rights.** Nippon Kayaku will prepare and provide to Adlai Nortye in accordance with Clause 7.1(b) a written report or reports showing each of [\*\*\*]. For the avoidance of doubt, such written report shall also show details on the aforementioned (a) to (c) items for: (i) Nippon Kayaku, its Affiliates and authorized sublicensees; (ii) last Calendar Quarter and year to date data, for example, up to the last month of the last Calendar Quarter; and (iii) for each Licensed Product (“**Sales & Royalty Report**”).

(a) Nippon Kayaku shall keep complete, true and accurate books and records in accordance with its Accounting Standards in relation to this License Agreement, including in relation to Net Sales and the Sales & Royalties Report. Nippon Kayaku will keep such books and records for at least [\*\*\*] years following the Calendar Quarter to which they pertain.

(b) Subject to the confidentiality obligations under Clause 7.4(c), Adlai Nortye shall have the right for a period of [\*\*\*] years after receiving each Sales & Royalty Report to audit, on the date mutually agreed between the Parties through discussion, by appointing an internationally-recognized independent accounting firm (hereinafter referred to as the “**Auditor**”) to inspect the relevant records of Nippon Kayaku and its Affiliates or its sublicensees to verify such reports, statements, records or books of accounts, as applicable. The Auditor shall have the right to disclose to Adlai Nortye and other Affiliates of Adlai Nortye only its conclusions regarding any payments owed under this License Agreement.

(c) Nippon Kayaku and its Affiliates and sublicensees shall make their records available for inspection by the Auditor during regular business hours at such place or places where such records are customarily kept, upon receipt of reasonable advance notice from Adlai Nortye or the Auditor, as applicable, to verify the accuracy of the Sales & Royalty Reports and compliance with this License Agreement. All information received and all information learned in the course of any audit or inspection pursuant to this Clause 7 shall be deemed to be confidential Information for purposes of this License Agreement.

(d) Adlai Nortye shall pay for such audits, as well as its own expenses associated with enforcing its rights with respect to any payments hereunder, except that, if an underpayment of more than [\*\*\*] of the total payments due hereunder for the applicable Fiscal Year is discovered, the reasonable fees and expenses charged by or incurred by the Auditor shall be paid by Nippon Kayaku.

(e) In the event that the final result of the inspection reveals an underpayment by Nippon Kayaku, the underpaid amount shall be settled promptly to Adlai Nortye with interest thereon at the LIBOR rate plus [\*\*\*] or the highest rate permitted by Law (whichever is lower), computed from the date such underpayment was due until the date that Nippon Kayaku makes the underpayment.

**7.5 Reports.** Following the first approval of an NDA for a Licensed Product in the Territory, Nippon Kayaku will provide Adlai Nortye with the following: (a) estimated quarterly Net Sales information within [\*\*\*] Business Days prior to the end of each Calendar Quarter; and (b) the Net Sales budget for current and following Fiscal Year as soon as reasonably available. For the avoidance of doubt, the information provided by Nippon Kayaku pursuant to this Clause 7.5 shall be deemed to be confidential Information for purposes of this License Agreement.

## **8. PURCHASE OF BULK TABLETS.**

### **8.1 Purchase of Bulk Tablets.**

(a) **Responsibilities of Adlai Nortye.** Adlai Nortye shall be responsible for manufacturing and supplying all of Nippon Kayaku's requirements of the Licensed Product in [\*\*\*] bulk tablet form and such other dosage forms as may be specified from time to time by mutual agreement of the Parties (the "**Bulk Products**"), to Nippon Kayaku for use in the Licensed Product Activities. Adlai Nortye shall manufacture and stably supply such Bulk Products in accordance with cGMP and other applicable Laws and specifications in the Territory.

(b) **Purchase Requirements.** Subject to Clause 8.2, Nippon Kayaku shall order and purchase from Adlai Nortye the Bulk Products to conduct the Licensed Product Activities in the Field in the Territory. To support such supply, the Parties shall meet within a reasonable time after the Effective Date and negotiate in good faith a supply agreement (the "**Supply Agreement**") that contains commercially reasonable terms that are consistent with this License Agreement, including Nippon Kayaku's provision of binding forecast reporting and the supply of the Bulk Products to Nippon Kayaku on a Carriage and Insurance Paid basis to Narita Airport (INCOTERMS 2020) with Nippon Kayaku responsible for all insurance and any additional carriage fees.

(c) **Payment; Invoices.** Adlai Nortye will invoice Nippon Kayaku for the direct costs incurred by Adlai Nortye for the manufacturing of the Bulk Products and associated transfer fees on a monthly basis, and all such fees shall become due and payable within [\*\*\*] days of receipt of such invoice. The current estimated transfer price is approximately [\*\*\*] bulk tablet. For the avoidance of doubt, Adlai Nortye shall not charge Nippon Kayaku any mark-up for the manufacture and supply of the Bulk Products and shall manufacture and supply such Bulk Products to Nippon Kayaku at cost only.

(d) **Quality Agreement.** The Parties shall meet within a reasonable time after the Effective Date and negotiate in good faith a separate agreement concerning the quality of the Compound and the Bulk Products supplied to Nippon Kayaku (the "**Quality Agreement**"). The Quality Agreement shall set forth reasonable and customary terms and conditions regarding: (i) quality assurance and quality control; (ii) compliance with cGMP; and (iii) reporting and management of quality defects and quality complaints.

### **8.2 Nippon Kayaku's Right to Manufacture Bulk Tablet.**

(a) The Parties may, from time to time, discuss a potential arrangement for the Commercialization of the Licensed Product where Nippon Kayaku will undertake all or part of the manufacturing of the Bulk Products, instead of Adlai Nortye manufacturing and supplying the same pursuant to Clause 8.1. If the Parties reach an agreement on such arrangement and the terms thereof, Nippon Kayaku shall have the right to manufacture and supply or have manufactured and supplied the Bulk Products in the Territory, and the Parties shall be released from their obligations set forth in Clause 8.1. To support such manufacturing and supplying, the Parties shall negotiate in good faith a Bulk Product manufacturing agreement with commercially reasonable and mutually agreed terms ("**NK Supply Agreement**").

(b) Nippon Kayaku shall have a limited, non-exclusive right, but not the obligation, to elect to manufacture and supply or have manufactured and supplied the Bulk Products in the Territory to conduct the Licensed Product Activities in the Field in the Territory, by itself or any third party appointed by it by providing written notice to Adlai Nortye of such election, and solely if

[\*\*\*]

Nippon Kayaku's exercise of such rights shall not relieve either Party of any obligation or liability that it may have under the Supply Agreement and/or relevant purchase order.

**8.3 Know-How Transfer; Assistance.** In the event that the Parties reach an agreement pursuant to Clause 8.2(a) or Nippon Kayaku exercises its rights under Clause 8.2(b),

(a) Adlai Nortye shall transfer and make available all information and Know-How concerning the Bulk Tablet Manufacturing IP in the same manner as provided in Clause 3.1.

(b) Nippon Kayaku may request reasonable assistance from Adlai Nortye and/or its Affiliates to procure the active pharmaceutical ingredients, intermediates and any other ingredients of the Compound and/or the Bulk Products from contract manufacturing organizations with whom Adlai Nortye has or had contracted.

(c) Adlai Nortye shall, upon reasonable request by Nippon Kayaku, provide reasonable assistance to facilitate the transfer of all relevant information and Know-How concerning the Bulk Tablet Manufacturing IP, including by providing Nippon Kayaku with reasonable access by telephone/video conference to Adlai Nortye personnel involved in the development and manufacture of the Compound and/or the Bulk Product with the cost and expense allocation as set forth in the NK Supply Agreement (in the case of Clause 8.2(a)) or in the Supply Agreement (in the case of Clause 8.2(b)).

## 9. FURTHER OBLIGATIONS

**9.1 Actions.** Each Party shall not do or fail to do anything that would substantially diminish or impair the rights of Novartis or the other Party in the Licensed IP. If either Party becomes aware of any claim or challenge to the validity of the Licensed IP, it shall promptly notify the other Party in the manner set forth in Clause 16.6.

**9.2 Competition Laws; Further Assurances.** Within [\*\*\*] days following the Effective Date (which period may be extended by the mutual written agreement of the Parties), Nippon Kayaku shall provide Adlai Nortye with written notice (the “**Competition Law Notice**”) identifying any filings, submissions, approvals or consents that are required under applicable Competition Laws, if any, in connection with the execution, delivery and performance of this License Agreement (“**Required Antitrust Approvals**”). The Parties agree to prepare and make appropriate filings and seek any Required Antitrust Approvals as soon as reasonably practicable following delivery of such written notice by Nippon Kayaku to Adlai Nortye. The Parties shall, and shall cause their Affiliates to, promptly cooperate with each other and their Affiliates and provide such information and assistance as may be reasonably requested by the other in connection with any such filings or other actions contemplated by any Competition Law, and to use Commercially Reasonable Efforts to obtain applicable approvals or the termination or expiration of any applicable waiting period under such Competition Laws. In connection with and without limiting the foregoing, the Parties shall and shall cause their respective Affiliates to, subject to applicable Law and except as prohibited by any applicable Governmental Entity:

(a) promptly notify the other Party of any written communication to that Party or its Affiliates from any Governmental Entity concerning this License Agreement or the transactions contemplated hereby, and permit the other Party to review in advance (and to consider any comments made by the other Party in relation to) any proposed written communication to any of the foregoing; and

(b) not agree to participate or participate in any substantive meeting with any Governmental Entity in respect of any filings, investigation or inquiry concerning this License Agreement or the transactions contemplated hereby unless it consults with the other Party in advance and, to the extent permitted by such Governmental Entity, gives the other Party the opportunity to attend and participate; and furnish the other Party (through outside counsel) with copies of all correspondence, filings and written communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective representatives on the one hand, and any Governmental Entity, or members of their respective staffs on the other hand, with respect to this License Agreement and the transactions contemplated hereby.

In the event that a provision of this License Agreement needs to be deleted or substantially revised in order to obtain clearance under applicable Competition Laws for the transactions contemplated hereby, the Parties will negotiate in good faith to reach agreement on the language contained in the particular provision in question; provided, that neither Party shall be obligated to agree to modify or amend this License Agreement to the extent that this would materially alter the Parties’ rights and obligations hereunder or thereunder.

## **10. REPRESENTATIONS AND WARRANTIES**

**10.1 Representations and Warranties by Each Party.** Each Party represents and warrants to the other, as of the Effective Date, that:

(a) it is a company duly organized, validly existing, and in good standing under the Laws of its jurisdiction of formation;

(b) it has full corporate power and authority to execute, deliver, and perform this License Agreement and has taken all corporate action required by Law and its organizational documents to authorize the execution and delivery of this License Agreement and the consummation of the transactions contemplated by this License Agreement;

(c) this License Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms; and

(d) the execution, delivery and performance by of this License Agreement, and consumption by it of the transactions contemplated hereby, do not and will not violate, conflict with, result in a breach or termination of, or constitute a default under (or event which, with notice, lapse of time or both, would constitute a default under), any permit, contract, or arrangement to which it or any of its Affiliates is a party or by which any of its properties or business are bound.

**10.2 Adlai Nortye Representations and Warranties.** Adlai Nortye hereby represents and warrants to Nippon Kayaku, that as of the Effective Date:

(a) all agreements to which Adlai Nortye is a party under which Adlai Nortye received a license (or sublicense) of rights to the Licensed Patents that Cover the Licensed Product including the Novartis Agreement (“**Existing Agreements**”) are in full force and effect; no written notice has been delivered to Adlai Nortye of any breach under any such Existing Agreements; no rights granted by Adlai Nortye herein are inconsistent with any Existing Agreement; and Adlai Nortye and its Affiliates are in material compliance with the Existing Agreements.

(b) **IP Claims.** Neither Adlai Nortye nor any of its Affiliates have, subsequent to [\*\*\*], received any written claim of ownership, inventorship or Patent infringement, or any other written claim of intellectual property misappropriation or violation, nor has any such written claim been threatened, from any Third Party with respect to the Licensed IP or Licensed Trademarks, nor has a Third Party initiated or threatened to initiate a lawsuit against Adlai Nortye or any of its Affiliates, in any case (i) challenging the ownership, validity or enforceability of any of the Licensed IP or Licensed Trademarks in the Field in the Territory, (ii) alleging that the license, use or practice of such Licensed IP or Licensed Trademark infringes, violates or misappropriates: (A) the intellectual property rights of any Person; or (B) the rights of any Third Party, or (iii) seeking to enjoin or restrain such license, use or practice.

(c) **No Additional IP.** To Adlai Nortye’s best knowledge, there is no intellectual property right, in particular no Patents, owned by or licensed to Adlai Nortye or its Affiliates other than the Licensed IP that is necessary or reasonably useful to Develop, Manufacture and Commercialize the Licensed Product in the Territory.

(d) **Legal Proceedings.** There are no legal Proceedings pending or threatened in writing against Adlai Nortye or any of its Affiliates, nor is Adlai Nortye or any of its Affiliates a party to any judgment or settlement, which would be reasonably expected to adversely affect or restrict the ability of Adlai Nortye to consummate the transactions contemplated under this License Agreement and to perform its obligations under this License Agreement.

### 10.3 Adlai Nortye Covenants.

(a) Adlai Nortye will not, and will cause its Affiliates not to (i) license, sell, assign or otherwise transfer to any Person any Licensed IP or Licensed Trademarks or (ii) incur or permit to exist, with respect to any Licensed IP or Licensed Trademarks, any lien, claim or encumbrance (including any breach of the Novartis Agreement), in each case in a manner that restricts, limits, revokes, invalidates or encumbers the exclusive rights granted to Nippon Kayaku under this License Agreement.

(b) If, during the Term, Adlai Nortye and/or its Affiliates create, generate or obtain any Patent owned or Controlled by Adlai Nortye and/or its Affiliates that is necessary or reasonably useful to Develop, Manufacture or Commercialize the Licensed Product in the Field in the Territory, Adlai Nortye shall promptly notify Nippon Kayaku in writing and discuss in good faith to include such Patent in the list on Schedule A attached hereto upon request of Nippon Kayaku.

(c) Adlai Nortye will not, and will cause its Affiliates not to, exercise its unilateral right to terminate the Novartis Agreement in accordance with Clause 13.4(b) of the Novartis Agreement without the prior written consent of Nippon Kayaku, such consent not to be unreasonably withheld, delayed or conditioned. In the event that Adlai Nortye terminates the Novartis Agreement with the prior written consent of Nippon Kayaku, this License Agreement will be assigned to Novartis, or Novartis would enter into a direct license agreement with Nippon Kayaku, in each case pursuant to Clause 13.6(b)(v) of the Novartis Agreement.

**10.4 Adlai Nortye Disclaimer.** Except as set forth above in Clause 10.2, ADLAI NORTYE MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED AND ASSUMES NO RESPONSIBILITY OR LIABILITY IN RESPECT OF THE LICENSED PRODUCT, BULK PRODUCT, LICENSED IP AND/OR ANY OTHER INTELLECTUAL PROPERTY RIGHTS OR THE APPLICATION, OPERATION, OWNERSHIP, NON-INFRINGEMENT OR USE THEREOF. IN NO EVENT SHALL ADLAI NORTYE'S TOTAL LIABILITY TO NIPPON KAYAKU FOR CLAIMS ARISING FROM OR RELATING TO THE BULK PRODUCTS EXCEED THE TOTAL AMOUNT PAID BY NIPPON KAYAKU TO ADLAI NORTYE UNDER THIS LICENSE AGREEMENT AND THE SUPPLY AGREEMENT, INCLUDING MILESTONE PAYMENTS AND ROYALTY PAYMENTS.

### 10.5 Nippon Kayaku Representations and Warranties.

Nippon Kayaku represents and warrants to Adlai Nortye, as of the Effective Date, that:

(a) Neither Nippon Kayaku, nor, to the actual knowledge of Nippon Kayaku, following reasonable investigation, (i) any employee, agent or subcontractor of Nippon Kayaku or its Affiliates, to be involved in the Development, Manufacture and/or Commercialization of the Compound or the Licensed Product as part of the global clinical trials of the Compound or the Licensed Product (which shall include those in the United States) has been debarred under Subsection (a) or (b) of Section 306 of the Federal Food, Drug and Cosmetic Act (21 U.S.C. 335a); (ii) no Person who is known by Nippon Kayaku to have been debarred under Subsection (a) or (b) of Section 306 of said Act will be employed by Nippon Kayaku in the performance of any activities hereunder to be conducted as part of the global clinical trials of the Compound or the Licensed Product (which shall include those in the United States); and (iii) to the actual knowledge of Nippon Kayaku, following reasonable investigation, no Person on any of the FDA clinical investigator enforcement lists (including, but not limited to, the (1) Disqualified/Totally Restricted List, (2) Restricted List and (3) Adequate Assurances List will participate in the performance of any activities under this License Agreement to be conducted as part of the global clinical trials of the Compound or the Licensed Product (which shall include those in the United States).



(b) **Permits.** Nippon Kayaku is a licensed pharmaceutical company which, together with its Affiliates and distributors, has the necessary resources, qualifications, permits and expertise to carry out its obligations under this License Agreement.

(c) **Regulatory Proceedings.** Nippon Kayaku is not and has not been (and has no Affiliates that are or have been) subject to any claims, litigation or proceedings by or with any Third Party (including investors, founders, employees, consultants and inventors) or investigation by local and/or Regulatory Authorities which would negatively impact Nippon Kayaku's ability to perform its obligations under this License Agreement.

(d) **Legal Proceedings.** There is no Legal Proceeding pending or threatened against Nippon Kayaku that challenges or seeks to prevent or enjoin the transactions contemplated by this License Agreement, nor is Nippon Kayaku a party to any judgment or settlement which would be reasonably expected to adversely affect or restrict the ability of Nippon Kayaku to perform its obligations under this License Agreement.

(e) **Financial Status.** Nippon Kayaku will have cash on hand to make the payments required under this License Agreement as and when they become due.

(f) **Competition Law Filings.** No filings, submissions, approvals or consents under applicable Competition Laws are required in connection with the execution, delivery and performance of this License Agreement except those that are identified by Nippon Kayaku pursuant to Clause 9.

**10.6 Mutual Disclaimer.** Except as otherwise expressly set forth in this License Agreement, NEITHER PARTY MAKES ANY REPRESENTATION OR EXTENDS ANY WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY THAT ANY PATENTS ARE VALID OR ENFORCEABLE, AND EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT. Without limiting the generality of the foregoing, each Party disclaims any warranties with regards to: (a) the success of any Development activities related to the Licensed Products; (b) the safety or usefulness for any purpose of the technology or materials, including the Compound or Licensed Product, it provides or discovers under this License Agreement; or (c) the validity, enforceability, or non-infringement of any intellectual property rights or technology it provides or licenses to the other Party under this License Agreement.

**10.7 Special, Indirect and Other Losses.** Except for claims arising out of a Party's intentional breach or gross negligence, or a Party's breach of Clause 14 or to the extent a Party seeking indemnification is actually liable to a Third Party for the following types of Losses, TO THE MAXIMUM EXTENT PERMITTED BY LAW NO PARTY NOR ANY OF ITS AFFILIATES SHALL BE LIABLE IN CONTRACT, TORT, NEGLIGENCE, BREACH OF STATUTORY DUTY OR OTHERWISE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR FOR ANY ECONOMIC LOSS, DIMINUTION IN VALUE OR FOR ANY CONSEQUENTIAL OR INDIRECT LOSS WHATSOEVER, INCLUDING LOSS OF PRODUCTION, LOSS OF USE, LOSS OF CONTRACTS AND LOSS OF PROFITS SUFFERED BY ANY OTHER PARTY.

Nothing in this Clause 10.7 (or the fact that certain payments are described as non-refundable, non-creditable) is intended to affect the Milestone Payments or Royalty Payments due and payable by Nippon Kayaku to Adlai Nortye pursuant to Clause 6, including Adlai Nortye's right to bring a claim to recover the Milestone Payments or Royalty Payments in the event that they are not paid in accordance with the terms of this License Agreement. No Party excludes any liability for death or personal injury caused by its negligence or that of its employees, agents or subcontractors.

**10.8 Survival.** The representations and warranties made by the Parties and contained in this License Agreement shall survive the Effective Date for, and all Claims for indemnification in connection therewith shall be asserted not later than, [\*\*\*] following the Effective Date. Notwithstanding the foregoing, if, prior to the close of business on the last day a claim for indemnification may be asserted hereunder, an Indemnifying Party shall have been properly notified of a Claim for indemnity hereunder and such Claim shall not have been finally resolved or disposed of at such date, such Claim shall continue to survive and shall remain a basis for indemnity hereunder until such Claim is finally resolved or disposed of in accordance with the terms hereof.

## **11. INDEMNIFICATION.**

**11.1 Indemnification Obligations of Adlai Nortye.** Adlai Nortye shall indemnify and hold Nippon Kayaku, its Affiliates and its respective officers, directors, agents and employees ("Nippon Kayaku Indemnitees") harmless from and against any and all Losses arising out of or resulting from any claim, demand, action, suit or proceeding ("Claim") against or incurred by any Nippon Kayaku Indemnitee to the extent arising or resulting from:

- (a) any material breach of any representation or warranty of Adlai Nortye set forth in this License Agreement;
- (b) any breach of any covenant, agreement or undertaking made by Adlai Nortye in this License Agreement;
- (c) the manufacturing or supply of the Bulk Products for Nippon Kayaku in the Territory by Adlai Nortye or its Affiliates, sublicensees or Third Party contractors;

(d) the Development, Manufacturing, or Commercialization of the Compound and/or Licensed Product in the Field in the Territory prior to the Effective Date by Adlai Nortye, its Affiliates, sublicensees or Third Party contractors; or

(e) any act or omission of Adlai Nortye or its Affiliates or any of their respective officers, directors, agents or employees constituting gross negligence or willful misconduct and relating to the activities in connection with this License Agreement;

provided, however, that such indemnity shall not apply to the extent Nippon Kayaku has an indemnification obligation pursuant to Clause 11.2 for such damages or claims.

**11.2 Indemnification Obligations of Nippon Kayaku.** Nippon Kayaku shall indemnify and hold Adlai Nortye, its Affiliates and their respective officers, directors, agents and employees (“**Adlai Nortye Indemnitees**”) harmless from and against any and all Losses arising out of or resulting from any Claim against or incurred by any Adlai Nortye Indemnitee to the extent arising or resulting from:

(a) any material breach of any representation or warranty of Nippon Kayaku set forth in this License Agreement;

(b) any breach of any covenant, agreement or undertaking made by Nippon Kayaku, its Affiliates or sublicensee in this License Agreement;

(c) the Development, Manufacturing, or Commercialization of the Licensed Product in the Field in the Territory or the manufacturing (under Clause 8.2) of the Bulk Product in the Field in the Territory after the Effective Date by Nippon Kayaku, its Affiliates, sublicensees or Third Party contractors; or

(d) any act or omission of Nippon Kayaku or its Affiliates or any of their respective officers, directors, agents or employees or sublicensees constituting gross negligence or willful misconduct and relating to the activities in connection with this License Agreement;

provided, however, that such indemnity shall not apply to the extent Adlai Nortye has an indemnification obligation pursuant to Clause 11.1 for such damages or claims.

**11.3 Insurance.** As of the Effective Date, each Party shall maintain insurance with creditworthy insurance companies, in accordance with applicable Laws, against such risks and in such amounts as are usually maintained or insured against by such Party.

**11.4 Indemnification Procedure.**

(a) For the avoidance of doubt, all Claims in respect of an Adlai Nortye Indemnitee or Nippon Kayaku Indemnitee shall be made solely by Adlai Nortye or Nippon Kayaku, respectively.

(b) A Party seeking indemnification hereunder (“**Indemnified Party**”) shall notify the other Party (“**Indemnifying Party**”) in writing promptly after the assertion against the Indemnified Party of any Claim or fact in respect of which the Indemnified Party intends to base a claim for indemnification hereunder (“**Indemnification Claim Notice**”), but the failure or delay to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any obligation or liability that it may have to the Indemnified Party, except to the extent that the Indemnifying Party demonstrates that its ability to defend or resolve such Claim is adversely affected thereby. The Indemnification Claim Notice shall contain a description of the Claim and the nature and amount of the Claim (to the extent that the nature and amount of such Claim is known at such time). Upon the request of the Indemnifying Party, the Indemnified Party shall furnish promptly to the Indemnifying Party copies of all correspondence, communications and official documents (including court documents) received or sent in respect of such Claim.

(c) Subject to the provisions of paragraph (f) below, the Indemnified Party shall not make any admission of liability, conclude any settlement or other agreement in relation to such liability or make any compromise with any Person, body or authority in relation to such liability without the prior written consent of the Indemnifying Party.

(d) Subject to the provisions of paragraphs (e) and (f) below, the Indemnifying Party shall have the right, upon written notice given to the Indemnified Party within [\*\*\*] days after receipt of the Indemnification Claim Notice to assume the defense and handling of such Claim, at the Indemnifying Party’s sole expense, in which case the provisions of paragraph (e) below shall govern. The assumption of the defense of a Claim by the Indemnifying Party shall not be construed as acknowledgement that the Indemnifying Party is liable to indemnify the Indemnified Party in respect of the Claim, nor shall it constitute a waiver by the Indemnifying Party of any defenses it may assert against the Indemnified Party’s claim for indemnification. In the event that it is ultimately decided that the Indemnifying Party is not obligated to indemnify or hold the Indemnified Party harmless from and against the Claim, the Indemnified Party shall reimburse the Indemnifying Party for any and all reasonable and justifiable costs and expenses (including attorneys’ fees and costs of suit) incurred by the Indemnifying Party in its defense of the Claim. If the Indemnifying Party does not give written notice to the Indemnified Party, within [\*\*\*] days after receipt of the Indemnification Claim Notice, of the Indemnifying Party’s election to assume the defense and handling of such Claim, the provisions of paragraph (f) below shall govern.

(e) Upon assumption of the defense of a Claim by the Indemnifying Party: (i) the Indemnifying Party shall have the right to and shall assume sole control and responsibility for dealing with the Claim; (ii) the Indemnifying Party may, at its own cost, appoint as counsel in connection with conducting the defense and handling of such Claim any law firm or counsel reasonably selected by the Indemnifying Party; (iii) the Indemnifying Party shall keep the Indemnified Party informed of the status of such Claim; and (iv) the Indemnifying Party shall have the right to settle the Claim on any terms the Indemnifying Party chooses; provided, however, that the Indemnifying Party shall not, without the prior written consent of the Indemnified Party, agree to a settlement of any Claim which could lead to liability or create any financial or other obligation on the part of the Indemnified Party for which the Indemnified Party is not entitled to indemnification hereunder or which admits any wrongdoing or responsibility for the claim on behalf of the Indemnified Party. The Indemnified Party shall cooperate with the Indemnifying Party and shall be entitled to participate in, but not control, the defense of such Claim with its own counsel and at its own expense. In particular, the Indemnified Party shall, at the Indemnifying Party’s expense, furnish such records, information and testimony, provide witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection therewith. Such cooperation shall include access during normal business hours by the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are reasonably relevant to such Claim, and making the Indemnified Party and its employees and agents available on a mutually convenient basis to provide additional information and explanation of any records or information provided.

(f) If the Indemnifying Party does not give written notice to the Indemnified Party as set forth in paragraph (d) or fails to conduct the defense and handling of any Claim in good faith after having assumed such, the Indemnified Party may, at the Indemnifying Party's expense, select counsel reasonably acceptable to the Indemnifying Party in connection with conducting the defense and handling of such Claim and defend or handle such Claim in such manner as it may deem appropriate. In such event, the Indemnified Party shall keep the Indemnifying Party timely apprised of the status of such Claim and shall not settle such Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld. If the Indemnified Party defends or handles such Claim, the Indemnifying Party shall cooperate with the Indemnified Party, at the Indemnified Party's request but at no expense to the Indemnified Party, and shall be entitled to participate in the defense and handling of such Claim with its own counsel and at its own expense.

**11.5 Mitigation of Loss.** Each Indemnified Party will take and will ensure that its Affiliates take all such reasonable steps and action as are necessary or as the Indemnifying Party may reasonably require in order to mitigate any Claims (or potential losses or damages) under this Clause 11. Nothing in this License Agreement shall or shall be deemed to relieve any Party of any common law or other duty to mitigate any losses incurred by it.

## **12. PROSECUTION, ENFORCEMENT AND DEFENSE OF PATENTS.**

### **12.1 Patent Filings, Prosecution and Maintenance of Licensed IP.**

(a) **Cooperation.** The Parties agree to cooperate in the Prosecution of all Patents under this Clause 12, including obtaining and executing necessary powers of attorney and assignments by the named inventors, providing relevant technical reports to the filing Party concerning the invention disclosed in such Patents and Patent applications, obtaining execution of such other documents which are needed in the Prosecution of such Patents and Patent applications, and shall cooperate with the other Party so far as reasonably necessary with respect to furnishing all information and data in its possession reasonably necessary to obtain or Prosecute such Patents and Patent applications.

(b) **Licensed Patents.** Adlai Nortye shall have the first right and option (but not the obligation) to Prosecute the Licensed Patents, in the Territory at its sole cost and expense (including attorneys' fees and internal costs incurred in connection therewith), and to control any interferences, oppositions, reissue proceedings, reexaminations, post-grant proceedings and any other similar proceeding relating thereto and will keep Nippon Kayaku informed of the status of such Licensed Patents. Nippon Kayaku understands that should Adlai Nortye elect not to Prosecute or fails to Prosecute any such Licensed Patent owned or registered to Adlai Nortye, Novartis, and not Nippon Kayaku shall have the first right of refusal with respect to the continued Prosecution of such Patent. If both Adlai Nortye and Novartis elect not to Prosecute or fails to Prosecute any such Licensed Patent owned or registered to Adlai Nortye, then Nippon Kayaku shall have the right and option (but not the obligation) to Prosecute such Licensed Patent in its name, at its sole cost and expense [\*\*\*]

(c) **Joint IP.** Subject to any joint application agreement that may be entered into between the Parties from time to time, Adlai Nortye shall Prosecute the Joint IP in the name of and for the benefit of both Parties in and outside the Territory at its sole cost and expense (including attorneys' fees and internal costs incurred in connection therewith), and control any interferences, oppositions, reissue proceedings, reexaminations, post-grant proceedings and any other similar proceeding relating thereto and will keep Nippon Kayaku informed of the status of such Joint IP; provided that (i) Nippon Kayaku shall always be given an opportunity, reasonably in advance, to review any filings, submissions and communications (including the filing of an application, amendment, challenge, opposition, claim or withdrawal) with the relevant patent office or other competent Governmental Entity with respect to such Prosecution and have its opinions reflected onto such filings, submissions and communications, and (ii) the portion of the costs and expenses regarding such patents for the Joint IP reasonably attributable to the rights in the Territory shall be reimbursed to Adlai Nortye by Nippon Kayaku.

## 12.2 Enforcement of Licensed IP.

(a) If either Party learns of any infringement, potential infringement, violation or potential violation by a Third Party of any Licensed IP in the Territory, it shall notify the other Party as soon as practicable. Thereafter, Adlai Nortye shall have the sole right (but not the obligation) to take the appropriate steps to enforce or defend all Licensed Patents against Third Parties. Any settlements, damages or other monetary awards relating to such infringement or violation by a Third Party of any Licensed Patents (a "**Recovery**") recovered by either Party shall be forwarded to Nippon Kayaku and any such Recovery pursuant to a suit, action or proceeding brought pursuant to this Clause 12.2(a) will be allocated first to reasonable costs and expenses of such Party, and second, all remaining Recoveries (if recovered initially by Adlai Nortye, to the extent forwarded to Nippon Kayaku pursuant to the foregoing) that are allocable to lost sales shall be deemed Net Sales for all purposes hereunder (including Royalties and Sales Milestones), with Adlai Nortye receiving an applicable royalty amount, and any amounts remaining or not allocated to lost sales or profits shall be allocated equally between Adlai Nortye and Nippon Kayaku.

(b) If Novartis or Adlai Nortye brings any suit, action or proceeding with respect to any infringement, potential infringement, violation or potential violation by a Third Party of any Licensed IP in the Territory, if necessary to prosecute the suit, action or proceeding Nippon Kayaku agrees to be joined as party plaintiff and to give Novartis or Adlai Nortye or reasonable authority to file and prosecute the suit, action or proceeding; provided, however, that Nippon Kayaku will not be required to transfer any right, title or interest in or to any property to Novartis or Adlai Nortye to confer standing hereunder. Nippon Kayaku will provide reasonable assistance to Novartis and Adlai Nortye, as applicable, including by providing access to relevant documents and other evidence and making its employees available, subject to reimbursement of any reasonable out-of-pocket costs incurred in providing such assistance. If Novartis or Adlai Nortye, as applicable elects not to bring any such action, Nippon Kayaku will be promptly notified. Nippon Kayaku shall have no right to enforce the Licensed IP against any Third Party, however, should Nippon Kayaku desire to bring any suit, action or proceeding under this Clause 12.2 it shall request consent from Adlai Nortye to bring suit. Adlai Nortye shall reasonably grant or deny such consent with forty-five (45) days of receiving Nippon Kayaku's request for consent

**12.3 Enforcement of Nippon Kayaku Technology.** If either Party learns of any infringement or violation by a Third Party of any Nippon Kayaku Technology in the Territory in the Field, it shall notify the other Party as soon as practicable. Thereafter, Nippon Kayaku shall have the sole right to (a) enforce all Nippon Kayaku Technology against Third Parties in the Territory in the Field and (b) retain any settlements, damages or other monetary awards recovered pursuant to a suit, action or proceeding brought pursuant to this Clause 12.3.

**12.4 Defense of Infringement Claims of Licensed IP.** If any Third Party asserts a claim, demand, action, suit or proceeding against a Party (or any of its Affiliates), alleging that any Licensed Product or the use or practice of the Licensed Know-How infringes, misappropriates or violates the Intellectual Property Rights of any Person (any such claim, demand, action, suit or proceeding being referred to as an “**Infringement Claim**”), the Party first having notice of the Infringement Claim shall promptly notify the other Party thereof in writing specifying the facts, to the extent known, in reasonable detail and the following shall apply:

(a) In the case of any such Infringement Claim against either Party individually or against both Parties, in each case, with respect to the Licensed Product in the Field in the Territory, Adlai Nortye shall assume control of the defense of such Infringement Claim. Nippon Kayaku, upon request of Adlai Nortye and if required by applicable Law, agrees to join in any such litigation at Adlai Nortye’s expense, and in any event to reasonably cooperate with Adlai Nortye at Adlai Nortye’s expense. Nippon Kayaku will have the right to consult with Adlai Nortye concerning such Infringement Claim and to participate in and be represented by independent counsel in any litigation in which Adlai Nortye is a party, at its own expense. Adlai Nortye shall not have the right to settle any Infringement Claim without the written consent of Nippon Kayaku.

(b) During the period in which such Infringement Claim is pending and following the resolution thereof, Adlai Nortye shall bear reasonable costs incurred in connection therewith (including litigation costs, attorneys fees, costs of settlement) including damage awards, and any other payment resulting therefrom. In the event Nippon Kayaku is required to obtain a license from any unaffiliated third party or parties under any patent or other intellectual property right of such third party or parties, Adlai Nortye shall further be solely responsible for any costs, fees, royalties, damages or other payments associated with such license; provided that, Nippon Kayaku shall reimburse Adlai Nortye within ninety (90) days for all such costs to the extent the Infringement Claim is based solely on Nippon Kayaku’s or its Affiliates’ Manufacturing, Commercialization or Development of the Licensed Product in the Territory or manufacturing (under Clause 8.2) of the Bulk Product in the Territory.

**12.5 Enforcement of Joint IP.** If either Party learns of any infringement or violation by a Third Party of any Joint IP, it shall notify the other Party as soon as practicable. Thereafter, the Parties shall cooperate to enforce and defend all Joint IP against Third Parties.

### **13. EFFECTIVE DATE, TERM AND TERMINATION**

**13.1 Term.** As of the Effective Date, and unless earlier terminated pursuant to this Clause 13, this License Agreement shall remain in full force and effect as follows (the “**Term**”):

(a) on a Licensed Product-by-Licensed Product basis, this License Agreement shall expire on the date of the expiration of all applicable Royalty Payment Periods with respect to such Licensed Product in the Territory; and

(b) in its entirety upon the expiration of all applicable Royalty Payment Periods under this License Agreement with respect to all Licensed Products in the Territory.

#### **13.2 Rights of Termination.**

(a) **Termination for Material Breach.** Either Party may terminate this License Agreement in its entirety, immediately upon notice to the other Party, in the event that such other Party commits a material breach of this License Agreement that is not cured within [\*\*\*] days after such Party receives written notice from the non-breaching Party, which notice shall specify the nature of the breach. Failure to comply with any payment obligation, shall constitute a material breach of this License Agreement.

(b) **Termination for Convenience.** Nippon Kayaku may terminate this License Agreement in its entirety, in its sole discretion and without consequence upon at least [\*\*\*] days’ prior written notice to Adlai Nortye.

(c) **Insolvency.** Adlai Nortye may terminate this License Agreement by written notice upon the occurrence of an Insolvency Event.

**13.3 Surviving Rights and Obligations.** Any provisions required for the interpretation or enforcement of this License Agreement shall survive the expiration or termination of this License Agreement (whether such termination occurs before or after the Effective Date). Expiration or termination of this License Agreement shall not relieve any Party of any obligations that are expressly indicated to survive expiration or termination or that accrued prior to the expiration or termination. Except as otherwise expressly provided, expiration or termination of this License Agreement for any reason shall be without prejudice to any rights that shall have accrued to the benefit of any Party prior to such expiration or termination. Without limiting the forgoing, if the expiration or termination of this License Agreement occurs on or after the Effective Date, the provisions of Clauses 1, 2.2, 2.5, 2.6 (in the case of expiration), 5, 6 (with respect to payment obligations that accrued prior to the effective date of termination or that accrue pursuant to Clause 13.4), 6.3(f), 7 (with respect to payment obligations that accrued prior to the effective date of termination or that accrue pursuant to Clause 13.4), 8.2, 9.2, 10.4, 10.6, 10.7, 10.8, 11, 13, 14, 15 and 16 shall survive such expiration or termination.



#### 13.4 Effect of Termination or Expiration.

(a) **Effect of Expiration.** After the expiration of the Term pursuant to Clause 13.1 above, the following terms shall apply:

(i) After expiration of all applicable Royalty Payment Periods (but not after early termination) with respect to a Licensed Product in the Territory pursuant to Clause 13.1(a), Nippon Kayaku shall have the license rights set forth in Clause 6.3(f) with respect to such Licensed Product in the Territory.

(ii) After expiration of all applicable Royalty Payment Periods (but not after early termination) with respect to this License Agreement in its entirety pursuant to Clause 13.1(b), Nippon Kayaku shall have the license rights set forth in Clause 6.3(f) with respect to all Licensed Products in the Territory.

(b) **Effect of Termination.**

(i) In the event of termination of this License Agreement for any reason, subject to Clause 13.4(b)(ii) and 13.4(b)(iii), upon the effective date of such termination, all rights and licenses granted to Nippon Kayaku under this License Agreement shall terminate, Nippon Kayaku shall cease any and all Development, Manufacture and Commercialization activities with respect to all Licensed Products, and all rights and licenses granted to Nippon Kayaku (including the license granted pursuant to Clause 2) shall revert to Adlai Nortye.

(ii) Notwithstanding anything to the contrary in this Clause 13.4(b), if the termination of this License Agreement for any reason occurs after the First Commercial Sale of the Licensed Product in the Territory, Nippon Kayaku shall have the right to continue to Manufacture and Commercialize the Licensed Product in the ordinary course of business in the Territory to fulfil its regulatory responsibilities as the holder of the Regulatory Approval until the transfer and assignment of the Regulatory Approval pursuant to Clause 13.4(c)(iii) is completed, and the rights and licenses granted to Nippon Kayaku (including the license granted pursuant to Clause 2) shall continue in full force until such time (subject to Nippon Kayaku's continued payment obligations under this License Agreement). Adlai Nortye shall cooperate with Nippon Kayaku in fulfilling such regulatory responsibilities and, as soon as reasonably practicable, establish all necessary systems to assume the Regulatory Approval and regulatory responsibilities associated with the Regulatory Approval in the Territory in accordance with the applicable Law.

(iii) In the case of termination by Nippon Kayaku under Clause 13.2(a), if Nippon Kayaku desires to continue the Licensed Product Activities in the Territory, Adlai Nortye shall discuss the same in good faith with Nippon Kayaku, and shall, in accordance with the reasonable instructions of Nippon Kayaku, use reasonable efforts to request that Novartis enter into a direct license agreement with Nippon Kayaku on similar terms under this License Agreement.

(iv) For clarity, any payment obligations that result in payments owed prior to the effective date of the termination shall become due and payable on the effective date of the termination.

(c) In the event of termination of this License Agreement:

(i) Nippon Kayaku shall provide to Adlai Nortye a fair and accurate summary report of the status of the Development and Commercialization of each Licensed Product through the effective date of termination (or, in the case of Clause 13.4(b)(ii), the completion date of the transfer and assignment of the Regulatory Approval) within [\*\*\*] days after such termination (or, in the case of Clause 13.4(b)(ii), [\*\*\*] days after such completion date of the transfer and assignment of the Regulatory Approval).

(ii) Subject to Clause 13.4(b)(ii), Nippon Kayaku shall use Commercially Reasonable Efforts to transfer and assign to Adlai Nortye, and does hereby transfer and assign to Adlai Nortye all of its and its Affiliates' rights, title, and interests in and to any Product Trademarks. This shall be completed in accordance with applicable Laws. Further, Nippon Kayaku agrees to grant and hereby grants to Adlai Nortye a non-exclusive, worldwide, perpetual, irrevocable, royalty-free, fully-paid license, with the right to grant sublicenses to its Affiliates and Third Parties (through multiple tiers), under the Nippon Kayaku Technology used as of the effective date of termination of this License Agreement, solely to the extent necessary to continue to Develop, Manufacture and Commercialize the Licensed Products in the Field in the Territory.

(iii) Subject to Clause 13.4(b)(ii), Nippon Kayaku shall, as soon as reasonably practicable, transfer and assign to Adlai Nortye, and does hereby assign to Adlai Nortye all Regulatory Documentation and other documented technical and other information or materials owned or Controlled by Nippon Kayaku or its Affiliates, in each case, to the extent related to a Licensed Product in the Field in the Territory and necessary for Developing, Manufacturing, or Commercializing any Licensed Product in the Territory. All such transfers shall be completed in accordance with applicable Laws. In the event that such a transfer is not possible, Nippon Kayaku shall use reasonable endeavors to ensure that Adlai Nortye or its designee has the benefit of the existing Regulatory Approvals and applications for the same for Licensed Products in the Territory, and Nippon Kayaku shall grant and does hereby grant Adlai Nortye such rights to cross-reference the data and information on file with Regulatory Authorities in the Territory as may be necessary to facilitate the granting of separate Regulatory Approvals to Adlai Nortye.

(iv) Subject to Clause 13.4(b)(ii), Adlai Nortye shall have the option, exercisable within [\*\*\*] days following the effective date of such termination, to purchase Nippon Kayaku's inventory of Licensed Products for Nippon Kayaku's costs in production of such inventory, plus [\*\*\*]. Adlai Nortye may exercise such option by written notice to Nippon Kayaku during such [\*\*\*] day period; provided, that in the event Adlai Nortye exercises such right, Nippon Kayaku shall grant, and hereby does grant to Adlai Nortye a royalty-free right and license to any trademarks, names, and logos of Nippon Kayaku or its Affiliates contained therein for a period of [\*\*\*] months to permit the orderly sale of such inventory.

(v) Any and all sublicense agreements entered into by Nippon Kayaku or any of its Affiliates with a sublicensee pursuant to this License Agreement shall survive the termination of this License Agreement, except to the extent that any such sublicensee under any sublicense is in material breach of this License Agreement or such sublicense, or Adlai Nortye elects to grant such sublicensee a direct license of the sublicensed rights on the same terms applicable to Nippon Kayaku under this License Agreement. Nippon Kayaku shall, at the request of Adlai Nortye, assign any such sublicense (to the extent not terminated pursuant to the preceding sentence) to Adlai Nortye or its designee and, upon such assignment, Adlai Nortye or its designee, as applicable, shall assume such sublicense, as applicable; provided, that at Adlai Nortye's request, Nippon Kayaku shall promptly provide to Adlai Nortye copies of each such sublicense for purposes of Adlai Nortye determining whether to instruct Nippon Kayaku to assign such sublicense.

(vi) Each Party shall return or destroy all confidential Information of the other Party according to Clause 14, including all copies thereof and all materials, substances and compositions delivered or provided or created hereunder, except that if required by applicable Law, such Party may keep one copy of such confidential Information in its legal files for the purpose of enabling it to comply with the provisions of this License Agreement.

(d) Termination is not the sole remedy under this License Agreement, and, whether or not termination is effected and notwithstanding anything contained in this License Agreement to the contrary, all other remedies under applicable Laws will remain available except as otherwise agreed to herein.

#### 14. CONFIDENTIALITY

**14.1 Duty of Confidence; Non-Use.** During the Term and for [\*\*\*] years thereafter, all Information provided by or on behalf of a Party (the “**Disclosing Party**”) to the other Party or its Affiliates (the “**Recipient Party**”) will be maintained by the Recipient Party in confidence and otherwise safeguarded by the Recipient Party using at least the same standard of care as the Recipient Party uses to protect its own proprietary or confidential Information and in no event less than reasonable care. The Recipient Party may only use the Disclosing Party’s Information strictly for the purposes of performing its obligations or exercising its rights under this License Agreement.

**14.2 Exceptions.** The obligations under this Clause 14 shall not apply to any Information to the extent the Recipient Party can demonstrate by competent evidence that such Information:

(a) is (at the time of disclosure) or becomes (after the time of disclosure) known to the public or part of the public domain through no breach of this License Agreement by the Recipient Party or its Affiliates, and in the case of Nippon Kayaku, its Affiliates and sublicensees;

(b) was known to, or was otherwise in the possession of, the Recipient Party or its Affiliates, prior to the time of disclosure by the Disclosing Party or any of its Affiliates;

(c) prior to the time of disclosure by the Disclosing Party, is disclosed to the Recipient Party (or an Affiliate) on a non-confidential basis by a Third Party who is entitled to disclose it without breaching any confidentiality obligation to the Disclosing Party (or any of its Affiliates); or

(d) is independently developed by or on behalf of the Recipient Party (or its Affiliates), as evidenced by its contemporaneous written records, without use of or reference to the Information disclosed by the Disclosing Party or its Affiliates under this License Agreement.

Specific aspects or details of Information shall not be deemed to be within the public domain or in the possession of the Recipient Party merely because the Information is embraced by more general information in the public domain or in the possession of the Recipient Party. Further, any combination of Information shall not be considered in the public domain or in the possession of the Recipient Party merely because individual elements of such Information are in the public domain or in the possession of the Recipient Party unless the combination and its principles are in the public domain or in the possession of the Recipient Party.

#### **14.3 Authorized Disclosures.**

(a) The Recipient Party may disclose the Disclosing Party's Information to the extent such disclosure is necessary in connection with Regulatory Filings or Patent filings, and with respect to Nippon Kayaku, provided that any such disclosures by Nippon Kayaku are made solely in connection with the Licensed Product in the Field in the Territory.

(b) The Recipient Party may disclose the Disclosing Party's Information to the extent such disclosure is necessary to prosecute or defend litigation as permitted by this License Agreement.

(c) In the event the Recipient Party is required to disclose Information of the Disclosing Party by Law or in connection with bona fide court orders or governmental regulation such disclosure shall not be a breach of this License Agreement; provided that the Recipient Party (i) informs the Disclosing Party as soon as reasonably practicable of the required disclosure; (ii) limits the disclosure to the required purpose; and (iii) at the Disclosing Party's request and expense, assists in an attempt to object to or limit the required disclosure.

(d) The Recipient Party may disclose the Disclosing Party's Information to its sublicensees (in the case of Nippon Kayaku), employees, contractors, consultants, attorneys, and advisers who, in each case, have a need to know such Information for the purposes of the Recipient Party performing its obligations or exercising its rights under this License Agreement; provided that such Persons are bound to maintain the confidentiality of such Information in a manner consistent with the confidentiality provisions of this License Agreement.

**14.4 Ongoing Obligation for Confidentiality.** The obligation of this Clause 14 shall apply during the Term and for [\*\*\*] years thereafter, subject to the other provisions of this License Agreement; except that with respect to any Information which constitutes a trade secret under applicable Laws, the duty of confidence set forth herein shall remain valid so long as such Information qualifies as a trade secret under applicable Laws. Upon termination or expiration of this License Agreement for any reason, each Party and its Affiliates shall immediately (i) return to the other Party or destroy any Information supplied or disclosed by the other Party together with all hard copies thereof, except for such copies as must be retained pursuant to applicable Law and one copy which may be retained in its confidential files strictly for archival purpose; (ii) destroy all notes and all summaries or extracts in any medium prepared by or on behalf of recipient derived from this Information; and (iii) use all reasonable efforts to procure that all Third Parties, to which this Information was disclosed, destroy or erase any Information contained in any materials and documentation recorded in any memory device; provided, however, that (i) the foregoing shall not apply to Nippon Kayaku in the case of expiration of this License Agreement and termination of this License Agreement by Nippon Kayaku pursuant to Clause 13.2(a), and (ii) Nippon Kayaku may use all Information pursuant to this Clause 14 after expiration and termination of this License Agreement solely for the purpose of exercising or enjoying its rights under Clause 6.3(f).

15. **PRESS RELEASE**

15.1 **General Process.**

(a) **Disclosure of Terms of the License Agreement.** The terms of this License Agreement are the confidential Information of both Parties, and subject to the special authorized disclosure provisions set forth in this Clause 15, neither Party may issue any press release, trade announcement or make any other public announcement or statement with regard to the transactions contemplated by this License Agreement. If either Party desires to make a public disclosure concerning the terms of this License Agreement, such Party shall give the proposed text of such disclosure to the other Party reasonably in advance (but in any case no less than [\*\*\*] Business Days prior to the disclosure) for its prior review and approval (except as otherwise provided herein), which approval shall not be unreasonably withheld, delayed or conditioned. A Party commenting on such proposed disclosure shall provide its comments, if any, within [\*\*\*] Business Days after receiving the proposed disclosure for review (or such shorter period of time as necessitated by any applicable Law or Governmental Entity). In addition, where required by applicable Law, including regulations promulgated by applicable security exchanges, either Party shall have the right to make a press release or other public disclosure regarding the achievement of each milestone under this License Agreement as it is achieved, the achievements of Regulatory Approval in the Field in the Territory as they occur, or the occurrence of other events that affect either Party's rights or obligations under this License Agreement, including the results of any clinical trial of Licensed Products in the Field, or as otherwise required by such applicable Law; provided that such Party shall (to the extent practicable) first provide the proposed text of such disclosure to the other Party at least [\*\*\*] Business Days in advance, and the other Party shall provide its comments thereto within such [\*\*\*] Business Days. In relation to the other Party's review of such an announcement, such other Party may make specific, reasonable comments on such proposed press release within the prescribed time for commentary, and the Party seeking such announcement shall give due consideration to any reasonable comments timely provided by the other Party relating to such announcement.

(b) **Disclosure of Data and Results.** Notwithstanding Clause 15.1(a), Adlai Nortye shall not publish nor otherwise publicly disclose any data or results relating to the Compound and/or Licensed Product in the Territory without prior written consent of Nippon Kayaku. In the event that Adlai Nortye desires to make a public disclosure concerning the data or results of the Compound and/or Licensed Product in the Territory, Adlai Nortye shall give the proposed text of such disclosure to Nippon Kayaku reasonably in advance (but in any case no less than [\*\*\*] Business Days prior to the disclosure) for Nippon Kayaku's review, and shall give due consideration to any comments provided by Nippon Kayaku and remove any confidential Information of Nippon Kayaku. Nippon Kayaku may publish or otherwise publicly disclose any data or results generated in the course of the Licensed Product Activities in the Field in the Territory (including through a paper published by a researcher) without prior written consent of Adlai Nortye; provided, however, that if intended publication or disclosure contains Adlai Nortye's confidential Information, Nippon Kayaku shall give the proposed text of such disclosure to Adlai Nortye reasonably in advance (but in any case no less than [\*\*\*] Business Days prior to the disclosure) for Adlai Nortye's review, and shall give due consideration to any comments timely provided by Adlai Nortye and remove any confidential Information of Adlai Nortye at its request.

(c) Neither Party shall be required to seek the permission of the other Party to repeat any information regarding the terms of this License Agreement that has already been publicly disclosed by such Party, or by the other Party, in accordance with this Clause 15.

**15.2 SEC Disclosure.** Nippon Kayaku acknowledge that Adlai Nortye or its Affiliates may be obligated to file under applicable Laws a copy of this License Agreement with certain Governmental Entities, including, without limitation, the U.S. Securities and Exchange Commission. To the extent required by applicable Laws, Adlai Nortye, and its Affiliates shall be entitled to make such a required filing, provided that it requests confidential treatment of the commercial terms and sensitive technical terms hereof to the extent such confidential treatment is reasonably available. In the event of any such filing, Adlai Nortye shall provide Nippon Kayaku with a copy of this License Agreement marked to show provisions for which it intends to seek confidential treatment for Nippon Kayaku's review, and Adlai Nortye shall give due consideration to Nippon Kayaku's timely comments thereon to the extent consistent with Adlai Nortye's legal requirements.

## **16. MISCELLANEOUS**

**16.1 Governing Law; Venue.** This License Agreement shall be governed by and is construed under the Laws of New York, USA, without giving effect to the conflicts of Laws provision thereof, and without regard to the United Nations Convention on Contracts for the International Sale of Goods (Vienna Convention).

### **16.2 Assignment.**

(a) Except as expressly authorized under this License Agreement, neither Party may assign, transfer, license or otherwise encumber its rights and obligations under this License Agreement without the other Party's prior written consent, except that either Party may assign this License Agreement in its entirety to an Affiliate or a successor to all or substantially all of its business or assets to which this License Agreement relates or pursuant to a merger or consolidation (or similar transaction) of the assigning Party; provided in all cases, that any such permitted assignee shall assume all of the assigning Party's obligations under this License Agreement. Any attempted assignment in contravention of this Clause 16.2 shall be void and not binding to the other Party. Subject to the terms of this License Agreement, this License Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

(b) Any assignment by either Party will be subject to a written agreement that (i) requires the assignee to comply with all applicable obligations of this License Agreement and (ii) is not in conflict with any term of this License Agreement. Each Party shall undertake to enforce the provisions of any such assignment.

**16.3 Dispute Resolution.** Any unresolved disputes between the Parties relating to or arising out of this License Agreement, including any question regarding its existence, validity, and termination, or any term or condition hereof, or the performance by either Party of its obligations hereunder, whether before or after termination of this License Agreement, shall be referred to and resolved by final and binding arbitration. Whenever a Party shall decide to institute arbitration proceedings, it shall give written notice to that effect to the other Party. Arbitration shall be held in Singapore, according to the Arbitration Rules (“**SIAC Rules**”) of the Singapore International Arbitration Centre (“**SIAC**”), which rules are deemed to be incorporated by reference in this clause. The arbitration will be conducted by a panel of three (3) arbitrators; the party initiating arbitration (the “**Claimant**”) shall appoint its arbitrator in its request for arbitration (the “**Request**”). The other party (the “**Respondent**”) shall appoint its arbitrator within [\*\*\*] days after receipt of the Request and shall notify the Claimant of such appointment in writing. The two (2) arbitrators appointed by the Parties shall appoint a third (3rd) arbitrator as the chairperson of the arbitration panel within [\*\*\*] days after the Respondent has notified Claimant of the appointment of the Respondent’s arbitrator. If the Respondent fails to appoint an arbitrator within such [\*\*\*] day period, the SIAC shall have the right to appoint other two (2) arbitrators, in accordance with SIAC Rules, to establish the tribunal. If the two (2) arbitrators appointed by the Parties fail to appoint a third (3rd) arbitrator within [\*\*\*] days after the Respondent has notified Claimant of the appointment of the Respondent’s arbitrator, the SIAC shall appoint the third arbitrator, in accordance with SIAC Rules, to establish the tribunal. Each arbitrator shall have significant experience in the pharmaceutical business. The arbitrators shall render their opinion within [\*\*\*] days of the final arbitration hearing. Judgment on the award so rendered may be entered in any court of competent jurisdiction. The language of the arbitration shall be English.

**16.4 Injunctive Relief.** The Parties understand and agree that monetary damages may not be a sufficient remedy for breach of this License Agreement and that each Party will be entitled to seek equitable relief, including injunction and specific performance for any such breach. Nothing contained in this License Agreement shall be construed as limiting a Party’s right to any other remedies it may have under this License Agreement or in Law, including the recovery of damages for breach of this License Agreement.

**16.5 Force Majeure.** If and to the extent that any Party is prevented or delayed by Force Majeure from performing any of its obligations under this License Agreement and promptly so notifies the other Party in writing, specifying the matters constituting Force Majeure together with such evidence in verification thereof as it can reasonably give and specifying the period for which it is estimated that the prevention or delay will continue, then the Party so affected shall be relieved of liability to the other for failure to perform or for delay in performing such obligations (as the case may be), but shall nevertheless use its Commercially Reasonable Efforts to resume full performance thereof.

**16.6 Notices.** All notices, consents, waivers, and other communications under this License Agreement must be in writing and will be deemed to have been duly given when: (a) delivered by hand; (b) sent by email (with written confirmation of receipt (including automatically generated electronic return receipt)), provided that a copy is immediately sent by an internationally recognized overnight delivery service; or (c) received by the addressee, if sent by an internationally recognized overnight delivery service (which provides written verification of receipt), in each case to the appropriate addresses and email address set forth below (or to such other addresses and email address as a Party may designate by written notice):

If to Adlai Nortye:

Adlai Nortye Pte Ltd.  
Attn: [\*\*\*]  
Email: [\*\*\*]

With a copy to:

O'Melveny & Myers LLP  
Two Embarcadero Center, 28th Floor  
San Francisco, CA 94111  
Attention: [\*\*\*]  
Email: [\*\*\*]

If to Nippon Kayaku:

Nippon Kayaku Co., Ltd.  
  
1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, JAPAN  
Attn: [\*\*\*]  
Email: [\*\*\*]

If any such notice, consent, waiver or other communication under this License Agreement is delivered, sent or received pursuant to (a) through (c) above on a day which is not a Business Day, such notice, consent, waiver or other communication shall be deemed to be given on the immediately following Business Day. If either Party has sent a notice to the other Party pursuant to this Clause 16.6 and has not received a response from the other Party within a reasonable period of time, the Party may follow up with the other Party regarding the notice in order to facilitate communication between the Parties; provided, however, that such follow-up shall not affect the fact that the notice shall be deemed to have been duly given if any of the foregoing conditions are met. Each Party may change its address for purposes of this License Agreement by written notice to the other Party.

**16.7 Waiver and Amendments.** The failure of any Party to assert a right hereunder or to insist upon compliance with any term or condition of this License Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other Party. No waiver shall be effective unless it has been given in writing and signed by the Party giving such waiver. No provision of this License Agreement may be amended or modified other than by a written document signed by authorized representatives of each Party.

**16.8 Severability.** Without prejudice to any other rights that the Party may have pursuant to this License Agreement, every provision of this License Agreement is intended to be severable. If any provision of this License Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this License Agreement, which shall remain in full force and effect. The Parties hereto agree to consult each other and to agree upon a new stipulation which is permissible under applicable Laws and which comes as close as possible to the original purpose and intent of the invalid, void or unenforceable provision.



**16.9 Entire Agreement.** This License Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof.

**16.10 Relationship of the Parties.** Nothing contained in this License Agreement shall be deemed to constitute a partnership, joint venture, or legal entity of any type between the Parties, or to constitute one as the agent of the other. Moreover, each Party agrees not to construe this License Agreement, or any of the transactions contemplated hereby, as a partnership for any tax purposes. Each Party shall act solely as an independent contractor, and nothing in this License Agreement shall be construed to give any Party the power or authority to act for, bind, or commit the other.

**16.11 Expenses.** Except as otherwise expressly provided in this License Agreement, each Party shall pay the fees and expenses of its respective lawyers and other experts and all other expenses and costs incurred by such Party incidental to the negotiation, preparation, execution and delivery of this License Agreement.

**16.12 Further Assurances.** Each Party hereby covenants and agrees without the necessity of any further consideration, to execute, acknowledge and deliver any and all such other documents and take any such other action as may be reasonably necessary to carry out the intent and purposes of this License Agreement.

**16.13 Compliance with Law.** Each Party shall perform its obligations under this License Agreement in accordance with all applicable Laws. No Party shall, or shall be required to, undertake any activity under or in connection with this License Agreement which violates, or which it believes, in good faith, may violate, any applicable Law.

**16.14 Headings.** Titles or captions of clauses contained in this License Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this License Agreement or the intent of any provision hereof.

**16.15 English Language.** This License Agreement is written and executed in the English language. Any translation into any other language shall not be an official version of this License Agreement and in the event of any conflict in interpretation between the English version and such translation, the English version shall prevail. All communications and notices pursuant to and under this License Agreement shall be in the English language.

**16.16 Counterparts.** This License Agreement 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. In the sole case that a wet signature is delivered by an original, such signature shall create a valid and binding obligation of the Party executing (or on whose behalf such signature is executed). For clarity, this License Agreement may not be electronically signed or transmitted by facsimile, electronic mail or other means of electronic transmission and these shall not be deemed to have the same legal effect as delivery of an original executed copy of the License Agreement.

**[Remainder of Page Intentionally Left Blank; Signature Page Follows]**

The Parties to this License Agreement have caused this License Agreement to be executed and delivered as of the date first written above.

Nippon Kayaku:

Adlai Nortye:

**NIPPON KAYAKU CO., LTD.**

**ADLAI NORTYE PTE LTD.**

**By:**  
**Name: [\*\*\*]**  
**Title: [\*\*\*]**

**By:**  
**Name: [\*\*\*]**  
**Title: [\*\*\*]**

*[Signature Page to License Agreement]*

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**Schedule A**

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**Schedule B**

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**SUBSCRIPTION AGREEMENT**

This Subscription Agreement (this "Agreement") is made as of \_\_\_\_\_, 2023 by and between:

- (1) Adlai Nortye Ltd., an exempted company incorporated under the laws of the Cayman Islands (the "Company"); and
- (2) Nippon Kayaku Co., Ltd., a Japanese company with the registered address at 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, Japan (the "Purchaser").

The Purchaser on the one hand, and the Company on the other hand, are sometimes herein referred to each as a "Party," and collectively as the "Parties."

**WITNESSETH:**

WHEREAS, the Company filed a registration statement on Form F-1 (as may be amended from time to time, the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") in connection with the initial public offering (the "Offering") by the Company of American Depositary Shares ("ADS") representing Class A ordinary shares of par value US\$0.0001 per share, ("Ordinary Shares") of the Company as specified in the Registration Statement; and

WHEREAS, the Purchaser wishes to invest in the Company by acquiring Ordinary Shares in the Company in a transaction exempt from registration pursuant to Regulation S ("Regulation S") of the U.S. Securities Act of 1933, as amended (the "Securities Act");

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter set forth, the Parties hereto agree as follows:

**ARTICLE I****PURCHASE AND SALE**

Section 1.1 **Issuance, Sale and Purchase of Ordinary Shares.** Upon the terms and subject to the conditions of this Agreement, the Purchaser hereby agrees to purchase, and the Company hereby agrees to issue, sell and deliver to the Purchaser, at the Closing (as defined below), such number of Ordinary Shares that is equal to the quotient of the Purchase Price (as defined below) divided by the Offer Price (as defined below) (the "Purchased Shares") at a price per Ordinary Share equal to the Offer Price and for an aggregate purchase price of US\$40,000,000 (forty million US dollars) (the "Purchase Price"), free and clear of all liens or encumbrances (except for restrictions arising under the Securities Act or created by virtue of this Agreement or the Lock-up Agreement (as defined below)); provided, however, that (a) no fractional shares of Ordinary Shares will be issued as Purchased Shares, (b) any fractions shall be rounded down to the nearest whole number of Ordinary Shares, and (c) the Purchase Price will be reduced by the value of any such fractional share (as calculated on the basis of the Offer Price). The "Offer Price" means the price per ADS set forth on the cover of the Company's final prospectus in connection with the Offering divided by the number of Ordinary Shares represented by one ADS. The purchase, issuance, sale and delivery of the Purchased Shares shall be made pursuant to and in reliance upon Regulation S.

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Section 1.2 Closing.

(a) Closing. Subject to Section 1.3, the closing (the "Closing") of the sale and purchase of the Purchased Shares pursuant to Section 1.1 shall take place concurrently with the closing of the Offering at the same offices for the closing of the Offering or at such other place as the Company and the Purchaser may mutually agree with respect to the Purchased Shares. The date and time of the Closing are referred to herein as the "Closing Date."

(b) Payment and Delivery. At the Closing, the Purchaser shall pay and deliver the Purchase Price to the Company in U.S. dollars by wire transfer, or by such other method mutually agreeable to the Company and the Purchaser, of immediately available funds to such bank account designated in writing by the Company and reasonably acceptable by the Purchaser, and the Company shall deliver one or more duly executed share certificates in original form, registered in the name of the Purchaser, together with a certified true copy of the register of the members of the Company, evidencing the Purchased Shares being issued and sold to the Purchaser.

(c) Restrictive Legend. The certificate representing Purchased Shares shall be endorsed with the following legend (the "Restrictive Legend"):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE "ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED: (A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, (2) AN EXEMPTION OR QUALIFICATION UNDER THE ACT AND OTHER APPLICABLE SECURITIES LAWS OR (3) DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED; AND (B) WITHIN THE UNITED STATES OR TO ANY U.S. PERSON, AS EACH OF THOSE TERMS IS DEFINED IN REGULATIONS UNDER THE ACT, DURING THE 40 DAYS FOLLOWING CLOSING OF THE PURCHASE. ANY ATTEMPT TO TRANSFER, SELL, PLEDGE OR HYPOTHECATE THIS SECURITY IN VIOLATION OF THESE RESTRICTIONS SHALL BE VOID.

Section 1.3 Closing Conditions.

(a) Conditions to the Purchaser's Obligations to Effect the Closing. The obligation of the Purchaser to purchase and pay for the Purchased Shares as contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may only be waived in writing by the Purchaser in its sole discretion:

(i) All corporate and other actions required to be taken by the Company in connection with the issuance, sale and delivery of the Purchased Shares shall have been completed.

(ii) The representations and warranties of the Company to the Purchaser contained in Section 2.1 of this Agreement shall have been true and correct in all respects on the date of this Agreement and true and correct in all respects on and as of the Closing Date (except the representations and warranties contained in Section 2.1(i) shall be true and correct in all respects on and as of the Closing Date); and the Company shall have performed and complied in all respects with all, and not be in breach or default in any respects under any, agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date.

(iii) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement that are substantial in relation to the Company; and no action, suit, proceeding or investigation shall have been instituted by a governmental authority of competent jurisdiction or threatened that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the transactions contemplated by this Agreement, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement that are substantial in relation to the Company.

(iv) The Offering shall have been, or shall concurrently with the Closing be, completed.

(v) The ADSs shall have been listed on Nasdaq subject to official notice of issuance.

(vi) The underwriting agreement relating to the Offering shall have been entered into and have become effective.

(vii) The Company shall have delivered to the Purchaser documents certifying the satisfaction of each of subsections (i), (iv), (v) and (vi).

(b) Conditions to Company's Obligations to Effect the Closing. The obligation of the Company to issue and sell the Purchased Shares to the Purchaser as contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of each of the following conditions, any of which may be waived in writing by the Company in its sole discretion:

(i) The Lock-up Agreement shall have been executed and delivered by the Purchaser to the representatives of the underwriters for the Offering.

(ii) All corporate and other actions required to be taken by the Purchaser in connection with the purchase of the Purchased Shares shall have been completed.

(iii) The representations and warranties of the Purchaser contained in Section 2.2 of this Agreement shall have been true and correct on the date of this Agreement and in all respects on and as of the Closing Date; and the Purchaser shall have performed and complied in all respects with all, and not be in breach or default in any respect under any, agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date.

(iv) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement that are substantial in relation to the Company; and no action, suit, proceeding or investigation shall have been instituted by a governmental authority of competent jurisdiction or threatened that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the transactions contemplated by this Agreement, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement that are substantial in relation to the Company.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

Section 2.1 Representations and Warranties of the Company. The Company hereby represents and warrants to the Purchaser, as of the date hereof and as of the Closing Date, as follows:

(a) Due Formation. Each of the Company and its subsidiaries and consolidated affiliates (each a “Subsidiary” and collectively “Subsidiaries”) is a company duly incorporated as an exempted company with limited liability, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization as applicable and has been in continuous existence since its incorporation. Each of the Company and its Subsidiaries has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. The Company has full power and authority to enter into, execute and deliver this Agreement and each agreement, certificate, document and instrument to be executed and delivered by the Company pursuant to this Agreement and to perform its obligations hereunder. The execution and delivery by the Company of this Agreement and any agreements, certificates, documents and instruments to be executed and delivered by the Company pursuant to this Agreement, and the performance by the Company of its obligations hereunder, have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.



(d) Capitalization.

(i) The share capital of the Company (the "Company Capitalization") as of the date hereof is as set forth in Schedule A of this Agreement. No split, combination, or other restructuring with respect to the Ordinary Shares will be effected after the date hereof and at or prior to the Closing. All issued and outstanding Ordinary Shares and all issued and outstanding preferred shares of the Company are validly issued, fully paid and non-assessable.

(ii) All outstanding shares of capital stock of the Company (including Ordinary Shares), and all outstanding shares of capital stock of each of the Subsidiaries have been issued in compliance with (x) all applicable Securities Laws and other applicable laws and (y) all requirements set forth in applicable contracts, without violation of any preemptive rights, rights of first refusal or other similar rights. "Securities Laws" means the Securities Act, the Securities Exchange Act of 1934, as amended, the listing rules of, or any listing agreement with Nasdaq and any other applicable law regulating securities or takeover matters.

(iii) The rights of the Ordinary Shares to be issued to the Purchaser as Purchased Shares are as stated in the Seventh Amended and Restated Memorandum and Articles of Association of the Company (the "Amended Articles") as set out in Exhibit 3.2 of the Registration Statement, and there will not be any changes to the Amended Articles after the date hereof and at or prior to the Closing Date that will adversely affect the rights of holders of Ordinary Shares.

(e) Due Issuance of the Purchased Shares. The Purchased Shares have been duly authorized and, when issued and delivered to and paid for by the Purchaser pursuant to this Agreement, will be validly issued, fully paid and non-assessable and free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, right of first refusal, right of pre-emption, third party right or interest, claim or restriction of any kind or nature, except for restrictions arising under the Securities Act or created by virtue of this Agreement or the Lock-up Agreement (collectively, the "Lien") and upon delivery and entry into the register of members of the Company will transfer to the Purchaser good and valid title to the Purchased Shares.

(f) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the organizational documents of the Company or its Subsidiaries or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Company or its Subsidiaries is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Company or its Subsidiaries is a party or by which the Company or its Subsidiaries is bound or to which any of the Company's or its Subsidiaries' assets are subject. There is no action, suit or proceeding, pending or threatened against the Company or its Subsidiaries that questions the validity of this Agreement or the right of the Company to enter into this Agreement or to consummate the transactions contemplated hereby.

(g) Consents and Approvals. Neither the execution and delivery by the Company of this Agreement, nor the consummation by the Company of any of the transactions contemplated hereby, nor the performance by the Company of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing Date.

(h) Compliance with Laws. Except, as of the date hereof, as disclosed in the Registration Statement, and as of the Closing Date, as disclosed in the Registration Statement in the form then declared effective by the SEC, the business of the Company or its Subsidiaries is not being conducted in violation of any law (for the avoidance of doubt, including, but not limited to, data privacy laws, regulatory standards including cGCP, cGMP, cGLP, anti-corruption laws, environmental laws and other applicable rules, regulations and regulatory requirements) or government order applicable to the Company except for violations which do not and would not have a Material Adverse Effect. As used herein, “Material Adverse Effect” shall mean any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrences, results in or would reasonably be expected to result in a material adverse change in or a material adverse effect on (i) the financial condition, assets, liabilities, results of operations, business, or operations of the Company or its Subsidiaries taken as a whole, except to the extent that any such Material Adverse Effect results from (x) changes in generally accepted accounting principles that are generally applicable to comparable companies or (y) changes in general economic and market conditions; or (ii) the ability of the Company to consummate the transactions contemplated by this Agreement and to timely perform its obligations under the Agreement.

(i) SEC Filings. Prior to the Closing, the Registration Statement, as supplemented or amended, shall have been declared effective by the SEC. The Registration Statement, including the prospectus therein, conforms and will conform, in all respects to the requirements of the Securities Act and the rules and regulations of the SEC thereunder and does not, as of the date hereof, and will not, as of the applicable effective date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(j) Financial Statements. The financial statements included in the Registration Statement, together with the related notes and schedules thereto, present fairly the consolidated financial position of the Company and its Subsidiaries as of the dates indicated and the consolidated results of operations, cash flows and changes in shareholders’ equity of the Company for the periods specified and have been prepared in compliance as to form in all material respects with the applicable accounting requirements of the Securities Act and the related rules and regulations adopted by the SEC and in conformity with United States generally accepted accounting principles applied on a consistent basis during the periods involved.

(k) Investment Company. The Company is not and, after giving effect to the offering and sale of the Purchased Shares, the consummation of the Offering and the application of the proceeds hereof and thereof, will not be an “investment company,” as such term is defined in the U.S. Investment Company Act of 1940, as amended.

(l) Regulation S. No directed selling efforts (as defined in Rule 902 of Regulation S under the Securities Act) have been made by any of the Company, any of its affiliates or any person acting on its behalf with respect to any Purchased Shares that are not registered under the Securities Act; and none of such persons has taken any actions that would result in the sale of the Purchased Shares to the Purchaser under this Agreement requiring registration under the Securities Act; and the Company is a “foreign issuer” (as defined in Regulation S).

(m) Events Subsequent to Most Recent Fiscal Period. Since December 31, 2022 until the date hereof and to the Closing Date, there has not been any event, fact, circumstance or occurrence that has had or would reasonably be expected to have a Material Adverse Effect.

(n) Litigation. There are no actions by or against the Company or its Subsidiaries or affecting the business or any of the assets of the Company or its Subsidiaries pending before any governmental authority, or, to the Company’s knowledge, threatened to be brought by or before any governmental authority, that has had or would reasonably be expected to have a Material Adverse Effect.

(o) Solicitation. Neither the Company nor any person acting on its behalf has offered or sold the Purchased Shares by any form of general solicitation or general advertising or directed selling efforts.

Section 2.2 Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants, to the Company as follows:

(a) Due Formation. The Purchaser is duly formed, validly existing and in good standing in the jurisdiction of its organization. The Purchaser has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. The Purchaser has full power and authority to enter into, execute and deliver this Agreement and each agreement, certificate, document and instrument to be executed and delivered by the Purchaser pursuant to this Agreement and to perform its obligations hereunder. The execution and delivery by the Purchaser of this Agreement and any agreements, certificates, documents and instruments to be executed and delivered by the Purchaser pursuant to this Agreement, and the performance by the Purchaser of its obligations hereunder have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(d) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the organizational documents of the Purchaser or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Purchaser is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Purchaser is a party or by which the Purchaser is bound or to which any of the Purchaser's assets are subject, in each case of the foregoing (i) and (ii), in such a manner that would materially and adversely affect the Purchaser's ability to consummate the transactions contemplated hereby. There is no action, suit or proceeding, pending or threatened against the Purchaser that questions the validity of this Agreement or the right of the Purchaser to enter into this Agreement or to consummate the transactions contemplated hereby.

(e) Consents and Approvals. Neither the execution and delivery by the Purchaser of this Agreement, nor the consummation by the Purchaser of any of the transactions contemplated hereby, nor the performance by the Purchaser of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing Date.

(f) Status and Investment Intent.

(i) Experience. The Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in its Purchased Shares. The Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment.

(ii) Purchase Entirely for Own Account. The Purchaser is acquiring its Purchased Shares for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof. The Purchaser does not have any direct or indirect arrangement, or understanding with any other persons to distribute, or regarding the distribution of the Purchased Shares in violation of the Securities Act or any other applicable state securities law.

(iii) Solicitation. The Purchaser (x) was not identified or contacted through the marketing of the Offering and (y) did not contact the Company as a result of any general solicitation or directed selling efforts in the United States.

(iv) Information. The Purchaser has consulted to the extent deemed appropriate by the Purchaser with the Purchaser's own advisers as to the financial, tax, legal and related matters concerning an investment in its Purchased Shares.

(v) Not U.S. Person. The Purchaser is not a "U.S. person" as defined in Rule 902 of Regulation S.

(vi) Offshore Transaction. The Purchaser has been advised and acknowledges that in issuing Purchased Shares to the Purchaser pursuant hereto, the Company is relying upon the exemption from registration provided by Regulation S. The Purchaser is acquiring its Purchased Shares in an offshore transaction in reliance upon the exemption from registration provided by Regulation S.

(vii) FINRA. The Purchaser does not, directly or indirectly, own more than five per cent of the outstanding common stock (or other voting securities) of any member of the Financial Industry Regulatory Authority, Inc. ("FINRA") or a holding company for a FINRA member, and is not otherwise a "restricted person" for the purposes of the Free-Riding and Withholding Interpretation of FINRA.

### ARTICLE III

#### COVENANTS

Section 3.1 Lock-up.

(a) The Purchaser shall, at the Closing, enter into a lock-up agreement (the "Lock-up Agreement") in the form set forth in Exhibit A hereto.

(b) The Company undertakes that during the period of one year after the Closing Date, the Company shall remain as a "reporting issuer" for the purposes of Rule 144 of the Securities Act and shall satisfy the current public information requirement under Rule 144 of the Securities Act. The Company shall assist the Purchaser in converting the Purchased Shares into the ADSs upon request of the Purchaser to the extent that such conversion is completed in compliance with Rule 144 of the Securities Act and the Lock-up Agreement, provided that the Purchaser shall be responsible for the costs of such conversion, including without limitation, any conversion fee payable to the ADS depository bank.

Section 3.2 Distribution Compliance Period. The Purchaser agrees not to resell, pledge or transfer any Purchased Shares within the United States or to any U.S. Person, as each of those terms is defined in Regulation S, during the 40 days following the Closing Date.

Section 3.3 Further Assurances. From the date of this Agreement until the Closing Date, the Company and the Purchaser shall use their commercially reasonable best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby.

Section 3.4 Notice of Certain Events.

(a) From the date hereof until the Closing Date, the Company shall promptly notify the Purchaser in writing of:

(i) any fact, circumstance, event or action the existence, occurrence or taking of which (A) has had, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (B) has resulted in, or could reasonably be expected to result in, any representation or warranty made by the Company hereunder not being true and correct or (C) has resulted in, or could reasonably be expected to result in, the failure of any of the conditions set forth in Section 1.3(a) to be satisfied;

(ii) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the transactions contemplated by this Agreement; and

(iii) any notice or other communication from any governmental authority in connection with the transactions contemplated by this Agreement.

(b) The Purchaser's receipt of information pursuant to this Section 3.4 shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Company in this Agreement.

#### ARTICLE IV

##### INDEMNIFICATION

Section 4.1 Indemnification. Each of the Company and the Purchaser (an "Indemnifying Party") shall indemnify and hold each other and their directors, officers, employees, advisors and agents (collectively, the "Indemnified Party") harmless from and against any losses, claims, damages, fines, expenses and liabilities of any kind or nature whatsoever, including but not limited to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding, and any taxes or levies that may be payable by such person by reason of the indemnification of any indemnifiable loss hereunder (collectively, "Losses") resulting from or arising out of: (a) the breach of any representation or warranty of such Indemnifying Party contained in this Agreement or in any schedule or exhibit hereto; or (b) the violation or nonperformance, partial or total, of any covenant or agreement of such Indemnifying Party contained in this Agreement for reasons other than gross negligence or willful misconduct of such Indemnified Party. In calculating the amount of any Losses of an Indemnified Party hereunder, there shall be subtracted the amount of any insurance proceeds and third-party payments received by the Indemnified Party with respect to such Losses, if any.

Section 4.2 Third Party Claims.

(a) If any third party shall notify any Indemnified Party in writing with respect to any matter involving a claim by such third party (a "Third Party Claim") which such Indemnified Party believes would give rise to a claim for indemnification against the Indemnifying Party under this Article IV, then the Indemnified Party shall promptly (i) notify the Indemnifying Party thereof in writing within thirty (30) days of receipt of notice of such claim and (ii) transmit to the Indemnifying Party a written notice ("Claim Notice") describing in reasonable detail the nature of the Third Party Claim, a copy of all papers served with respect to such claim (if any), and the basis of the Indemnified Party's request for indemnification under this Agreement.

(b) Upon receipt of a Claim Notice with respect to a Third Party Claim, the Indemnifying Party shall have the right to assume the defense of any Third Party Claim by, within thirty (30) days of receipt of the Claim Notice, notifying the Indemnified Party in writing that the Indemnifying Party elects to assume the defense of such Third Party Claim, and upon delivery of such notice by the Indemnifying Party, the Indemnifying Party shall have the right to fully control and settle the proceeding, provided, that, any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnified Party.

(c) If requested by the Indemnifying Party, the Indemnified Party shall, at the sole cost and expense of the Indemnifying Party, cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim which the Indemnifying Party elects to contest, including the making of any related counterclaim against the person asserting the Third Party Claim or any cross complaint against any person. The Indemnified Party shall have the right to receive copies of all pleadings, notices and communications with respect to any Third Party Claim, other than any privileged communications between the Indemnifying Party and its counsel, and shall be entitled, at its sole cost and expense, to retain separate co-counsel and participate in, but not control, any defense or settlement of any Third Party Claim assumed by the Indemnifying Party pursuant to Section 4.2(b).

(d) In the event of a Third Party Claim for which the Indemnifying Party elects not to assume the defense or fails to make such an election within thirty (30) days of receipt of the Claim Notice, the Indemnified Party may, at its option, defend, settle, compromise or pay such action or claim at the expense of the Indemnifying Party; provided, that, any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnifying Party, which consent shall not be unreasonably refused, withheld or delayed.

Section 4.3 Other Claims. In the event any Indemnified Party should have a claim against the Indemnifying Party hereunder which does not involve a Third Party Claim, the Indemnified Party shall promptly transmit to the Indemnifying Party a written notice (the "Indemnity Notice") describing in reasonable detail the nature of the claim, the Indemnified Party's best estimate of the amount of Losses attributable to such claim and the basis of the Indemnified Party's request for indemnification under this Agreement. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the Indemnity Notice that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim.

Section 4.4 Cap. Notwithstanding the foregoing, except in cases involving fraud or willful misconduct of any Indemnifying Party, an Indemnifying Party shall have no liability (for indemnification or otherwise) with respect to any Losses in excess of the applicable Purchase Price.

## ARTICLE V

### MISCELLANEOUS

Section 5.1 Survival of the Representations and Warranties. All representations and warranties made by any party hereto shall survive for two (2) years and shall terminate and be without further force or effect on the second anniversary of the date hereof, except as to (i) any claims thereunder which have been asserted in writing pursuant to Section 4.1 against the Party making such representations and warranties on or prior to such second anniversary, and (ii) the Company's representations contained in Section 2.1(a), (b), (c), (d), and (e) hereof, each of which shall survive indefinitely.

Section 5.2 Governing Law; Arbitration. This Agreement shall be governed and interpreted in accordance with the laws of the State of New York without giving effect to the conflicts of law principles thereof. Any dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination (“Dispute”) shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre (SIAC) in accordance with the Arbitration Rules of the Singapore International Arbitration Centre for the time being in force, which rules are deemed to be incorporated by reference in this clause. The seat of the arbitration shall be Singapore. The tribunal shall consist of three (3) arbitrators. The Party initiating arbitration (the “Claimant”) shall appoint its arbitrator in its request for arbitration (the “Request”). The other Party (the “Respondent”) shall appoint its arbitrator within thirty (30) days after receipt of the Request and shall notify the Claimant of such appointment in writing. The two (2) arbitrators appointed by the parties shall appoint a third (3rd) arbitrator within thirty (30) days after the Respondent has notified Claimant of the appointment of the Respondent’s arbitrator. If the Respondent fails to appoint an arbitrator within such thirty (30) day period, if the Respondent fails to appoint an arbitrator within such thirty (30) day period, the SIAC shall have the right to appoint the other two (2) arbitrators to establish the tribunal. If the two (2) arbitrators appointed by the parties fail to appoint a third (3rd) arbitrator within thirty (30) days after the Respondent has notified Claimant of the appointment of the Respondent’s arbitrator, the SIAC shall have the right to appoint the third arbitrator to establish the tribunal. The language of the arbitration shall be English. Each of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the transactions contemplated hereby.

Section 5.3 Amendment. This Agreement shall not be amended, changed or modified, except by another agreement in writing executed by the Parties hereto.

Section 5.4 Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, the Purchaser, the Company, and their respective heirs, successors and permitted assigns.

Section 5.5 Assignment. Neither this Agreement nor any of the rights, duties or obligations hereunder may be assigned by the Company or the Purchaser without the express written consent of the other Party, except that a Purchaser may assign all or any part of its rights and obligations hereunder to any affiliate of the Purchaser without the consent of the Company, provided that no such assignment shall relieve the Purchaser of its obligations hereunder if such assignee does not perform such obligations. Any purported assignment in violation of the foregoing sentence shall be null and void.



Section 5.6 Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of actual delivery if delivered personally to the party hereto to whom notice is to be given, on the date sent if sent by telecopier, tested telex or prepaid telegram, on the next business day following delivery to Federal Express properly addressed or on the day of attempted delivery by the U.S. Postal Service if mailed by registered or certified mail, return receipt requested, postage paid, and properly addressed as follows:

If to the Company, at: Building 6, No. 1008 Xiangwang Street, Yuhang District, Hangzhou, China  
E-mail: vicky.zhang@adlaintortye.com  
Attn: Wei Zhang

If to the Purchaser, at: 1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005, JAPAN  
E-mail: BusinessDevelopment@nipponkayaku.co.jp  
Attn: Head of Business Development Division, Pharmaceuticals Group

Any party hereto may change its address for purposes of this Section 5.6 by giving the other Party written notice of the new address in the manner set forth above.

Section 5.7 Entire Agreement. This Agreement together with the Lock-up Agreement constitutes the entire understanding and agreement between the Parties with respect to the matters covered hereby, and all prior agreements and understandings, oral or in writing, if any, between the Parties with respect to the matters covered hereby are merged and superseded by such agreements.

Section 5.8 Severability. If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from the Agreement in order to render the remainder of the Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

Section 5.9 Fees and Expenses. Except as otherwise provided in this Agreement, the Company and the Purchaser will bear their respective expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby, including fees and expenses of attorneys, accountants, consultants and financial advisors.

Section 5.10 Confidentiality. Each Party hereto shall keep in confidence, and shall not use (except for the purposes of the transactions contemplated hereby) or disclose, any non-public information disclosed to it or its affiliates, representatives or agents in connection with this Agreement or the transactions contemplated hereby. Each Party hereto shall ensure that its affiliates, representatives and agents keep in confidence, and do not use (except for the purposes of the transactions contemplated hereby) or disclose, any such non-public information, except for (a) periodic confidential communications by the Purchaser or its affiliates to its direct and indirect investors and affiliates concerning its investment in the Company or to its relevant affiliates, representatives or agents on a need-to-know basis, and (b) Required Disclosures. In the event that a Party, or any of its affiliates, representatives and agents, is required by law, regulation or judgment of a competent jurisdiction or requested by any governmental or regulatory agency of a competent jurisdiction (including, without limitation, any stock exchange or self-regulatory organization) to disclose any such non-public information (such disclosure being referred to as "Required Disclosures" herein), it shall, to the extent legally permissible, notify the other Party as promptly as practicable under the circumstances so that the other Party may seek a protective order or other appropriate remedy. In the event that no such protective order or other remedy is obtained, the disclosing Party shall furnish only that portion of the non-public information that is legally required.

Section 5.11 Specific Performance. The Parties agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 5.12 Termination. Upon the occurrence of any of the following events, prior to the Closing, either Company or Purchaser (with respect to itself) may terminate this Agreement with no further force or effect, except for the provisions of Article V, which shall survive any termination under this Section 5.12, provided that no party who is then in a material breach of this Agreement shall be entitled to terminate this Agreement:

(a) The Company and the Purchase have agreed to terminate this Agreement in writing.

(b) The Closing has not occurred by December 31, 2023.

(c) There has been a breach, inaccuracy in or failure to perform any representation, warranty, covenant or agreement made by a Party pursuant to this Agreement that would give rise to the failure of any of the other Party's conditions specified in Section 1.3 and such breach, inaccuracy or failure has not been cured by such Party within ten (10) days of the other Party's written notice of such breach.

(d) There has been a filing of a petition in bankruptcy of the Company or its Subsidiaries under any applicable laws or a consent to the filing of any bankruptcy petition against the Company or its Subsidiaries under any such laws.

Section 5.13 Description of Purchaser.

(a) The Purchaser hereby consents and undertakes to promptly provide a description of its organization and business activities to the Company (the "Purchaser Description") to be used solely in the Registration Statement and the prospectus therein, and hereby represents that its Purchaser Description will be true and accurate in all material respects and will not be misleading in any material respect.

(b) The Purchaser hereby agrees and consents to the use of and references to its name, the inclusion of Purchaser Description, the disclosure of the transactions contemplated under this Agreement and the filing of this Agreement as an exhibit to the Registration Statement and other SEC filings, and related press releases.

(c) The Purchaser acknowledges that the Company will rely upon the truth and accuracy of its Purchaser Description, and it agrees to notify the Company promptly in writing if any of the content contained therein ceases to be accurate and complete or becomes misleading.

Section 5.14 Headings. The headings of the various articles and sections of this Agreement are inserted merely for the purpose of convenience and do not expressly or by implication limit, define or extend the specific terms of the section so designated.

Section 5.15 Execution in Counterparts. For the convenience of the Parties and to facilitate execution, this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Section 5.16 No Waiver. Except as specifically set forth herein, the rights and remedies of the parties to this Agreement are cumulative and not alternative. No failure or delay on the part of any party in exercising any right, power or remedy under this Agreement will operate as a waiver of such right, power or remedy, and no single or partial exercise of any such right, power or remedy will preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement can be discharged by one party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other party; (b) no waiver that may be given by a party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one party will be deemed to be a waiver of any obligation of that party or of the right of the party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

*[Signature pages follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

Adlai Nortye Ltd.

By: \_\_\_\_\_  
Name: Yang Lu  
Title: Chairman of the Board and Chief Executive Officer

[Signature Page to Subscription Agreement]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

Nippon Kayaku Co., Ltd.

By: \_\_\_\_\_  
Name: Atsuhiko Wakumoto  
Title: President, Representative Director

[Signature Page to Subscription Agreement]

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## Schedule A

### ***Authorized Share Capital***

As of the date hereof, the authorized share capital of Adlai Nortye Ltd. is US\$500,000 divided into (i) 440,546,909 Ordinary Shares, (ii) 14,560,000 Series A Preferred Shares, (iii) 13,607,896 Series B Preferred Shares, (iv) 14,653,013 Series C Preferred Shares, and (v) 16,632,182 Series D Preferred Shares.

### ***Issued and Outstanding Shares***

As of the date hereof, (i) 40,440,000 ordinary shares, (ii) 14,560,000 Series A preferred shares, (iii) 13,607,896 Series B preferred shares, (iv) 14,653,013 Series C preferred shares, and (v) 14,722,505 Series D preferred shares of Adlai Nortye Ltd. are issued and outstanding.

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## Form of Lock-up Agreement

Cantor Fitzgerald & Co.  
499 Park Avenue  
New York, New York 10022  
Attn: Equity Capital Markets

CLSA Limited  
18/F One Pacific Place  
88 Queensway, Hong Kong  
Attn: Equity Capital Markets

**Re: Proposed Initial Public Offering by Adlai Nortye Ltd.**

Ladies and Gentlemen:

The undersigned, a securityholder of Adlai Nortye Ltd., a Cayman Islands corporation (the "Company"), understands that the Company proposes to enter into an Underwriting Agreement (the "Underwriting Agreement") with Cantor Fitzgerald & Co. and CLSA Limited, as representatives of the several underwriters named therein (the "Representatives") relating to the proposed initial public offering (the "Offering") of American Depositary Shares, each representing three shares of the Company's Class A ordinary share, par value \$0.0001 per share (the "Ordinary Share"). The undersigned acknowledges that the underwriters are relying on the representations and agreements of the undersigned contained in this lock-up agreement in conducting the Offering and, at a subsequent date, in entering into the Underwriting Agreement and other underwriting arrangements with the Company with respect to the Offering.

In recognition of the benefit that the Offering will confer upon the undersigned as a securityholder of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees that, during the period beginning on the date hereof and ending on the date that is 180 days from the date of the Underwriting Agreement (the "Lock-Up Period"), the undersigned will not, without the prior written consent of the representative, which may withhold its consent in its sole discretion, directly or indirectly, (i) sell, offer to sell, contract to sell or lend, effect any short sale or establish or increase a Put Equivalent Position (as defined in Rule 16a-1(h) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or liquidate or decrease any Call Equivalent Position (as defined in Rule 16a-1(b) under the Exchange Act), pledge, hypothecate or grant any security interest in, or in any other way transfer or dispose of, any ADSs, Ordinary Shares or any securities convertible into or exchangeable or exercisable for ADSs or Ordinary Shares, in each case whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition (collectively, the "Lock-Up Securities"), (ii) make any demand for, or exercise any right with respect to the registration of any of the Lock-Up Securities, or the filing of any registration statement, prospectus or prospectus supplement (or an amendment or supplement thereto) in connection therewith, under the United States Securities Act of 1933, as amended, (iii) enter into any swap, hedge or any other agreement or any transaction that transfers, in whole or in part, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of ADSs, Ordinary Shares or other securities, in cash or otherwise, or (iv) publicly announce the intention to do any of the foregoing.

Notwithstanding the foregoing, and subject to the conditions below, the undersigned may transfer the Lock-Up Securities pursuant to clauses (i) through (v) below without the prior written consent of the Representative, provided that (1) prior to any such transfer (other than transfers pursuant to clause (ii) below), the Representative receives a signed lock-up agreement, substantially in the form of this lock-up agreement, for the balance of the Lock-Up Period from each donee, trustee, distributee or transferee, as the case may be, (2) any such transfer shall not involve a disposition for value, (3) in the case of clause (i) below, such transfers are not required to be reported with the Securities and Exchange Commission under the Exchange Act, and (4) the undersigned does not otherwise voluntarily effect any public filing or report regarding such transfers:

(i) as a bona fide gift or gifts; or

(ii) in sales of Lock-Up Securities acquired in open market transactions after the completion of the Offering; provided that no filing under the Exchange Act or other public announcement shall be required or shall be voluntarily made in connection with subsequent sales of Lock-Up Securities acquired in such open market transactions;

(iii) in transfers or dispositions of Lock-Up Securities to the Company pursuant to any contractual arrangement in effect on the date of this lock-up agreement that provides for the repurchase of the undersigned's Lock-Up Securities by the Company in connection with the termination of the undersigned's employment with the Company;

(iv) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act, provided that such plan does not provide for the transfer of Lock-Up Securities during the Lock-Up Period, and provided, further that no filing under the Exchange Act or other public announcement shall be required or shall be voluntarily made in connection with such establishment of a trading plan; or

(v) the distribution, not involving a disposition for value, of Lock-Up Securities to members, limited partners, shareholders or other equity holders of the undersigned.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Lock-Up Securities except in compliance with the foregoing restrictions.

With respect to the Offering only, the undersigned waives any registration rights relating to registration under the Securities Act of the offer and sale of any ADSs, Ordinary Shares and/or any options or warrants or other rights to acquire ADSs, Ordinary Shares or any securities exchangeable or exercisable for or convertible into ADSs or Ordinary Shares or to acquire other securities or rights ultimately exchangeable or exercisable for or convertible into ADSs or Ordinary Shares, owned either of record or beneficially by the undersigned, including any rights to receive notice of the Offering.

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The undersigned confirms that the undersigned has not, directly or indirectly, taken any action designed to or that might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale of the ADSs or Ordinary Shares. The undersigned will not take, directly or indirectly, any such action.

The undersigned represents and warrants that the undersigned has full power, capacity and authority to enter into this lock-up agreement. This lock-up agreement is irrevocable and will be binding on the undersigned and the successors, heirs, personal representatives and assigns of the undersigned.

This lock-up agreement shall be governed by and construed in accordance with the laws of the State of New York.

Whether or not the Offering actually occurs depends on a number of factors, including market conditions. Any Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the underwriters.

This lock-up agreement shall automatically terminate, and the undersigned shall be released from its obligations hereunder, upon the earliest to occur, if any, of (i) the Company advising the Representatives in writing, prior to the execution of the Underwriting Agreement, that it has determined not to proceed with the Offering, (ii) the executed Underwriting Agreement being terminated prior to the closing of the Offering (other than the provisions thereof that survive termination), and (iii) December 31, 2023, in the event that the Underwriting Agreement has not been executed by such date.

*[Signature Page Follows]*

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Very truly yours,

Nippon Kayaku Co., Ltd.

By:

Name: Atsuhiko Wakumoto

Title: President, Representative Director

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## ADLAI NORTYE LTD.

## SHARE INCENTIVE PLAN

*This Plan is an amended version of the share incentive plan adopted by the Company pursuant to the board resolutions of the Company and the shareholders resolutions of the Company, both dated June 8, 2020.*

1. **Purposes of the Plan.** The purposes of this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected Employees, Directors, and Consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company, or to increase this interest by permitting them to acquire Shares of the Company. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares. Options granted under the Plan may be Incentive Stock Options or Nonqualified Stock Options, as determined by the Administrator at the time of grant. All outstanding Awards granted prior to the date on which this Plan is adopted by the Company's Board shall be governed by this Plan.

2. **Definitions.** For the purposes of this Plan, the following terms shall have the following meanings:

(a) "**Acquisition Date**" means, with respect to Shares, the date on which the Shares are sold under the Plan, the Shares are delivered upon exercise of an Option or the Shares are delivered in connection with a Share Award as the case may require.

(b) "**Administrator**" means the Board of the Company or such delegates as shall be administering the Plan in accordance with Section 4 hereof.

(c) "**Affiliate**" means, with respect to any Person, any Person which, directly or indirectly, controls, is controlled by or is under common control with such Person.

(d) "**Applicable Law**" means any applicable legal requirements relating to the administration of and the issuance of securities under equity securities-based compensation plans, including, without limitation, the requirements of laws of the PRC or the Cayman Islands, and the requirements of any stock exchange or quotation system upon which the Shares may then be listed or quoted and the applicable laws of any other country or jurisdiction where Awards are granted under the Plan or where the Optionees are domiciled or resident for tax purposes. For all purposes of this Plan, references to statutes and regulations shall be deemed to include any successor statutes or regulations, to the extent reasonably appropriate as determined by the Administrator.

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- (e) “Articles” means the Company’s Amended and Restated Memorandum and Articles of Association, as amended from time to time.
- (f) “Award” means an Option, a Share Purchase Right, a Restricted Share, a restricted share unit or a Share Award as the case may require.
- (g) “Awardee” means a recipient of an Award.
- (h) “Board” means the Board of Directors of the Company.

(i) “Cause” means (i) a Service Provider has been negligent in the discharge of his or her duties to the Company or any Affiliate, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties; (ii) a Service Provider has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; (iii) a Service Provider has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company or any of its Affiliates; or has been convicted of, or pled guilty or nolo contendere to, a felony or misdemeanor or equivalent in any jurisdiction (other than minor traffic violations or similar offenses); (iv) a Service Provider has materially breached any of the provisions of any agreement (including but not limited to the employment agreement, invention assignment agreement, non-compete agreement and confidentiality agreement) or any understanding with the Company or any of its Affiliates; (v) a Service Provider has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company or any of its Affiliates; (vi) a Service Provider has improperly induced a vendor or customer to break or terminate any contract with the Company or any of its Affiliates or induced a principal for whom the Company or any Affiliate acts as agent to terminate such agency relationship; or (vii) any of the circumstances set forth under Article 39 of the Labor Contract Law of the PRC, in each case as determined in good faith by the Administrator.

- (j) “Change in Control” means the occurrence of any of the following events:

any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities; or

the consummation of the sale, lease, or disposition by the Company of all or substantially all of the Company’s assets; or

the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Anything in the foregoing to the contrary notwithstanding, a transaction shall not constitute a Change in Control if its sole purpose is to change the legal jurisdiction of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction. In addition, a sale by the Company of its securities in a transaction, the primary purpose of which is to raise capital for the Company's operations and business activities including, without limitation, an initial public offering of Shares under the Securities Act or other Applicable Law, shall not constitute a Change in Control.

(k) "Code" means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. References to IRC Section shall mean a section number of the Internal Revenue Code of 1986.

(l) "Company" means Adlai Nortye Ltd., a company currently organized under the laws of the Cayman Islands, or any successor corporation thereto.

(m) "Consultant" means any natural person, including an advisor, who is engaged by the Company, or any Parent, Subsidiary, Affiliate or variable interest entity whose financial statements are intended to be consolidated with the Company, any Parent, Subsidiary or Affiliate to render bona fide consulting or advisory services to such entity and who is compensated for the services, and any other persons including former employees who, in the sole opinion of the Administrator, have contributed or will contribute to the Company, Parent, Subsidiaries or Affiliate, provided that the term "Consultant," does not include (i) Employees or (ii) securities promoters.

(n) "Date of Grant" means the date an Award is granted to an Awardee in accordance with Section 13 hereof.

(o) "Director" means a member of the Board.

(p) "Disability" means total and permanent disability as defined in Section 22(e)(3) of the Code.

(q) "Employee" means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or any Parent or Subsidiary, including sick leave, military leave, or any other personal leave, or (ii) transfers between locations of the Company or between the Company or any Parent or Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the 91<sup>st</sup> day of such leave, any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonqualified Stock Option. For the avoidance of doubt, neither service as a Director nor payment of a director's fee by the Company or any Parent or Subsidiary shall be sufficient to constitute "employment" by the Company or any Parent or Subsidiary.

(r) “Exercise Price” means the amount for which one Share may be purchased upon exercise of an Option, as specified by the Administrator in the applicable Option Agreement in accordance with Section 6(d) hereof.

(s) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(t) “Fair Market Value” means, as of any date, the value of the Shares determined as follows:

if the Shares are listed on any established stock exchange or a national market system, including, without limitation, The Nasdaq Global Market or The Nasdaq Capital Market of The Nasdaq Stock Market, the Stock Exchange and the London Stock Exchange (Main Listing or Alternative Investment Market), the Fair Market Value shall be the closing sales price for the Shares (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

if the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean of the high bid and low asked prices for the Shares on the day of determination, as reported in *The Wall Street Journal* or any other source as the Administrator deems reliable; or

in the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Administrator in accordance with the acceptable valuation methodology in accordance with U.S. Treasury Regulations issued under IRC Section 409A, and as amended from time to time.

(u) “Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

(v) “Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code, as designated in the applicable Option Agreement.

(w) “Listing Rules” mean Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time).

(x) “Non-Compete Obligation” means during the Employee’s employment with the Company or any Parent or Subsidiary and within two (2) years after his/her employment with the Company or any Parent or Subsidiary ends, to the furthest extent permitted by the Applicable Law, the Employee shall not, directly or indirectly, (i) establish, carry on, participate in, work for, provide financial support or security for, or advise, any entity or individual that directly or indirectly competes with the Company or any Affiliate of the Company; (ii) participate in or work for any entity or individual that is a supplier or vendor of the Company or any Affiliate of the Company; or (iii) carry on any activity similar to the business carried on by the Company or any Affiliate of the Company.

(y) “Non-Disclosure Obligation” means during or after the Employee’s employment with the Company or any Parent or Subsidiary ends, the Employee will not disclose any information, whether or not in writing, of a private, secret, or confidential nature concerning the Company’s business, business relationships or financial affairs to any entity or individual or use the same for any purposes (other than in the performance of his/her duties as an Employee) without written approval by an officer of the Company, unless and until such information has become public knowledge through no fault of the Employee. Such obligations may be further specified in the applicable employment agreement, non-competition, non-disclosure, and non-solicitation agreement and any other agreements of the same kind, if any, made between the Employee and the Company or any Parent or Subsidiary.

(z) “Non-Solicitation Obligation” means for a period of two years following the termination of employment for any reason whatsoever, the Employee will not, directly or indirectly, either for the Employee or for any other entity or individual, in any capacity, induce or attempt to induce or call upon or solicit any of the Company’s Employees, consultants, vendors, prospective vendors, suppliers, landlords or other business relations of the Company to leave or cease doing business with the Company or in any way interfere with the relationship between the Company and any of the Company’s Employees, vendors, prospective vendors, suppliers, landlords or other business relations, or hire or solicit for employment any Employee. Such obligations may be further specified in the applicable employment agreement, non-competition, non-disclosure, and non-solicitation agreement and any other agreements of the same kind, if any, made between the Employee and the Company or any Parent or Subsidiary.

(aa) “Nonqualified Stock Option” means an Option not intended to qualify as an Incentive Stock Option, as designated in the applicable Option Agreement, or an Incentive Stock Option that does not so qualify.

(bb) “Option” means an option to purchase Shares that is granted pursuant to the Plan in accordance with Section 6 hereof. For the avoidance of doubt, this Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of options by the Company to subscribe for new shares. All the Optioned Shares under this Plan are issued to the ESOP SPVs and outstanding prior to the Company’s listing.

(cc) “Option Agreement” means a written or electronic agreement between the Company and an Optionee, the form(s) of which shall be approved from time to time by the Administrator, evidencing the terms and conditions of an individual Option granted under the Plan, and includes any documents attached to or incorporated into the Option Agreement, including, but not limited to, a notice of option grant and a form of exercise notice. The Option Agreement shall be subject to the terms and conditions of the Plan.

(dd) “Optioned Shares” means the Shares subject to an Option.

(ee) “Optionee” means the holder of an outstanding Option granted under the Plan.

(ff) “Parent” means a “parent corporation” with respect to the Company, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(gg) “Person” means an individual, corporation, partnership, association, trust, or any other entity.

(hh) “Plan” means this Share Incentive Plan, as amended from time to time.

(ii) “PRC” means the People’s Republic of China, but for the purpose of this Plan and for jurisdiction reference only, excluding Taiwan, Hong Kong, Macau.

(jj) “Purchase Price” means the amount of consideration for which one Share may be acquired pursuant to a Share Purchase Right or Share Award, as specified by the Administrator in the applicable Restricted Share Purchase Agreement or Share Award in accordance with Section 7(c) hereof



(kk) "Purchaser" means the holder of Shares purchased pursuant to the exercise of a Share Purchase Right.

(ll) "Restricted Share Purchase Agreement" means a written or electronic agreement between the Company and a Purchaser, the form(s) of which shall be approved from time to time by the Administrator, evidencing the terms and conditions of an individual Share Purchase Right, and includes any documents attached to or incorporated into the Restricted Share Purchase Agreement. The Restricted Share Purchase Agreement shall be subject to the terms and conditions of the Plan.

(mm) "Restricted Shares" means Shares acquired pursuant to a Share Purchase Right or Share Award Agreement (if subjected to rights of redemption, repurchase or forfeiture).

(nn) "SAFE" means the PRC State Administration of Foreign Exchange and its local branches.

(oo) "Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(pp) "Service Provider" means an Employee, Director, or Consultant.

(qq) "Share" means a common share of the Company, as adjusted in accordance with Section 12 hereof.

(rr) "Share Award" means an award or issuance of Shares or other similar awards made under Section 7 of the Plan, the grant, issuance, retention, vesting, settlement and/or transferability of which is subject during specified periods of time to such conditions (including continued employment or performance conditions (if any)) and terms as are expressed in the agreement or other documents evidencing the Award (the "Share Award Agreement").

(ss) "Shareholders Agreement" means any agreement between an Awardee as a member of the Company and the Company or other members of the Company or both.

(tt) "Share Purchase Right" means a right to purchase Restricted Shares pursuant to Section 7 hereof.

(uu) "Stock Exchange" means The Stock Exchange of Hong Kong Limited.

(vv) "Subsidiary," means a "subsidiary corporation" with respect to the Company, whether now or hereafter existing, as defined in Section 424(f) of the Code.

(ww) "United States" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

(xx) "U.S. Treasury Regulations" means the Regulations as issued by the United States Treasury Department, as carried out by the Internal Revenue Service ("IRS"), under the Internal Revenue Code of 1986 (that is, as "Code" is defined under (k) above.)

3. Shares Subject to the Plan.

(a) Basic Limitation. Subject to the provisions of Section 12 hereof, the maximum aggregate number of Shares that may be delivered under the Plan, and any similar plan in other jurisdictions, shall not exceed 15,000,000 Shares (as appropriately adjusted for subsequent stock splits, stock dividends and the like). The Shares that may be delivered under this Plan will be the Company's ordinary Shares which are to be issued to and held by one or more entities owned by the trustees (the "**ESOP SPV(s)**") prior to the Company's listing. The number of Shares that are subject to Awards outstanding under the Plan at any time shall not exceed the aggregate number of Shares that then remain available reserved under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of outstanding Awards granted under the Plan.

(b) Additional Shares. If an Award expires, becomes unexercisable, or is cancelled, forfeited, or otherwise terminated without having been exercised or settled in full, as the case may be, the Shares allocable to the unexercised portion of the Award shall again become available for future grant or sale under the Plan (unless the Plan has terminated). Shares that actually have been delivered under the Plan, upon exercise of an Option or delivery under a Share Purchase Right or Share Award, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that in the event that Shares delivered under the Plan are reacquired by the Company pursuant to any forfeiture provision, right of repurchase or redemption, or are retained by the Company upon the exercise of or purchase of Shares under an Award in order to satisfy the Exercise Price or Purchase Price for the Award or any withholding taxes due with respect to the exercise or purchase, such Shares shall again become available for future grant under the Plan.

4. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Board of the Company. The Board of Company may authorize one or more officers in writing to administrate the grants of any Awards and may limit such authority as the Board of the Company determines from time to time.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and subject to the approval of the Board, the Administrator shall have the authority in its discretion:

to determine the Fair Market Value, in accordance with Section 2(t) hereof;

to select the Awardees to whom Awards may from time to time be granted hereunder;

to determine the number of Shares to be covered by each Award granted hereunder;

to approve the form(s) of agreement for use under the Plan;

to determine the terms and conditions of any Award granted hereunder including, but not limited to, the Exercise Price, the Purchase Price, the time or times when Options may be exercised (which may be based on performance criteria), the time or times when repurchase or redemption rights shall lapse, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

to implement a program where (A) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have lower Exercise/Purchase Prices and different terms), Awards of a different type, or cash, or (B) the Exercise/Purchase Price of an outstanding Award is reduced, based in each case on terms and conditions determined by the Administrator in its sole discretion;

to approve earlier Exercise of the Awards granted under the Plan.

to implement any ESOP platform system necessary to facilitate the administration of this Plan.

to prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable laws of jurisdictions other than the United States;

to allow Awardees to satisfy withholding tax obligations by the Administrator electing to have the Company withhold from the Shares to be delivered under an Award that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld in accordance with the Applicable Laws. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Awardees to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable. For the avoidance of doubt, the Company and the Administrator shall not be responsible for any failure by the Awardee to discharge all taxes and liabilities to which he or she may become subject as a result of his or her participation in this Plan or the delivery of any Shares;

to modify or amend each Award, including, without limitation, the discretionary authority to extend the post-termination exercisability of an Option longer than is otherwise provided for in an Option Agreement or accelerate the vesting or exercisability of an Option or lapsing of a repurchase or redemption right to which Restricted Shares may be subject;

to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan; and

to make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan.

(c) Delegation of Authority to Officers. Subject to Applicable Law, the Administrator may delegate limited authority to specified officers of the Company to execute on behalf of the Company any instrument required to effect an Award previously granted by the Administrator.

(d) Effect of Administrator's Decision. All decisions, determinations, and interpretations of the Administrator shall be final and binding on all Awardees.

5. Eligibility.

(a) General Rule. With the exception of any holding company managed by the Administrator or its delegates for the purpose of administering the Plan, only Service Providers, or trusts or companies established in connection with any employee benefit plan of the Company (including the Plan) for the benefit of a Service Provider, shall be eligible for the grant of Awards. Incentive Stock Options may be granted to Employees only.

6. Terms and Conditions of Options.

(a) Option Agreement. Each grant of an Option under the Plan shall be evidenced by an Option Agreement between the Optionee and the Company. Each Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Administrator deems appropriate for inclusion in an Option Agreement. The provisions of the various Option Agreements entered into under the Plan need not be identical.

(b) Type of Option. Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonqualified Stock Option. However, notwithstanding a designation of an Option as an Incentive Stock Option, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by an Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds US\$100,000, such Options shall be treated as Nonqualified Stock Options. For purposes of this Section 6(b), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the Date of Grant.

(c) Number of Shares. Each Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 12 hereof.

(d) Exercise Price. Each Option Agreement shall specify the Exercise Price. The Exercise Price of an Incentive Stock Option shall not be less than 100% of the Fair Market Value on the Date of Grant; the Exercise Price of any Option granted to non-U.S. Awardees shall be determined by the Administrator. The Exercise Price shall be payable in accordance with Section 9 hereof and the applicable Option Agreement. Notwithstanding anything to the contrary in the foregoing, in the event of a transaction described in Section 424(a) of the Code, then, consistent with Section 424(a) of the Code, Incentive Stock Options may be delivered at an Exercise Price other than as required by the foregoing.

(e) Term of Option. The Option Agreement shall specify the term of the Option; provided, however, that the term shall not exceed ten (10) years from the Date of Grant. Subject to the preceding sentence, the Administrator in its sole discretion shall determine when an Option is to expire.

(f) Exercisability. Each Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. The exercisability provisions of any Option Agreement shall be determined by the Administrator in its sole discretion.

(g) Exercise Procedure. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as may be determined by the Administrator and as set forth in the Option Agreement; provided, however, that an Option shall not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives (A) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, (B) full payment for the Shares with respect to which the Option is exercised, and (C) all representations, indemnifications, and documents reasonably requested by the Administrator including, without limitation, any Shareholders Agreement has been entered into to the satisfaction of the Administrator. Full payment may consist of any consideration and method of payment authorized by the Administrator in accordance with Section 9 hereof and permitted by the Option Agreement. Upon the Option being exercised and when the exercise procedure as stipulated in this clause has been fully complied with, the Company shall cause or procure the underlying Ordinary Shares be transferred from the ESOP SPVs to the Optionee designated by the Company. For the avoidance of doubt, the Optionee has no right to request the trustee to procure the transfer of the underlying Ordinary Shares from the ESOP SPVs to the Optionee.

Shares delivered upon exercise of an Option shall be delivered in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Subject to the provisions of Sections 8, 9, 14, and 15, the Company shall issue (or cause to be issued) certificates evidencing the delivered Shares promptly after the Option is exercised. Notwithstanding the foregoing, the Administrator in its discretion may require the Company to retain possession of any certificate evidencing Shares acquired upon the exercise of an Option, if those Shares remain subject to repurchase or redemption under the provisions of the Option Agreement, any Shareholders Agreement, or any other agreement between the Company and the Awardee, or if those Shares are collateral for a loan or obligation due to the Company.

Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan (in accordance with Section 3(b)) and for sale under the Option, by the number of Shares as to which the Option is exercised.

(h) Vesting Schedule. Subject to the Optionee's continued status as a Service Provider through each of the applicable vesting dates and to the extent permitted by applicable law, the Option shall become exercisable, in whole or in part, in accordance with the terms thereof at such times and under such conditions as maybe determined by the Administrator and set forth in the Option Agreement. Unless the Administrator determines otherwise, all options shall become exercisable as set forth in the following schedule:

25% of the Optioned Shares shall vest on each of the first, second, third and fourth anniversary of the Vesting Commencement Date, subject to the Optionee's continuing to be a Service Provider through these dates. Before or after execution of the Option Agreement, the vesting schedule may be modified or changed by the Administrator in its sole discretion as it deems necessary or appropriate where new agreement between the Company and the Optionee shall be entered into regarding the said modification or change.

(i) Termination of Service (other than by death).

If an Optionee ceases to be a Service Provider for Cause, the Option or any other share-based award received by the Optionee will terminate and be cancelled on the Optionee's severance date, whether or not the option or other share-based awards is then vested and/or exercisable. If an Optionee ceases to be a Service Provider for any reason other than because of death and without Cause, then the Optionee's Options shall expire on the earliest of the following occasions:

The expiration date determined by Section 6(e) hereof;

The last day of the three-month period following the cessation of the Optionee as a Service Provider for any reason other than Disability, or such later date as the Administrator may determine and specify in the Option Agreement, provided that no Option that is exercised after the expiration of the three-month period immediately following the termination of the Optionee's relationship as an Employee shall be treated as an Incentive Stock Option; or

The last day of the twelve-month period following the cessation of the Optionee as a Service Provider by reason of Disability, or such later date as the Administrator may determine and specify in the Option Agreement; provided that no Option that is exercised after the expiration of the twelve-month period immediately following the cessation of the Optionee as an Employee shall be treated as an Incentive Stock Option.

Following the cessation of the Optionee as a Service Provider, the Optionee may exercise all or part of the Optionee's Option at any time before the expiration of the Option as set forth in Section 6(i)(i) hereof, but only to the extent that the Option was vested and exercisable as of the date of cessation of the Optionee as a Service Provider (or became vested and exercisable as a result of the cessation). The balance of the Shares subject to the Option shall be forfeited on the date of cessation of the Optionee as a Service Provider. In the event that the Optionee dies after the cessation of the Optionee as a Service Provider but before the expiration of the Optionee's Option as set forth in Section 6(i)(i) hereof, all or part of the Option may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired the Option directly from the Optionee by beneficiary designation, bequest, or inheritance, but only to the extent that the Option was vested and exercisable as of the cessation date of the Optionee as a Service Provider (or became vested and exercisable as a result of the cessation). Any Optioned Shares subject to the portion of the Option that are vested as of the cessation date of the Optionee as a Service Provider but that are not purchased prior to the expiration of the Option pursuant to this Section 6(i) shall be forfeited immediately following the Option's expiration.

(j) Leaves of Absence. Unless otherwise determined by the Administrator, for purposes of this Section 6, the service of an Optionee as a Service Provider shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company and/or the Affiliate in writing. Unless otherwise determined by the Administrator and subject to Applicable Law, vesting of an Option shall be suspended during any unpaid leave of absence.

(k) Death of Optionee.

If an Optionee dies while a Service Provider, then the Optionee's Option shall expire on the earlier of the following dates:

The expiration date determined by Section 6(e) hereof;

The last day of the six-month period immediately following the Optionee's death, or such later date as the Administrator may determine and specify in the Option Agreement.

All or part of the Optionee's Option may be exercised at any time before the expiration of the Option as set forth in Section 6(k)(i) hereof by the executors or administrators of the Optionee's estate or by any person who has acquired the Option directly from the Optionee by beneficiary designation, bequest, or inheritance, but only to the extent that the Option was vested and exercisable as of the date of the Optionee's death or had become vested and exercisable as a result of the death. The balance of the Shares subject to the Option shall be forfeited upon the Optionee's death. Any Optioned Shares subject to the portion of the Option that are vested as of the Optionee's death but that are not purchased prior to the expiration of the Option pursuant to this Section 6(k) shall be forfeited immediately following the Option's expiration.

(l) Restriction on Exercise of Option. Notwithstanding any provision to the contrary in this Plan, in the event that an Optionee who is an Employee ceases to be a Service Provider for any reason whatsoever, the Option granted to him/her may not be exercised as of such termination, unless otherwise provided in the applicable Option Agreement. Any exercise of the Option is subject to (i) such Optionee's full compliance with the Non-Compete Obligation, the Non-Disclosure Obligation and the Non-Solicitation Obligation, (ii) any other obligations to which the Optionee is subject under any applicable employment agreement, non-competition, non-disclosure and non-solicitation agreement and any other agreements of similar kind, if any, made between the Employee and the Company or any Parent or Subsidiary, and their ancillary documents, and (iii) a requirement that the cessation of the Optionee as a Service Provider is not for Cause. In the event that an Optionee is in breach of any of the aforementioned obligations for any reason whatsoever, the Company may, at its sole discretion, withdraw any Option which the Optionee is entitled to exercise but has not yet exercised and reacquire from such Optionee any Shares delivered to such Optionee pursuant to the applicable Option Agreement and the Optionee shall be obliged to return any share certificate(s) evidencing such Shares upon request of the Company or the Administrator, provided that the Company shall refund the Exercise Price paid by the Optionee without any interest or fees whatsoever, subject to any compensation or indemnification to which the Company is entitled and/or any costs incurred by the Company due to such breach of any aforementioned obligations of the Optionee.

(m) Restrictions on Transfer of Shares. Shares delivered upon exercise of an Option shall be subject to such special forfeiture conditions, rights of repurchase or redemption, rights of first refusal, and other transfer restrictions as the Administrator may determine. The restrictions described in the preceding sentence shall be set forth in the applicable Option Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally.

(n) Company's Call Right. The Company shall have the right (but not the obligation) from time to time, subject to the terms and conditions of this Section and to the extent not prohibited by applicable law, to repurchase in one or more transactions and the Optionee (or any permitted transferee) shall be obligated to sell any of the Shares acquired upon exercise of the Option at the Repurchase Price (as defined below) (the "Call Right"). To exercise the Call Right, the Company must give written notice thereof to the Optionee (the "Call Notice"). The Call Notice is irrevocable by the Company and must (a) be in writing and signed by an authorized officer of the Company and (b) set forth the Company's intent to exercise the Call Right and contain the total number of Shares to be sold to the Company pursuant to the Call Right.

Repurchase Price. The price per Share to be paid by the Company through the trustees/ESOP SPVs upon settlement of the Company's Call Right (the "Repurchase Price") shall be determined by the Administrator, which shall not be less than the exercise price paid by the Optionee to the Company and shall not exceed the Fair Market Value of a Share determined as of the date of the Call Notice, provided that in the event the applicable Fair Market Value is lower than the exercise price paid by the Optionee, the Repurchase Price shall be the Fair Market Value. In the event that the Optionee breaches his/her non-compete obligations, non-disclosure obligations and any other obligations as stated in the employment contracts, staff brochure or any other relevant documents to the Company or ceases to be a Service Provider for Cause, the Repurchase Price shall be the lower of (i) the par value of an Ordinary Share, or (ii) the original exercise price paid by the Optionee. In the event that the Optionee has already disposed of the Shares acquired upon exercise of the Optionee's Option, the Optionee shall pay to the Company any profits derived from such disposition (the "Profits"), which shall be equal to the total sales proceeds realized by the Participant less the aggregate Repurchase Price of the Optionee's Option when the sales proceeds are higher than the aggregate Repurchase Price, or if the Optionee breaches his/her non-compete obligations to the Company or ceases to be a Service Provider for Cause, less the lower of (i) the par value of an Ordinary Share, or (ii) the original exercise price paid by the Optionee.



Contributed amounts. For the purpose of exercising the Call Right, the Company may from time to time cause to be paid to the trustees/ESOP SPVs contributed amounts from the Company's resources as the Administrator may in his discretion determine, for the repurchase of Shares from the relevant Optionees at the Repurchase Price as the Administrator may direct or authorize the payment of the related expenses, transaction levy, brokerage, tax, duties and levies. The Shares so purchased by the trustees/ESOP SPVs shall again become available for future grant or sale under the Plan (unless the Plan has terminated).

Closing. The closing of any repurchase under this Section 6 shall be at a date to be specified by the Company, such date to be no later than thirty (30) days after the date of the Call Notice. The repurchase price shall be paid by the trustees/ESOP SPVs at the closing against surrender by the Optionee of a share certificate evidencing the Shares with duly endorsed share powers. No adjustments shall be made to the repurchase price for fluctuations in the Fair Market Value of the Ordinary Shares after the date of the Call Notice. In the event that the Participant has already disposed of the Shares acquired upon exercise of the Participant's Option, the Optionee shall deliver the Profit (if any) to the Company together with document evidencing the sales proceeds realized by the Participant no later than thirty (30) days after the date of the Call Notice.

Assignment. Notwithstanding anything to the contrary, the Company may assign any or all of its rights under this subsection (n) to one or more shareholders of the Company.

7. Terms and Conditions of Share Purchase Rights and Share Awards.

(a) Restricted Share Purchase Agreement or Share Award Agreements. Each Share Purchase Right or Share Award under the Plan shall be evidenced by a Restricted Share Purchase Agreement or Share Award Agreement, respectively, between the Purchaser and the Company. Each Share Purchase Right and each Share Award shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Administrator deems appropriate for inclusion in a Restricted Share Purchase Agreement or Share Award Agreement, including without limitation, (i) the number of Shares subject to such Restricted Share Purchase Agreement or Share Award, as applicable, or a formula for determining such number, (ii) the Purchase Price of the Shares, if any, and the means of payment for the Shares, (iii) the performance criteria, if any, and level of achievement versus these criteria that shall determine the number of Shares granted, issued, retainable and/or vested, (iv) such terms and conditions on the grant, issuance, vesting, settlement and/or forfeiture of the Shares as may be determined from time to time by the Administrator and (v) restrictions on the transferability of the Award. The provisions of the various Restricted Share Purchase Agreements and Share Award Agreements entered into under the Plan need not be identical.

(b) Duration of Offers of Share Purchase Rights. Any Share Purchase Rights granted under the Plan shall automatically expire if not exercised by the Purchaser within 30 days (or such longer time as is specified in the Restricted Share Purchase Agreement) after the Date of Grant.

(c) Purchase Price. The Purchase Price, if any, shall be determined by the Administrator in its sole discretion. The Purchase Price, if any, shall be payable in a form described in Section 9 hereof.

(d) Restrictions on Transfer of Shares. Any Shares awarded or sold pursuant to Share Purchase Rights or Share Awards shall be subject to such special forfeiture conditions, rights of repurchase or redemption, rights of first refusal, market stand-offs, and other transfer restrictions as the Administrator may determine. The restrictions described in the preceding sentence shall be set forth in the applicable Restricted Share Purchase Agreement or Share Award Agreement, as applicable, and shall apply in addition to any restrictions that may apply to holders of Shares generally. Unless otherwise determined by the Administrator and subject to Applicable Law, vesting of Shares acquired pursuant to a Restricted Share Purchase Agreement or Share Awards shall be suspended during any unpaid leave of absence.

8. Withholding Taxes. As a condition to the exercise of an Option, purchase of Restricted Shares or receipt of a Share Award, the Awardee (or in the case of the Awardee's death or in the event of a permissible transfer of Awards hereunder, the person exercising the Option, purchasing Restricted Shares or receiving the Share Award) shall make such arrangements as the Administrator may require for the satisfaction of any applicable withholding taxes arising in connection with the exercise of an Option or purchase of Restricted Shares under the laws of any applicable jurisdiction including Hong Kong, the PRC, the U.S. and any other jurisdiction. The Awardee (or in the case of the Awardee's death or in the event of a permissible transfer of Awards hereunder, the person exercising the Option, purchasing Restricted Shares or receiving Share Awards) also shall make such arrangements as the Administrator may require for the satisfaction of any applicable Hong Kong, PRC, U.S. federal, state, local, or non-PRC and non-U.S. withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option, purchasing Restricted Shares or receiving Share Awards. The Company shall not be required to deliver any Shares under the Plan until the foregoing obligations are satisfied. Without limiting the generality of the foregoing, upon the exercise of the Option or delivery of Restricted Shares or Share or Award, the Company shall have the right to withhold taxes from any compensation or other amounts that the Company may owe to the Awardee, or to require the Awardee to pay to the Company the amount of any taxes that the Company may be required to withhold with respect to the Shares delivered to the Awardee. Without limiting the generality of the foregoing, the Administrator in its discretion may authorize the Awardee to satisfy all or part of any withholding tax liability by (i) having the Company withhold from the Shares that would otherwise be delivered upon the exercise of an Option, purchase of Restricted Shares that number of Shares or received in a Share Award having a Fair Market Value, as of the date the withholding tax liability arises, equal to the portion of the Company's withholding tax liability to be so satisfied or (ii) by delivering to the Company previously owned and unencumbered Shares having a Fair Market Value, as of the date the withholding tax liability arises, equal to the amount of the Company's withholding tax liability to be so satisfied.

9. Payment for Shares. The consideration to be paid for the Shares to be delivered under the Plan, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined on the Date of Grant), subject to the provisions in this Section 9.

(a) General Rule. The entire Purchase Price or Exercise Price (as the case may be) for Shares delivered under the Plan shall be payable in cash or cash equivalents at the time when the Shares are purchased, except as otherwise provided in this Section 9.

(b) Surrender of Shares. To the extent that an Option Agreement, Restricted Share Purchase Agreement or Share Award Agreement so provides, all or any part of the Exercise Price or Purchase Price (as the case may be) may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Awardee. These Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value on the date the Option is exercised or Restricted Shares are purchased. The Awardee shall not surrender, or attest to the ownership of, Shares in payment of the Exercise Price or Purchase Price (as the case may be) if this action would subject the Company to adverse accounting consequences, as determined by the Administrator.

(c) Services Rendered. At the discretion of the Administrator and to the extent so provided in the agreements evidencing Awards of Shares under the Plan, Shares may be awarded under the Plan in consideration of services rendered to the Company or any Parent or Subsidiary prior to the Award.

(d) Exercise/Sale. At the discretion of the Administrator and to the extent an Option Agreement so provides, and if the Shares are publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(e) Exercise/Pledge. At the discretion of the Administrator and to the extent an Option Agreement so provides, and if the Shares are publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(f) Other Forms of Consideration. At the discretion of the Administrator and to the extent an Option Agreement, a Restricted Share Purchase Agreement or Share Award so provides, all or a portion of the Exercise Price or Purchase Price may be paid by any other form of consideration and method of payment to the extent permitted by Applicable Law.

10. Nontransferability of Awards. Unless otherwise determined by the Administrator and so provided in the applicable Option Agreement, Restricted Share Purchase Agreement or Share Award Agreement (or be amended to provide), no Award shall be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner (whether by operation of law or otherwise) other than (i) by will or applicable laws of descent and distribution or (except in the case of an Incentive Stock Option) pursuant to a qualified domestic relations order or (ii) by trusts or companies established in connection with any employee benefit plan of the Company (including the Plan) for the benefit of a Service Provider or Service Providers, in each case subject to Applicable Law, and shall not be subject to execution, attachment, or similar process. In the event the Administrator in its sole discretion makes an Award transferable, only a Nonqualified Stock Option, Share Purchase Right or Share Award may be transferred provided such Award is transferred without payment of consideration to members of the Awardee's immediate family (as such term is defined in Rule 16a-1(e) of the Exchange Act) or to trusts or partnerships established exclusively for the benefit of the Awardee and the members of the Awardee's immediate family, all as permitted by Applicable Law. Upon any attempt to pledge, assign, hypothecate, transfer, or otherwise dispose of any Award or of any right or privilege conferred by this Plan contrary to the provisions hereof, or upon the sale, levy or attachment or similar process upon the rights and privileges conferred by this Plan, such Award shall thereupon terminate and become null and void. Incentive Stock Options may be exercised during the lifetime of the Awardee only by the Awardee.

11. Rights as a Member. Until the Shares actually are delivered (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a member shall exist with respect to the Shares, notwithstanding the exercise of the Award. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are delivered, except as provided in Section 12 of the Plan.

12. Adjustment of Shares.

(a) Changes in Capitalization. Subject to any required action by the members of the Company in accordance with Applicable Law, the class(es) and number and type of Shares that have been authorized for issuance under the Plan but as to which no Awards have yet been granted or that have been returned to the Plan upon cancellation or expiration of an Award, and the class(es), number, and type of Shares covered by each outstanding Award, as well as the price per Share covered by each outstanding Award, shall be proportionately adjusted for any increase, decrease, or change in the number or type of outstanding Shares or other securities of the Company or exchange of outstanding Shares or other securities of the Company into or for a different number or type of shares or other securities of the Company or successor entity, or for other property (including, without limitation, cash) or other change to the Shares resulting from a share split, reverse share split, share dividend, dividend in property other than cash, combination of shares, exchange of shares, combination, consolidation, recapitalization, reincorporation, reorganization, change in corporate structure, reclassification, or other distribution of the Shares effected without receipt of consideration by the Company; provided, however, that the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." The adjustment contemplated in this Section 12(a) shall be made by the Board, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of equity securities of the Company of any class, or securities convertible into equity securities of the Company of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number, type, or price of Shares subject to an Award. Where an adjustment under this Section 12(a) is made to an Incentive Stock Option, the adjustment shall be made in a manner that will not be considered a "modification" under the provisions of Section 424(h) (3) of the Code.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Awardee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option until fifteen (15) days prior to the proposed dissolution or liquidation as to all of the Optioned Shares covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase or redemption option applicable to any Shares purchased upon exercise of an Option or Restricted Shares purchased under a Share Purchase Right shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent an Option has not been previously exercised and all Restricted Shares covered by a Share Purchase Right have not been purchased, the Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a Change in Control, unless the Option Agreement, Restricted Share Purchase Agreement or Share Award Agreement provides otherwise, each outstanding Option shall be assumed or an equivalent option shall be substituted by, and each right of the Company to repurchase, redeem or reacquire Shares upon termination of a Purchaser's relationship as a Service Provider shall be assigned to, the successor corporation or a Parent or Subsidiary of the successor corporation. If, in the event of a Change in Control, the Option is not assumed or substituted, or the repurchase, redemption or reacquisition or similar right is not assigned, in the case of an outstanding Option, the Option shall fully vest immediately and the Awardee shall have the right to exercise the Option as to all of the Optioned Shares, including Shares as to which it would not otherwise be vested or exercisable, and, in the case of Restricted Shares, the Company's repurchase, redemption or reacquisition or similar right shall lapse immediately and all of the Restricted Shares subject to the repurchase, redemption or reacquisition or similar right shall become vested. If an Option becomes fully vested and exercisable, in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Optionee in writing or electronically that the Option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option shall terminate upon the expiration of such period. For purposes of this Section 12(c), an Option shall be considered assumed, and Restricted Shares will be considered assigned if, following the Change in Control, the Award confers the right to purchase or receive, for each covered Share immediately prior to the Change in Control, the consideration (whether shares, cash, or other securities or property) received in connection with the Change in Control by holders of Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if the consideration received in the Change in Control is not solely common stock or ordinary shares of the successor corporation or its Parent or Subsidiary, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or vesting of the Restricted Shares, for each covered Share, to be solely common stock or ordinary shares of the successor corporation or its Parent or Subsidiary equal in Fair Market Value to the per Share consideration received by holders of Shares in the Change in Control.

(d) Reservation of Rights. Except as provided in this Section 12 and in the applicable Option Agreement, Restricted Share Purchase Agreement or Share Award Agreement, an Awardee shall have no rights by reason of (i) any subdivision or consolidation of Shares or other securities of any class, (ii) the payment of any dividend, or (iii) any other increase or decrease in the number of Shares or other securities of any class. Any issuance by the Company of equity securities of any class, or securities convertible into equity securities of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Optioned Shares. The grant of an Option, Share Purchase Right or Share Award shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell, or transfer all or any part of its business or assets.

13. Date of Grant. The Date of Grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination to grant the Award, or such other later date as is determined by the Administrator. In any event, the Date of Grant shall be no earlier than the effective date of a legally binding Option Agreement which has been entered by the Optionee or Awardee and the Company.

14. Securities Law Requirements.

(a) Legal Compliance. Notwithstanding any other provision of the Plan or any agreement entered into by the Company pursuant to the Plan, the Company shall not be obligated, and nor shall it have any liability for failure to deliver any Shares under the Plan unless the issuance and delivery of Shares comply with (or are exempt from) all Applicable Law, including, without limitation, the applicable securities laws in the Cayman Islands, Hong Kong, PRC, Securities Act, U.S. state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. Shares delivered under the Plan shall be subject to transfer restrictions, and the person acquiring the Shares shall, as a condition to the exercise of an Option or the purchase or acquisition of Restricted Shares if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with Applicable Law, including, without limitation, the representation and warranty at the time of acquisition of Shares that the Shares are being acquired only for investment purposes and without any present intention to sell, transfer, or distribute the Shares.

15. Condition to Exercise. Any exercise of Option or the rights to purchase the Shares, or any issuance of Shares under the applicable Option Agreement, Share Purchase Rights and Share Awards shall be subject to the Optionee or the holder of Share Purchase Rights and Share Awards being in compliance with all applicable PRC laws and regulations, including but not limited to the requirement of registration with SAFE.

16. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to deliver or sell such Shares as to which such requisite authority shall not have been obtained.

17. Approval by Members and Validity. The Plan shall be subject to simple majority approval by the members of the Company within twelve (12) months before or after the date the Plan is adopted by the Board. Such approval by members of the Company shall be obtained in the degree and manner required under Applicable Law and the Articles. Awards may be granted but Options may not be exercised and Restricted Shares may not be purchased or acquired prior to approval of the Plan by members of the Company. Awards may be granted but not be exercised prior to the last day of the six-month period following the listing date of the Company. If no listing of the Company occurs on or before December 31, 2021, the Board or the Administrator as authorized by the Board may elect to cancel or terminate part or all Awards granted under this Plan that is then outstanding at the close of business on December 31, 2021, or may elect to permit the Awardees to exercise part or all Awards that have been vested at the close of business on December 31, 2021.

Any grant of an Award to any director, chief executive officer or substantial shareholder of any member of the Group, or any of their respective associates (as defined in the Listing Rules) upon the Company's listing, shall be subject to the prior approval of the independent non-executive Directors (excluding any independent non-executive Director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

18. Duration and Amendment.

(a) Term of Plan. Subject to approval by members of the Company in accordance with Section 17 hereof, the Plan shall become effective upon the later to occur of its adoption by the Board or its approval by the members of the Company as described in Section 17 hereof. In the event that the members of the Company fail to approve the Plan within 12 months prior to or after its adoption by the Board, any Awards that have been granted and any Shares that have been awarded or purchased under the Plan shall be rescinded, and no additional Awards shall be granted thereafter. Unless sooner terminated under Section 17(b) hereof, the Plan shall continue in effect for a term of ten (10) years.

(b) Amendment and Termination. The Board may at any time amend, alter, suspend, or terminate the Plan, subject to Applicable Law and the Articles.

(c) Effect of Amendment or Termination. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination. No Shares shall be delivered or sold under the Plan after the termination thereof, except upon exercise of an Award granted prior to the termination of the Plan.

19. Legending Share Certificates. In order to enforce any restrictions imposed upon Shares delivered upon the exercise of Options or the acquisition of Restricted Shares, including, without limitations, the restrictions described in Sections 6(m), 7(d), and 14(b) hereof, the Administrator may cause a legend or legends to be placed on any share certificates representing the Shares, which legend or legends shall make appropriate reference to the restrictions, including, without limitation, a restriction against sale of the Shares for any period as may be required by Applicable Law.

20. No Retention Rights. Neither the Plan nor any Award shall confer upon any Awardee any right to continue his or her relationship as a Service Provider with the Company for any period of specific duration or interfere in any way with his or her right or the right of the Company (or any Parent or Subsidiary employing or retaining the Awardee), which rights are hereby expressly reserved by each, to terminate this relationship at any time, with or without cause, and with or without notice.

21. No Registration Rights. The Company may, but shall not be obligated to, register or qualify the sale of Shares under the Securities Act or any other Applicable Law. The Company shall not be obligated to take any affirmative action in order to cause the sale of Shares under this Plan to comply with any law.

22. No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Parent or Subsidiary and an Awardee or any other person. To the extent that any Awardee acquires a right to receive payments from the Company or any Parent or Subsidiary pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company, a Parent, or any Subsidiary.



23. No Rights to Awards. No Awardee, eligible Service Provider, or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of a Service Provider, Awardee, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Awardee or with respect to different Awardees.

24. Exemption from Section 409A of the Code. This Plan is intended to qualify for exemption from the application of Section 409A of the Code, such that due to the exemption(s) available under the Code, the IRC Section 409A will not apply to the Plan. Accordingly, the Plan will not provide any "deferred compensation arrangement" to any of the Plan Awardee(s). For purposes of this Plan, the term "deferred compensation arrangement" shall mean an arrangement, which has the possibility of an Awardee, deferring the timing of taxation (in the U.S.) of any award received under the Plan to a tax year later than then year during which the Awardee was given legal or economic right(s) with respect to the Award. None of the Award under this Plan shall include any phantom stock(s) or phantom share(s) arrangement. Notwithstanding any other provision to the contrary, in the event that any term(s) or condition(s) under this plan or any of the related document(s), such as the Option Agreement (as referred to in 2 (cc)), Restricted Share Purchase Agreement (as referred to in 2 (ll)), Share Purchase Agreement (as referred to in 2(mm)), and the Share Award Agreement (as referred to in 2(mm)), may cause this Plan to be subject to the application of IRC Section 409A, such term(s) or condition(s) shall be void and ineffective. While the objective is for this Plan to be exempt from the application of IRC Section 409A, and the Company has made its best efforts to achieve the objective, the Company shall not have any liability or obligation (including but not limited to any obligation to indemnify an Awardee for penalties, taxes or any other losses) to an Awardee in the event that the Plan does not qualify for the exemption from IRC Section 409A.

25. Language. This Plan has been written in English and Chinese. The Chinese translation is for reference only. In case of any discrepancy between the English version and the Chinese version, the English version shall prevail.

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## ADLAI NORTYE LTD.

## 2023 SHARE INCENTIVE PLAN

*This Plan is a share incentive plan conditionally adopted by the Company pursuant to the Shareholders' Agreement, the Sixth Amended and Restated Memorandum and Articles of Association, the board resolutions of the Company and the shareholders resolutions of the Company, dated April 21, 2023 and April 17, 2023, respectively.*

1. **Purposes of the Plan.** The purposes of this Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected Employees, Directors, and Consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company, or to increase this interest by permitting them to acquire Shares of the Company. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares. Options granted under the Plan may be Incentive Stock Options or Nonqualified Stock Options, as determined by the Administrator at the time of grant. All outstanding Awards granted prior to the date on which this Plan is adopted by the Company's Board shall be governed by this Plan.

2. **Definitions.** For the purposes of this Plan, the following terms shall have the following meanings:

(a) **"Administrator"** means the Board of the Company or such delegates as shall be administering the Plan in accordance with Section 4 hereof.

(b) **"ADS"** means an American Depositary Share representing Class A Ordinary Shares.

(c) **"Affiliate"** means, with respect to any Person, any Person which, directly or indirectly, controls, is controlled by or is under common control with such Person.

(d) **"Applicable Law"** means any applicable legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction where Awards are granted under the Plan or where the Optionees are domiciled or resident for tax purposes. For all purposes of this Plan, references to statutes and regulations shall be deemed to include any successor statutes or regulations, to the extent reasonably appropriate as determined by the Administrator.

(e) **"Articles"** means the Company's Amended and Restated Memorandum and Articles of Association, as amended from time to time.

(f) **"Award"** means an Option, a Restricted Share, a Restricted Share Unit or any other types of award as designed and approved from time to time by the Administrator, as the case may be, pursuant to Section 4 of the Plan in compliance with Applicable Laws.

(g) **"Awardee"** means a recipient of an Award.

(h) **"Board"** means the board of directors of the Company.

(i) **"Cause"** means (i) a Service Provider has been negligent in the discharge of his or her duties to the Company or any Affiliate, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties; (ii) a Service Provider has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information; (iii) a Service Provider has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Company or any of its Affiliates; or has been convicted of, or pled guilty or nolo contendere to, a felony or misdemeanor or equivalent in any jurisdiction (other than minor traffic violations or similar offenses); (iv) a Service Provider has materially breached any of the provisions of any agreement (including but not limited to the employment agreement, invention assignment agreement, non-compete agreement and confidentiality agreement) or any understanding with the Company or any of its Affiliates; (v) a Service Provider has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Company or any of its Affiliates; (vi) a Service Provider has improperly induced a vendor or customer to break or terminate any contract with the Company or any of its Affiliates or induced a principal for whom the Company or any Affiliate acts as agent to terminate such agency relationship; or (vii) any of the circumstances set forth under Article 39 of the Labor Contract Law of the PRC, in each case as determined in good faith by the Administrator.

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(j) “Change in Control” means the occurrence of any of the following events:

any “person” (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the “beneficial owner” (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company’s then outstanding voting securities; or

the consummation of the sale, lease, or disposition by the Company of all or substantially all of the Company’s assets; or

the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Anything in the foregoing to the contrary notwithstanding, a transaction shall not constitute a Change in Control if its sole purpose is to change the legal jurisdiction of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction. In addition, a sale by the Company of its securities in a transaction, the primary purpose of which is to raise capital for the Company’s operations and business activities including, without limitation, an initial public offering of Shares under the Securities Act or other Applicable Law, shall not constitute a Change in Control.

(k) “Class” or “Classes” means any class or classes of Shares as may from time to time be issued by the Company.

(l) “Class A Ordinary Share” means an Ordinary Share of a par value of US\$0.0001 in the capital of the Company, designated as a Class A Ordinary Shares.

(m) “Class B Ordinary Share” means an Ordinary Share of a par value of US\$0.0001 in the capital of the Company, designated as a Class B Ordinary Shares.

(n) “Code” means the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder. References to IRC Section shall mean a section number of the Internal Revenue Code of 1986.

(o) “Company” means Adlai Nortye Ltd., a corporation formed under the laws of the Cayman Islands, or any successor corporation thereto.

(p) “Consultant” means any natural person, including an advisor, who is engaged by the Company, or any Parent, Subsidiary, Affiliate or variable interest entity whose financial statements are intended to be consolidated with the Company, any Parent, Subsidiary or Affiliate to render bona fide consulting or advisory services to such entity and who is compensated for the services, and any other persons including former employees who, in the sole opinion of the Administrator, have contributed or will contribute to the Company, Parent, Subsidiaries or Affiliate, provided that the term “Consultant,” does not include (i) Employees or (ii) securities promoters.

(q) “Date of Grant” means the date an Award is granted to an Awardee in accordance with Section 14 hereof.

(r) “Director” means a member of the Board.

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(s) “Disability” means total and permanent disability as defined in Section 22(e)(3) of the Code.

(t) “Employee” means any person, including officers and Directors, employed by the Company or any Parent or Subsidiary. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or any Parent or Subsidiary, including sick leave, military leave, or any other personal leave, or (ii) transfers between locations of the Company or between the Company or any Parent or Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. If reemployment upon expiration of a leave of absence approved by the Company is not so guaranteed, then three (3) months following the 91<sup>st</sup> day of such leave, any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Nonqualified Stock Option. For the avoidance of doubt, neither service as a Director nor payment of a director’s fee by the Company or any Parent or Subsidiary shall be sufficient to constitute “employment” by the Company or any Parent or Subsidiary.

(u) “Exercise Price” means the amount for which one Share may be purchased upon exercise of an Option, as specified by the Administrator in the applicable Option Agreement in accordance with Section 6(d) hereof.

(v) “Exchange Act” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(w) “Fair Market Value” means, as of any date, the value of the Shares determined as follows:

if the Shares are listed on any established stock exchange or a national market system, including, without limitation, the New York Stock Exchange, The Nasdaq Global Market or The Nasdaq Capital Market of The Nasdaq Stock Market, the Stock Exchange of Hong Kong and the London Stock Exchange, the Fair Market Value shall be the closing sales price for the Shares (or the closing bid, if no sales were reported) as quoted on such exchange or system on the day of determination, as reported in *The Wall Street Journal* or such other source as the Administrator deems reliable;

if the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean of the high bid and low asked prices for the Shares on the day of determination, as reported in *The Wall Street Journal* or any other source as the Administrator deems reliable; or

in the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Administrator in accordance with the acceptable valuation methodology in accordance with U.S. Treasury Regulations issued under IRC Section 409A, and as amended from time to time.

(x) “Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

(y) “Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code, as designated in the applicable Option Agreement.

(z) “Non-Compete Obligation” means during the Employee’s employment with the Company or any Parent or Subsidiary and within two (2) years after his/her employment with the Company or any Parent or Subsidiary ends, to the furthest extent permitted by the Applicable Law, the Employee shall not, directly or indirectly, (i) establish, carry on, participate in, work for, provide financial support or security for, or advise, any entity or individual that directly or indirectly competes with the Company or any Affiliate of the Company; (ii) participate in or work for any entity or individual that is a supplier or vendor of the Company or any Affiliate of the Company; or (iii) carry on any activity similar to the business carried on by the Company or any Affiliate of the Company.

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(aa) “Non-Disclosure Obligation” means during or after the Employee’s employment with the Company or any Parent or Subsidiary ends, the Employee will not disclose any information, whether or not in writing, of a private, secret, or confidential nature concerning the Company’s business, business relationships or financial affairs to any entity or individual or use the same for any purposes (other than in the performance of his/her duties as an Employee), unless and until such information has become public knowledge through no fault of the Employee. Such obligations may be further specified in the applicable employment agreement, non-competition, non-disclosure, and non-solicitation agreement and any other agreements of the same kind, if any, made between the Employee and the Company or any Parent or Subsidiary.

(bb) “Non-Solicitation Obligation” means for a period of two years following the termination of employment for any reason whatsoever, the Employee will not, directly or indirectly, either for the Employee or for any other entity or individual, in any capacity, induce or attempt to induce or call upon or solicit any of the Company’s Employees, Consultants, vendors, prospective vendors, suppliers, landlords or other business relations of the Company to leave or cease doing business with the Company or in any way interfere with the relationship between the Company and any of the Company’s Employees, vendors, prospective vendors, suppliers, landlords or other business relations, or hire or solicit for employment any Employee. Such obligations may be further specified in the applicable employment agreement, non-competition, non-disclosure, and non-solicitation agreement and any other agreements of the same kind, if any, made between the Employee and the Company or any Parent or Subsidiary.

(cc) “Nonqualified Stock Option” means an Option not intended to qualify as an Incentive Stock Option, as designated in the applicable Option Agreement, or an Incentive Stock Option that does not so qualify.

(dd) “Option” means an option to purchase Shares that is granted pursuant to the Plan in accordance with Section 6 hereof.

(ee) “Option Agreement” means a written or electronic agreement between the Company and an Optionee, the form(s) of which shall be approved from time to time by the Administrator, evidencing the terms and conditions of an individual Option granted under the Plan, and includes any documents attached to or incorporated into the Option Agreement, including, but not limited to, a notice of option grant and a form of exercise notice. The Option Agreement shall be subject to the terms and conditions of the Plan.

(ff) “Optioned Shares” means the Shares subject to an Option.

(gg) “Optionee” means the holder of an outstanding Option granted under the Plan.

(hh) “Ordinary Share” means an ordinary share in the capital of the Company with a par value of US\$0.0001 each, including Class A Ordinary Shares and Class B Ordinary Shares;

(ii) “Parent” means a “parent corporation” with respect to the Company, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(jj) “Person” means an individual, corporation, partnership, association, trust, or any other entity.

(kk) “Plan” means this Share Incentive Plan, as amended from time to time.

(ll) “PRC” means the People’s Republic of China, but for the purpose of this Plan and for jurisdiction reference only, excluding Taiwan, Hong Kong, Macau.

(mm) “Purchase Price” means the amount of consideration for which one Share may be acquired pursuant to the Restricted Share Award Agreement or Restricted Share Units Award Agreement in accordance with Section 7 or Section 8 hereof.

(nn) “Restricted Shares” means Shares awarded to an awardee pursuant to Section 7, which is subject to certain restrictions and may be subject to risk of forfeiture.

(oo) “Restricted Share Units” means an Award granted pursuant to Section 8.

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- (pp) “SAFE” means the PRC State Administration of Foreign Exchange and its local branches.
- (qq) “Securities Act” means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.
- (rr) “Service Provider” means an Employee, Director, or Consultant.
- (ss) “Share” means an Ordinary Share or an ADS of the Company, as adjusted in accordance with Section 13 hereof.
- (tt) “Shareholders Agreement” means any agreement between an Awardee as a member of the Company and the Company or other members of the Company or both.
- (uu) “Subsidiary” means a “subsidiary corporation” with respect to the Company, whether now or hereafter existing, as defined in Section 424(f) of the Code.
- (vv) “United States” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
- (xx) “U.S. Treasury Regulations” means the Regulations as issued by the United States Treasury Department, as carried out by the Internal Revenue Service (“IRS”), under the Code.

3. Shares Subject to the Plan.

(a) Basic Limitation. Subject to the provisions of Section 13 hereof, the maximum aggregate number of Shares that may be issued and allotted under the Plan (including any reserved and issued share under the share incentive plan dated June 8, 2020 held by Nortye Talent Limited and Nortye International Limited), and any similar plan in other jurisdictions, shall not exceed 15,000,000 Shares (as appropriately adjusted for subsequent share splits, stock splits, stock dividends and the like). Upon the vesting or exercise of Awards, the Company may (i) issue Shares directly to Awardees, or (ii) first issue Shares to one or more entities established or controlled by the Company for the benefit of Awardees (the “ESOP SPV(s)”) and then cause ESOP SPVs to transfer the Shares to Awardees. The number of Shares that are subject to Awards outstanding under the Plan at any time shall not exceed the aggregate number of Shares that then remain available reserved under the Plan. The Company, during the term of the Plan, shall at all times reserve and keep available sufficient Shares to satisfy the requirements of outstanding Awards granted under the Plan).

(b) Additional Shares. If an Award expires, becomes unexercisable, or is cancelled, forfeited, or otherwise terminated without having been exercised or settled in full, as the case may be, the Shares allocable to the unexercised portion of the Award shall again become available for future grant or sale under the Plan (unless the Plan has terminated). Shares that actually have been issued and allocated under the Plan, upon exercise of an Option or delivery under an issuance of Restricted Shares or Restricted Share Units, shall not be returned to the Plan and shall not become available for future distribution under the Plan, except that in the event that Shares delivered under the Plan are reacquired by the Company pursuant to any forfeiture provision, right of repurchase or redemption, or are retained by the Company upon the exercise of or purchase of Shares under an Award in order to satisfy the Exercise Price or Purchase Price for the Award or any withholding taxes due with respect to the exercise or purchase, such Shares shall again become available for future grant under the Plan.

4. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Board of the Company. The Board of Company may authorize one or more committees or officers in writing to administrate the grants of any Awards and may limit such authority as the Board determines from time to time.

(b) Powers of the Administrator. Subject to the provisions of the Plan, and subject to the approval of the Board, the Administrator shall have the authority in its discretion:

to determine the Fair Market Value, in accordance with Section 2(w) hereof;

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to select the Awardees to whom Awards may from time to time be granted hereunder;

to determine the number of Shares to be covered by each Award granted hereunder;

to approve the form(s) of agreement for use under the Plan;

to determine the terms and conditions of any Award granted hereunder including, but not limited to, the Exercise Price, the Purchase Price, the time or times when Options may be exercised (which may be based on performance criteria), the time or times when repurchase or redemption rights shall lapse, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

to implement a program where (A) outstanding Awards are surrendered or cancelled in exchange for Awards of the same type (which may have lower Exercise/Purchase Prices and different terms), Awards of a different type, or cash, or (B) the Exercise/Purchase Price of an outstanding Award is reduced, based in each case on terms and conditions determined by the Administrator in its sole discretion;

to approve earlier exercise of the Awards granted under the Plan.

to implement any employee stock ownership plan ("ESOP") platform system necessary to facilitate the administration of this Plan;

to prescribe, amend, and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable laws of jurisdictions other than the United States;

to allow Awardees to satisfy withholding tax obligations by the Administrator electing to have the Company withhold from the Shares to be delivered under an Award that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld in accordance with the Applicable Laws. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Awardees to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable. For the avoidance of doubt, the Company and the Administrator shall not be responsible for any failure by the Awardee to discharge all taxes and liabilities to which he or she may become subject as a result of his or her participation in this Plan or the delivery of any Shares;

to modify or amend each Award, including, without limitation, the discretionary authority to extend the post-termination exercisability of an Option longer than is otherwise provided for in an Option Agreement or accelerate the vesting or exercisability of an Option or lapsing of a repurchase or redemption right to which Restricted Shares may be subject;

to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan; and

to make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan.

(c) Delegation of Authority to Officers. Subject to Applicable Law, the Administrator may delegate limited authority to specified committees or officers of the Company to execute on behalf of the Company any instrument required to effect an Award previously granted by the Administrator.

(d) Effect of Administrator's Decision. All decisions, determinations, and interpretations of the Administrator shall be final and binding on all Awardees.

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5. Eligibility.

(a) General Rule. With the exception of any holding company managed by the Administrator or its delegates for the purpose of administering the Plan, only Service Providers, trusts or companies established in connection with any employee benefit plan of the Company (including the Plan) for the benefit of a Service Provider or any eligible person determined by the Administrator, shall be eligible for the grant of Awards. Incentive Stock Options may be granted to Employees only.

6. Terms and Conditions of Options.

(a) Option Agreement. Each grant of an Option under the Plan shall be evidenced by an Option Agreement. Each Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan and that the Administrator deems appropriate for inclusion in an Option Agreement. The provisions of the various Option Agreements entered into under the Plan need not be identical.

(b) Type of Option. Each Option shall be designated in the Option Agreement as either an Incentive Stock Option or a Nonqualified Stock Option. However, notwithstanding a designation of an Option as an Incentive Stock Option, to the extent that the aggregate Fair Market Value of the Shares with respect to which Incentive Stock Options are exercisable for the first time by an Optionee during any calendar year (under all plans of the Company and any Parent or Subsidiary) exceeds US\$100,000, such Options shall be treated as Nonqualified Stock Options. For purposes of this Section 6(b), Incentive Stock Options shall be taken into account in the order in which they were granted. The Fair Market Value of the Shares shall be determined as of the Date of Grant.

(c) Number of Shares. Each Option Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 13 hereof.

(d) Exercise Price. Each Option Agreement shall specify the Exercise Price. The Exercise Price of an Incentive Stock Option shall not be less than 100% of the Fair Market Value on the Date of Grant; the Exercise Price of any Option granted to non-U.S. Awardees shall be determined by the Administrator. The Exercise Price shall be payable in accordance with Section 10 hereof and the applicable Option Agreement. Notwithstanding anything to the contrary in the foregoing, in the event of a transaction described in Section 424(a) of the Code, then, consistent with Section 424(a) of the Code, Incentive Stock Options may be delivered at an Exercise Price other than as required by the foregoing.

(e) Term of Option. The Option Agreement shall specify the term of the Option; provided, however, that the term shall not exceed ten (10) years from the Date of Grant. Subject to the preceding sentence, the Administrator in its sole discretion shall determine when an Option is to expire.

(f) Exercisability. Each Option Agreement shall specify the date when all or any installment of the Option is to become exercisable. The exercisability provisions of any Option Agreement shall be determined by the Administrator in its sole discretion.

(g) Exercise Procedure. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as may be determined by the Administrator and as set forth in the Option Agreement; provided, however, that an Option shall not be exercised for a fraction of a Share.

An Option shall be deemed exercised when the Company receives (A) written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option, (B) full payment for the Shares with respect to which the Option is exercised, and (C) all representations, indemnifications, and documents reasonably requested by the Administrator including, without limitation, any Shareholders Agreement has been entered into to the satisfaction of the Administrator. Full payment may consist of any consideration and method of payment authorized by the Administrator in accordance with Section 10 hereof and permitted by the Option Agreement. Upon the Option being exercised and when the exercise procedure as stipulated in this clause has been fully complied with, the Company shall cause or procure the underlying Ordinary Shares be transferred from the ESOP SPVs to the Optionee designated by the Company. For the avoidance of doubt, the Optionee has no right to request the ESOP SPVs to transfer the underlying ordinary Shares to himself/herself.

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Shares delivered upon exercise of an Option shall be delivered in the name of the Optionee or, if requested by the Optionee, in the name of the Optionee and his or her spouse. Subject to the provisions of Sections 9, 10, 15, and 16, the Company shall issue (or cause to be issued) certificates evidencing the delivered Shares promptly after the Option is exercised. Notwithstanding the foregoing, the Administrator in its discretion may require the Company to retain possession of any certificate evidencing Shares acquired upon the exercise of an Option, if those Shares remain subject to repurchase or redemption under the provisions of the Option Agreement, any Shareholders Agreement, or any other agreement between the Company and the Awardee, or if those Shares are collateral for a loan or obligation due to the Company.

Exercise of an Option in any manner shall result in a decrease in the number of Shares thereafter available, both for purposes of the Plan (in accordance with Section 3(b)) and for sale under the Option, by the number of Shares as to which the Option is exercised.

(h) Vesting Schedule. Subject to the Optionee's continued status as a Service Provider through each of the applicable vesting dates and to the extent permitted by applicable law, the Option shall become exercisable, in whole or in part, in accordance with the terms thereof at such times and under such conditions as maybe determined by the Administrator and set forth in the Option Agreement. Unless the Administrator determines otherwise, all options shall become exercisable as set forth in the following schedule:

25% of the Optioned Shares shall vest on each of the first, second, third and fourth anniversary of the vesting commencement date, subject to the Optionee's continuing to be a Service Provider through these dates. Before or after execution of the Option Agreement, the vesting schedule may be modified or changed by the Administrator in its sole discretion as it deems necessary or appropriate where new agreement between the Company and the Optionee shall be entered into regarding the said modification or change.

(i) Termination of Service (other than by death).

(1) If an Optionee ceases to be a Service Provider for Cause, (i) the Option or any other share-based award received by the Optionee will terminate and be cancelled on the Optionee's severance date, whether or not the option or other share-based awards is then vested and/or exercisable; (ii) the Company has the right to repurchase the Shares issued upon exercise of the Optionee's Options (or portion thereof) to the extent that such Options were exercised on the date of the Optionee's termination of employment or service at the price of the exercise price paid to the Company by the Optionee. In the event that the Optionee has already disposed of the Shares acquired upon exercise of the Optionee's Option, the Optionee shall pay to the Company any profits derived from such disposition (the "Profits"), which shall be equal to the total sales proceeds realized by the Optionee less the original exercise price paid by the Optionee, when the sales proceeds are higher than the Exercise Price.

If an Optionee ceases to be a Service Provider for any reason other than because of death and without Cause, then the Optionee's Options shall expire on the earliest of the following occasions:

The expiration date determined by Section 6(e) hereof;

The last day of the three-month period following the cessation of the Optionee as a Service Provider for any reason other than Disability, or such later date as the Administrator may determine and specify in the Option Agreement, provided that no Option that is exercised after the expiration of the three-month period immediately following the termination of the Optionee's relationship as an Employee shall be treated as an Incentive Stock Option; or

The last day of the twelve-month period following the cessation of the Optionee as a Service Provider by reason of Disability, or such later date as the Administrator may determine and specify in the Option Agreement; provided that no Option that is exercised after the expiration of the twelve-month period immediately following the cessation of the Optionee as an Employee shall be treated as an Incentive Stock Option.

(2) Following the cessation of the Optionee as a Service Provider, the Optionee may exercise all or part of the Optionee's Option at any time before the expiration of the Option as set forth in Section 6(i)(1) hereof, but only to the extent that the Option was vested and exercisable as of the date of cessation of the Optionee as a Service Provider (or became vested and exercisable as a result of the cessation). The balance of the Shares subject to the Option shall be forfeited on the date of cessation of the Optionee as a Service Provider. In the event that the Optionee dies after the cessation of the Optionee as a Service Provider but before the expiration of the Optionee's Option as set forth in Section 6(i)(1) hereof, all or part of the Option may be exercised (prior to expiration) by the executors or administrators of the Optionee's estate or by any person who has acquired the Option directly from the Optionee by beneficiary designation, bequest, or inheritance, but only to the extent that the Option was vested and exercisable as of the cessation date of the Optionee as a Service Provider (or became vested and exercisable as a result of the cessation). Any Optioned Shares subject to the portion of the Option that are vested as of the cessation date of the Optionee as a Service Provider but that are not purchased prior to the expiration of the Option pursuant to this Section 6(i) shall be forfeited immediately following the Option's expiration.

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(j) Leaves of Absence. Unless otherwise determined by the Administrator, for purposes of this Section 6, the service of an Optionee as a Service Provider shall be deemed to continue while the Optionee is on a bona fide leave of absence, if such leave was approved by the Company and/or the Affiliate in writing. Unless otherwise determined by the Administrator and subject to Applicable Law, vesting of an Option shall be suspended during any unpaid leave of absence.

(k) Death of Optionee.

(1) If an Optionee dies while a Service Provider, then the Optionee's Option shall expire on the earlier of the following dates:

The expiration date determined by Section 6(e) hereof;

The last day of the six-month period immediately following the Optionee's death, or such later date as the Administrator may determine and specify in the Option Agreement.

(2) All or part of the Optionee's Option may be exercised at any time before the expiration of the Option as set forth in Section 6(k)(1) hereof by the executors or administrators of the Optionee's estate or by any person who has acquired the Option directly from the Optionee by beneficiary designation, bequest, or inheritance, but only to the extent that the Option was vested and exercisable as of the date of the Optionee's death or had become vested and exercisable as a result of the death. The balance of the Shares subject to the Option shall be forfeited upon the Optionee's death. Any Optioned Shares subject to the portion of the Option that are vested as of the Optionee's death but that are not purchased prior to the expiration of the Option pursuant to this Section 6(k) shall be forfeited immediately following the Option's expiration.

(l) Restriction on Exercise of Option. Notwithstanding any provision to the contrary in this Plan, in the event that an Optionee who is an Employee ceases to be a Service Provider for any reason whatsoever, the Option granted to him/her may not be exercised as of such termination, unless otherwise provided in the applicable Option Agreement. Any exercise of the Option is subject to (i) such Optionee's full compliance with the Non-Compete Obligation, the Non-Disclosure Obligation and the Non-Solicitation Obligation, (ii) any other obligations to which the Optionee is subject under any applicable employment agreement, non-competition, non-disclosure and non-solicitation agreement and any other agreements of similar kind, if any, made between the Employee and the Company or any Parent or Subsidiary, and their ancillary documents, and (iii) a requirement that the cessation of the Optionee as a Service Provider is not for Cause. In the event that an Optionee is in breach of any of the aforementioned obligations for any reason whatsoever, the Company may, at its sole discretion, withdraw any Option which the Optionee is entitled to exercise but has not yet exercised and reacquire from such Optionee any Shares delivered to such Optionee pursuant to the applicable Option Agreement and the Optionee shall be obliged to return any share certificate(s) evidencing such Shares upon request of the Company or the Administrator, provided that the Company shall refund the Exercise Price paid by the Optionee without any interest or fees whatsoever, subject to any compensation or indemnification to which the Company is entitled and/or any costs incurred by the Company due to such breach of any aforementioned obligations of the Optionee. In the event that the Optionee has already disposed of the Shares acquired upon exercise of the Optionee's Option, the Optionee shall pay to the Company any profits derived from such disposition (the "Profits"), which shall be equal to the total sales proceeds realized by the Optionee less the original exercise price paid by the Optionee, when the sales proceeds are higher than the Exercise Price.

(m) Restrictions on Transfer of Shares. Shares delivered upon exercise of an Option shall be subject to such special forfeiture conditions, rights of repurchase or redemption, rights of first refusal, and other transfer restrictions as the Administrator may determine. The restrictions described in the preceding sentence shall be set forth in the applicable Option Agreement and shall apply in addition to any restrictions that may apply to holders of Shares generally.

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7. Restricted Shares.

(a) Grant of Restricted Shares. The Administrator is authorized to make Awards of Restricted Shares to any Awardee selected by the Administrator in such number and subject to such terms and conditions as determined by the Administrator. All Awards of Restricted Shares shall be evidenced by an Award Agreement.

(b) Restricted Share Award Agreement. Each Award of Restricted Shares shall be evidenced by an Award Agreement that shall specify the period of restriction, the number of Restricted Shares granted, and such other terms and conditions as the Administrator, in its sole discretion, shall determine. Unless the Administrator determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restriction on such Restricted Shares have lapsed.

(c) Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Shares). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter.

(d) Forfeiture/Repurchase. Except as otherwise determined by the Administrator at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; *provided, however*, that the Administrator may (a) provide in any Restricted Share Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

(e) Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Administrator shall determine. If certificates representing Restricted Shares are registered in the name of the Awardee, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

(f) Removal of Restrictions. Unless the Administrator determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed. Except as otherwise provided in this Section 7, Restricted Shares granted under the Plan shall be released from escrow as soon as practicable after the last day of the period of restriction. The Administrator, in its discretion, may accelerate the time at which any restrictions shall lapse or be removed. After the restrictions have lapsed, the Awardee shall be entitled to have any legend or legends under Section 7(e) removed from his or her Share certificate, and the Shares shall be freely transferable by the Awardee, subject to applicable legal restrictions. The Administrator, in its discretion, may establish procedures regarding the release of Shares from escrow and the removal of legends, as necessary or appropriate to minimize administrative burdens on the Company.

8. Restricted Share Units

(a) Grant of Restricted Share Units. The Administrator, at any time and from time to time, may grant Restricted Share Units to Awardees as the Administrator, in its sole discretion, shall determine. The Administrator, in its sole discretion, shall determine the number of Restricted Share Units to be granted to each Awardee.

(b) Restricted Share Units Award Agreement. Each Award of Restricted Share Units shall be evidenced by an Award Agreement that shall specify any vesting conditions, the number of Restricted Share Units granted, and such other terms and conditions as the Administrator, in its discretion, shall determine.

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(c) Performance Objectives and Other Terms. The Administrator, in its discretion, may set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of Restricted Share Units that will be paid out to the Awardees.

(d) Form and Timing of Payment of Restricted Share Units. At the time of grant, the Administrator shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable. Upon vesting, the Administrator, in its sole discretion, may pay Restricted Share Units in the form of cash, Shares or a combination thereof.

(e) Forfeiture/Repurchase. Except as otherwise determined by the Administrator at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Share Units that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; *provided, however,* that the Administrator may (a) provide in any Restricted Share Unit Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Share Units will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other case waive in whole or in part restrictions or forfeiture and repurchase conditions resulting to Restricted Share Units.

9. Withholding Taxes. As a condition to the exercise of an Option or purchase of Restricted Shares or Restricted Share Units, the Awardee (or in the case of the Awardee's death or in the event of a permissible transfer of Awards hereunder, the person exercising the Option or purchasing Restricted Shares or Restricted Share Units) shall make such arrangements as the Administrator may require for the satisfaction of any applicable withholding taxes arising in connection with the exercise of an Option or purchase of Restricted Shares or Restricted Share Units under the laws of any applicable jurisdiction including Hong Kong, the PRC, the U.S. and any other jurisdiction. The Awardee (or in the case of the Awardee's death or in the event of a permissible transfer of Awards hereunder, the person exercising the Option or purchasing Restricted Shares or Restricted Share Units) also shall make such arrangements as the Administrator may require for the satisfaction of any applicable Hong Kong, PRC, U.S. federal, state, local, or non-PRC and non-U.S. withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option or purchasing Restricted Shares or Restricted Share Units. The Company shall not be required to deliver any Shares under the Plan until the foregoing obligations are satisfied. Without limiting the generality of the foregoing, upon the exercise of the Option or delivery of Restricted Shares or Share or any other Award, the Company shall have the right to withhold taxes from any compensation or other amounts that the Company may owe to the Awardee, or to require the Awardee to pay to the Company the amount of any taxes that the Company may be required to withhold with respect to the Shares delivered to the Awardee. Without limiting the generality of the foregoing, the Administrator in its discretion may authorize the Awardee to satisfy all or part of any withholding tax liability by (i) having the Company withhold from the Shares that would otherwise be issued and allotted upon the exercise of an Option or purchase of Restricted Shares that number of Shares having a Fair Market Value, as of the date the withholding tax liability arises, equal to the portion of the Company's withholding tax liability to be so satisfied or (ii) by delivering to the Company previously owned and unencumbered Shares having a Fair Market Value, as of the date the withholding tax liability arises, equal to the amount of the Company's withholding tax liability to be so satisfied.

10. Payment for Shares. The consideration to be paid for the Shares to be issued and allotted under the Plan, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined on the Date of Grant), subject to the provisions in this Section 10.

(a) General Rule. The entire Purchase Price or Exercise Price (as the case may be) for Shares delivered under the Plan shall be payable in cash or cash equivalents at the time when the Shares are purchased, except as otherwise provided in this Section 10.

(b) Surrender of Shares. To the extent that an Option Agreement, Restricted Share Award Agreement or Restricted Share Units Award Agreement so provides, all or any part of the Exercise Price or Purchase Price (as the case may be) may be paid by surrendering, or attesting to the ownership of, Shares that are already owned by the Awardee. These Shares shall be surrendered to the Company in good form for transfer and shall be valued at their Fair Market Value on the date the Option is exercised or Restricted Shares are purchased. The Awardee shall not surrender, or attest to the ownership of, Shares in payment of the Exercise Price or Purchase Price (as the case may be) if this action would subject the Company to adverse accounting consequences, as determined by the Administrator.

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(c) Services Rendered. At the discretion of the Administrator and to the extent so provided in the agreements evidencing Awards of Shares under the Plan, Shares may be awarded under the Plan in consideration of services rendered to the Company or any Parent or Subsidiary prior to the Award.

(d) Exercise/Sale. At the discretion of the Administrator and to the extent an Option Agreement so provides, and if the Shares are publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to a securities broker approved by the Company to sell Shares and to deliver all or part of the sales proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(e) Exercise/Pledge. At the discretion of the Administrator and to the extent an Option Agreement so provides, and if the Shares are publicly traded, payment may be made all or in part by the delivery (on a form prescribed by the Company) of an irrevocable direction to pledge Shares to a securities broker or lender approved by the Company, as security for a loan, and to deliver all or part of the loan proceeds to the Company in payment of all or part of the Exercise Price and any withholding taxes.

(f) Other Forms of Consideration. At the discretion of the Administrator and to the extent an Option Agreement, a Restricted Share Award Agreement or a Restricted Share Units Award Agreement so provides, all or a portion of the Exercise Price or Purchase Price may be paid by any other form of consideration and method of payment to the extent permitted by Applicable Law.

11. Nontransferability of Awards. Unless otherwise determined by the Administrator and so provided in the applicable Option Agreement, Restricted Share Award Agreement or Restricted Share Units Award Agreement (or be amended to provide), no Award shall be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner (whether by operation of law or otherwise) other than (i) by will or applicable laws of descent and distribution or (except in the case of an Incentive Stock Option) pursuant to a qualified domestic relations order or (ii) by trusts or companies established in connection with any employee benefit plan of the Company (including the Plan) for the benefit of a Service Provider or Service Providers, in each case subject to Applicable Law, and shall not be subject to execution, attachment, or similar process. In the event the Administrator in its sole discretion makes an Award transferable, only a Nonqualified Stock Option, Restricted Shares or Restricted Share Units may be transferred provided such Award is transferred without payment of consideration to members of the Awardee's immediate family (as such term is defined in Rule 16a-1(e) of the Exchange Act) or to trusts or partnerships established exclusively for the benefit of the Awardee and the members of the Awardee's immediate family, all as permitted by Applicable Law. Upon any attempt to pledge, assign, hypothecate, transfer, or otherwise dispose of any Award or of any right or privilege conferred by this Plan contrary to the provisions hereof, or upon the sale, levy or attachment or similar process upon the rights and privileges conferred by this Plan, such Award shall thereupon terminate and become null and void. Incentive Stock Options may be exercised during the lifetime of the Awardee only by the Awardee.

12. Rights as a Member. Until the Shares actually are delivered (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a member shall exist with respect to the Shares, notwithstanding the exercise of the Award. No adjustment shall be made for a dividend or other right for which the record date is prior to the date the Shares are delivered, except as provided in Section 13 of the Plan.

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13. Adjustment of Shares.

(a) Changes in Capitalization. Subject to any required action by the members of the Company in accordance with Applicable Law, the class(es) and number and type of Shares that have been authorized for issuance under the Plan but as to which no Awards have yet been granted or that have been returned to the Plan upon cancellation or expiration of an Award, and the class(es), number, and type of Shares covered by each outstanding Award, as well as the price per Share covered by each outstanding Award, shall be proportionately adjusted for any increase, decrease, or change in the number or type of issued, outstanding Shares or other securities of the Company or exchange of issued, outstanding Shares or other securities of the Company into or for a different number or type of shares or other securities of the Company or successor entity, or for other property (including, without limitation, cash) or other change to the Shares resulting from a share split, reverse share split, share dividend, dividend in property other than cash, combination of shares, exchange of shares, combination, consolidation, recapitalization, reincorporation, reorganization, change in corporate structure, reclassification, or other distribution of the Shares effected without receipt of consideration by the Company; provided, however, that the conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." The adjustment contemplated in this Section 13(a) shall be made by the Board, whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of equity securities of the Company of any class, or securities convertible into equity securities of the Company of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number, type, or price of Shares subject to an Award. Where an adjustment under this Section 13(a) is made to an Incentive Stock Option, the adjustment shall be made in a manner that will not be considered a "modification" under the provisions of Section 424(h)(3) of the Code.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Awardee as soon as practicable prior to the effective date of such proposed transaction. The Administrator in its discretion may provide for an Optionee to have the right to exercise his or her Option until fifteen (15) days prior to the proposed dissolution or liquidation as to all of the Optioned Shares covered thereby, including Shares as to which the Option would not otherwise be exercisable. In addition, the Administrator may provide that any Company repurchase or redemption option applicable to any Shares purchased upon exercise of an Option or Restricted Shares purchased under a Restricted Share Award Agreement shall lapse as to all such Shares, provided the proposed dissolution or liquidation takes place at the time and in the manner contemplated. To the extent an Option has not been previously exercised and all Restricted Shares have not been purchased, the Award will terminate immediately prior to the consummation of such proposed action.

(c) Change in Control. In the event of a Change in Control, unless the Option Agreement, Restricted Share Award Agreement or Restricted Share Units Award Agreement provides otherwise, each outstanding Option shall be assumed or an equivalent option shall be substituted by, and each right of the Company to repurchase, redeem or reacquire Shares upon termination of an Awardee's relationship as a Service Provider shall be assigned to, the successor corporation or a Parent or Subsidiary of the successor corporation. If, in the event of a Change in Control, the Option is not assumed or substituted, or the repurchase, redemption or reacquisition or similar right is not assigned, in the case of an outstanding Option, the Option shall fully vest immediately and the Awardee shall have the right to exercise the Option as to all of the Optioned Shares, including Shares as to which it would not otherwise be vested or exercisable, and, in the case of Restricted Shares, the Company's repurchase, redemption or reacquisition or similar right shall lapse immediately and all of the Restricted Shares subject to the repurchase, redemption or reacquisition or similar right shall become vested. If an Option becomes fully vested and exercisable, in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Optionee in writing or electronically that the Option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option shall terminate upon the expiration of such period. For purposes of this Section 13(c), an Option shall be considered assumed, and Restricted Shares will be considered assigned if, following the Change in Control, the Award confers the right to purchase or receive, for each covered Share immediately prior to the Change in Control, the consideration (whether shares, cash, or other securities or property) received in connection with the Change in Control by holders of Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if the consideration received in the Change in Control is not solely common stock or ordinary shares of the successor corporation or its Parent or Subsidiary, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Option or vesting of the Restricted Shares, for each covered Share, to be solely common stock or ordinary shares of the successor corporation or its Parent or Subsidiary equal in Fair Market Value to the per Share consideration received by holders of Shares in the Change in Control.

(d) Reservation of Rights. Except as provided in this Section 13 and in the applicable Option Agreement, Restricted Share Award Agreement or Restricted Share Units Award Agreement, an Awardee shall have no rights by reason of (i) any subdivision or consolidation of Shares or other securities of any class, (ii) the payment of any dividend, or (iii) any other increase or decrease in the number of Shares or other securities of any class. Any issuance by the Company of equity securities of any class, or securities convertible into equity securities of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number of Optioned Shares or Restricted Shares or Restricted Share Units or Exercise Price or Purchase Price of them. The grant of an Option and the purchase of Restricted Shares shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell, or transfer all or any part of its business or assets.

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14. Date of Grant. The Date of Grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination to grant the Award, or such other later date as is determined by the Administrator. In any event, the Date of Grant shall be no earlier than the effective date of a legally binding Option Agreement which has been entered by the Optionee or Awardee and the Company.

15. Securities Law Requirements.

(a) Legal Compliance. Notwithstanding any other provision of the Plan or any agreement entered into by the Company pursuant to the Plan, the Company shall not be obligated, and nor shall it have any liability for failure to deliver any Shares under the Plan unless the issuance and allotment of Shares comply with (or are exempt from) all Applicable Law, including, without limitation, the applicable laws in the Cayman Islands, Hong Kong, PRC, Securities Act, U.S. state securities laws and regulations, and the regulations of any stock exchange or other securities market on which the Company's securities may then be traded, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Investment Representations. Shares issued and allotment under the Plan shall be subject to transfer restrictions, and the person acquiring the Shares shall, as a condition to the exercise of an Option or the purchase or acquisition of Restricted Shares if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with Applicable Law.

16. Condition to Exercise. Any exercise of Option or the rights to purchase the Shares, or any issuance of Shares under the applicable Option Agreement, Restricted Share Award Agreement and Restricted Share Units Award Agreement shall be subject to the Optionee or the holder of Restricted Shares and Restricted Share Units being in compliance with all applicable PRC laws and regulations, including but not limited to the requirement of registration with SAFE.

17. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue and allot or sell such Shares as to which such requisite authority shall not have been obtained.

18. Approval by Members and Validity. The Plan shall be subject to simple majority approval by the members of the Company within twelve (12) months before or after the date the Plan is adopted by the Board. Such approval by members of the Company shall be obtained in the degree and manner required under Applicable Law and the Articles. Awards may be granted but Options may not be exercised and Restricted Shares may not be purchased or acquired prior to approval of the Plan by members of the Company. Awards may be granted but not be exercised prior to the last day of the lock-up period required by Applicable Law of the place of listing or relevant agreements following the listing date of the Company.

19. Duration and Amendment.

(a) Term of Plan. Subject to approval by members of the Company in accordance with Section 18 hereof, the Plan shall become effective upon the later to occur of its adoption by the Board or its approval by the members of the Company as described in Section 18 hereof. In the event that the members of the Company fail to approve the Plan within 12 months prior to or after its adoption by the Board, any Awards that have been granted and any Shares that have been awarded or purchased under the Plan shall be rescinded, and no additional Awards shall be granted thereafter. Unless sooner terminated under Section 19(b) hereof, the Plan shall continue in effect for a term of ten (10) years.

(b) Amendment and Termination. The Board may at any time amend, alter, suspend, or terminate the Plan, subject to Applicable Law and the Articles; *provided, however*, that to the extent necessary and desirable to comply with Applicable Laws or stock exchange rules, unless the Company decides to follow home country practice not to seek shareholder approval for any amendment or modification of the Plan, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, including but not limited to any amendment to the Plan that (i) increases the number of Shares available under the Plan (except as provided in Section 13); (ii) increase in benefits to Awardees, including any material changes to (1) permit a repricing or a decrease in exercise price of outstanding option, (2) reduce the price at which shares or options to purchase may be offered, or (3) extend the term of the Plan or the exercise period for an Option; (iii) results in a change in eligibility requirements; or (iv) expand the types of options or awards provided under the Plan.

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(c) Effect of Amendment or Termination. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination. No Shares shall be delivered or sold under the Plan after the termination thereof, except upon exercise of an Award granted prior to the termination of the Plan.

20. Legending Share Certificates. In order to enforce any restrictions imposed upon Shares delivered upon the exercise of Options or the acquisition of Restricted Shares, including, without limitations, the restrictions described in Sections 6(m), 7(c), and 15(b) hereof, the Administrator may cause a legend or legends to be placed on any share certificates representing the Shares, which legend or legends shall make appropriate reference to the restrictions, including, without limitation, a restriction against sale of the Shares for any period as may be required by Applicable Law.

21. No Retention Rights. Neither the Plan nor any Award shall confer upon any Awardee any right to continue his or her relationship as a Service Provider with the Company for any period of specific duration or interfere in any way with his or her right or the right of the Company (or any Parent or Subsidiary employing or retaining the Awardee), which rights are hereby expressly reserved by each, to terminate this relationship at any time, with or without cause, and with or without notice.

22. No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Parent or Subsidiary and an Awardee or any other person. To the extent that any Awardee acquires a right to receive payments from the Company or any Parent or Subsidiary pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company, a Parent, or any Subsidiary.

23. No Rights to Awards. No Awardee, eligible Service Provider, or other person shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of a Service Provider, Awardee, or holders or beneficiaries of Awards under the Plan. The terms and conditions of Awards need not be the same with respect to any Awardee or with respect to different Awardees.

24. Exemption from Section 409A of the Code. This Plan is intended to qualify for exemption from the application of Section 409A of the Code, such that due to the exemption(s) available under the Code, the IRC Section 409A will not apply to the Plan. Accordingly, the Plan will not provide any "deferred compensation arrangement" to any of the Plan Awardee(s). For purposes of this Plan, the term "deferred compensation arrangement" shall mean an arrangement, which has the possibility of an Awardee, deferring the timing of taxation (in the U.S.) of any award received under the Plan to a tax year later than the year during which the Awardee was given legal or economic right(s) with respect to the Award. None of the Award under this Plan shall include any phantom stock(s) or phantom share(s) arrangement. Notwithstanding any other provision to the contrary, in the event that any term(s) or condition(s) under this plan or any of the related document(s), such as the Option Agreement, Restricted Share Award Agreement, and the Restricted Share Units Award Agreement, may cause this Plan to be subject to the application of IRC Section 409A, such term(s) or condition(s) shall be void and ineffective. While the objective is for this Plan to be exempt from the application of IRC Section 409A, and the Company has made its best efforts to achieve the objective, the Company shall not have any liability or obligation (including but not limited to any obligation to indemnify an Awardee for penalties, taxes or any other losses) to an Awardee in the event that the Plan does not qualify for the exemption from IRC Section 409A.

25. Language. This Plan has been written in English and Chinese. The Chinese translation is for reference only. In case of any discrepancy between the English version and the Chinese version, the English version shall prevail.

26. Governing Law. The Plan shall be construed in accordance with and governed by the laws of Hong Kong.

*[Remainder of Page Intentionally Left Blank]*

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List of Subsidiaries

<b>Name</b>	<b>Place of Incorporation</b>	<b>% of ownership</b>
Alpine Bioscience Ltd.	The British Virgin Islands	100%
Adlai Nortye Pte. Ltd.	Singapore	100%
Adlai Nortye (HK) Limited	Hong Kong	100%
Adlai Nortye (Switzerland) AG	Switzerland	100%
Adlai Nortye Biopharma Co., Ltd	Mainland China	100%
Adlai Nortye USA INC	The United States	100%
Shanghai Adlai Nortye Biopharma Co., Ltd	Mainland China	100%
Hangzhou Tangchuang Future Technology Co., Ltd.	Mainland China	100%



Mazars USA LLP  
135 West 50th Street  
New York, New York 10020

Tel: 212.812.7000  
www.mazars.us

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the use in this Registration Statement on Form F-1 of our report dated April 13, 2023, related to the consolidated financial statements of Adlai Nortye Ltd. and Subsidiaries as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, which appears in this Registration Statement of Adlai Nortye Ltd. and Subsidiaries. We also consent to the reference to our Firm under the caption "Experts" in such Registration Statement.

Very truly yours,

A handwritten signature in black ink that reads "Mazars USA LLP".

Mazars USA LLP  
New York, New York  
June 22, 2023

## CODE OF BUSINESS CONDUCT AND ETHICS

### I. PURPOSE

This Code of Business Conduct and Ethics (the “Code”) contains general guidelines for conducting the business of Adlai Nortye Ltd., a Cayman Islands company, and its subsidiaries and consolidated affiliated entity (collectively, the “Company”) consistent with the highest standards of business ethics, and is intended to qualify as a “code of ethics” within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and the rules promulgated thereunder. To the extent this Code requires a higher standard than required by commercial practice or applicable laws, rules or regulations, we adhere to these higher standards.

This Code is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the U.S. Securities and Exchange Commission (the “SEC”) and in other public communications made by the Company;
- compliance with applicable laws, rules and regulations;
- prompt internal reporting of violations of the Code; and
- accountability for adherence to the Code.

### II. APPLICABILITY

This Code applies to all directors, officers and employees of the Company, whether they work for the Company on a full-time, part-time, consultative or temporary basis (each, an “employee” and collectively, the “employees”). Certain provisions of the Code apply specifically to our chief executive officer, chief financial officer, other chief senior officers, senior finance officer, controller, vice presidents and any other persons who perform similar functions for the Company (each, a “senior officer,” and collectively, the “senior officers”).

The Board of Directors of the Company (the “Board”) has appointed the Company’s Chief Financial Officer, as the Compliance Officer for the Company (the “Compliance Officer”). If you have any questions regarding the Code or would like to report any violation of the Code, please contact the Compliance Officer.

### III. CONFLICTS OF INTEREST

#### *Identifying Conflicts of Interest*

A conflict of interest occurs when an employee’s private interest interferes, or appears to interfere, in any way with the interests of the Company as a whole. An employee should actively avoid any private interest that may impact such employee’s ability to act in the interests of the Company or that may make it difficult to perform the employee’s work objectively and effectively. In general, the following should be considered conflicts of interest:

- Competing Business. No employee may be employed by a business that competes with the Company or deprives it of any business.
  - Corporate Opportunity. No employee should use corporate property, information or his or her position with the Company to secure a business opportunity that would otherwise be available to the Company. If an employee discovers a business opportunity that is in the Company’s line of business through the use of the Company’s property, information or position, the employee must first present the business opportunity to the Company before pursuing the opportunity in his or her individual capacity.
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· Financial Interests.

(i) No employee may have any financial interest (ownership or otherwise), either directly or indirectly through a spouse or other family member, in any other business or entity if such interest adversely affects the employee's performance of duties or responsibilities to the Company, or requires the employee to devote time to it during such employee's working hours at the Company;

(ii) No employee may hold any ownership interest in a privately held company that is in competition with the Company;

(iii) An employee may hold up to 5% ownership interest in a publicly traded company that is in competition with the Company; provided that if the employee's ownership interest in such publicly traded company increases to more than 5%, the employee must immediately report such ownership to the Compliance Officer;

(iv) No employee may hold any ownership interest in a company that has a business relationship with the Company if such employee's duties at the Company include managing or supervising the Company's business relations with that company; and

(v) Notwithstanding the other provisions of this Code,

(a) a director or any family member of such director (collectively, "Director Affiliates") or a senior officer or any family member of such senior officer (collectively, "Officer Affiliates") may continue to hold his or her investment or other financial interest in a business or entity (an "Interested Business") that:

(1) was made or obtained either (x) before the Company invested in or otherwise became interested in such business or entity; or (y) before the director or senior officer joined the Company (for the avoidance of doubt, regardless of whether the Company had or had not already invested in or otherwise become interested in such business or entity at the time the director or senior officer joined the Company); or

(2) may in the future be made or obtained by the director or senior officer, provided that at the time such investment or other financial interest is made or obtained, the Company has not yet invested in or otherwise become interested in such business or entity;

provided that such director or senior officer shall disclose such investment or other financial interest to the Board;

(b) an interested director or senior officer shall refrain from participating in any discussion among senior officers of the Company relating to an Interested Business and shall not be involved in any proposed transaction between the Company and an Interested Business; and

(c) before any Director Affiliate or Officer Affiliate (i) invests, or otherwise acquires any equity or other financial interest, in a business or entity that is in competition with the Company; or (ii) enters into any transaction with the Company, the related director or senior officer shall obtain prior approval from the Audit Committee of the Board.

For purposes of this Code, a company or entity is deemed to be "in competition with the Company" if it competes with the Company's business of researching, developing, manufacturing and commercialization of biopharmaceutical drugs or other therapeutic treatments for age-related metabolic diseases and conditions, including macular degeneration, liver disease and diabetes.

· Loans or Other Financial Transactions. No employee may obtain loans or guarantees of personal obligations from, or enter into any other personal financial transaction with, any company that is a material customer, supplier or competitor of the Company. This guideline does not prohibit arms-length transactions with recognized banks or other financial institutions.

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· **Service on Boards and Committees.** No employee shall serve on a board of directors or trustees or on a committee of any entity (whether profit or not-for-profit) whose interests could reasonably be expected to conflict with those of the Company. Employees must obtain prior approval from the Board before accepting any such board or committee position. The Company may revisit its approval of any such position at any time to determine whether an employee's service in such position is still appropriate.

The above is in no way a complete list of situations where conflicts of interest may arise. The following questions might serve as a useful guide in assessing a potential conflict of interest situation not specifically addressed above:

- Is the action to be taken legal?
- Is it honest and fair?
- Is it in the best interests of the Company?

#### ***Disclosure of Conflicts of Interest***

The Company requires that employees fully disclose any situations that could reasonably be expected to give rise to a conflict of interest. If an employee suspects that he or she has a conflict of interest, or a situation that others could reasonably perceive as a conflict of interest, the employee must report it immediately to the Compliance Officer. Conflicts of interest may only be waived by the Board, or the appropriate committee of the Board, and will be promptly disclosed to the public to the extent required by law and applicable rules of the Nasdaq Stock Market.

#### ***Family Members and Work***

The actions of family members outside the workplace may also give rise to conflicts of interest because they may influence an employee's objectivity in making decisions on behalf of the Company. If a member of an employee's family is interested in doing business with the Company, the criteria as to whether to enter into or continue the business relationship and the terms and conditions of the relationship must be no less favorable to the Company compared with those that would apply to an unrelated party seeking to do business with the Company under similar circumstances.

Employees should report any situation involving family members that could reasonably be expected to give rise to a conflict of interest to their supervisor or the Compliance Officer. For purposes of this Code, "family members" or "members of employee's family" include an employee's spouse, siblings, parents, in-laws and children.

#### **IV. GIFTS AND ENTERTAINMENT**

The giving and receiving of appropriate gifts may be considered common business practice. Appropriate business gifts and entertainment are welcome courtesies designed to build relationships and understanding among business partners. However, gifts and entertainment should never compromise, or appear to compromise, an employee's ability to make objective and fair business decisions.

It is the responsibility of employees to use good judgment in this area. As a general rule, employees may give or receive gifts or entertainment to or from customers or suppliers only if the gift or entertainment is in compliance with applicable law, insignificant in amount and not given in consideration or expectation of any action by the recipient. All gifts and entertainment expenses made on behalf of the Company must be properly accounted for on expense reports.

We encourage employees to submit gifts received to the Company.

Bribes and kickbacks are criminal acts, strictly prohibited by law. An employee must not offer, give, solicit or receive any form of bribe or kickback anywhere in the world.

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## **V. FCPA COMPLIANCE**

The U.S. Foreign Corrupt Practices Act (“FCPA”) prohibits giving anything of value, directly or indirectly, to officials of foreign governments or foreign political candidates in order to obtain or retain business. A violation of FCPA does not only violate the Company’s policy but also constitute a civil or criminal offense under FCPA which the Company is subject to after the Effective Time. No employee shall give or authorize directly or indirectly any illegal payments to government officials of any country. While the FCPA does, in certain limited circumstances, allow nominal “facilitating payments” to be made, any such payment must be discussed with and approved by an employee’s supervisor (in the case of the chief executive officers, by the board of directors) in advance before it can be made.

## **VI. PROTECTION AND USE OF COMPANY ASSETS**

Employees should protect the Company’s assets and ensure their efficient use for legitimate business purposes only. Theft, carelessness and waste have a direct impact on the Company’s profitability. Any use of the funds or assets of the Company, whether for personal gain or not, for any unlawful or improper purpose is strictly prohibited.

To ensure the protection and proper use of the Company’s assets, each employee should:

- Exercise reasonable care to prevent theft, damage or misuse of Company property;
- Promptly report any actual or suspected theft, damage or misuse of Company property;
- Safeguard all electronic programs, data, communications and written materials from unauthorized access; and
- Use Company property only for legitimate business purposes.

Except as approved in advance by the Chief Executive Officer or Chief Financial Officer of the Company, the Company prohibits political contributions (directly or through trade associations) by any employee on behalf of the Company. Prohibited political contributions include:

- any contributions of the Company’s funds or other assets for political purposes;
- encouraging individual employees to make any such contribution; and
- reimbursing an employee for any political contribution.

## **VII. INTELLECTUAL PROPERTY AND CONFIDENTIALITY**

Employees should abide by the Company’s rules and policies in protecting the intellectual property and confidential information, including the following:

- All inventions, creative works, computer software, and technical or trade secrets developed by an employee in the course of performing the employee’s duties or primarily through the use of the Company’s assets or resources while working at the Company shall be the property of the Company.
  - Employees should maintain the confidentiality of information entrusted to them by the Company or the entities with which the Company has business relationships, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the company or its business associates, if disclosed.
  - The Company maintains a strict confidentiality policy. During an employee’s term of employment with the Company, the employee shall comply with any and all written or unwritten rules and policies concerning confidentiality and shall fulfill the duties and responsibilities concerning confidentiality applicable to the employee.
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- In addition to fulfilling the responsibilities associated with his or her position in the Company, an employee shall not, without obtaining prior approval from the Company, disclose, announce or publish trade secrets or other confidential business information of the Company, nor shall an employee use such confidential information outside the course of his or her duties to the Company.
- Even outside the work environment, an employee must maintain vigilance and refrain from disclosing important information regarding the Company or its business, business associates or employees.
- An employee's duty of confidentiality with respect to the confidential information of the Company survives the termination of such employee's employment with the Company for any reason until such time as the Company discloses such information publicly or the information otherwise becomes available in the public sphere through no fault of the employee.
- Upon termination of employment, or at such time as the Company requests, an employee must return to the Company all of its property without exception, including all forms of medium containing confidential information, and may not retain duplicate materials.

#### **VIII. ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS**

Upon the completion of the Company's initial public offering, the Company will be required to report its financial results and other material information about its business to the public and the SEC. It is the Company's policy to promptly disclose accurate and complete information regarding its business, financial condition and results of operations. Employees must strictly comply with all applicable standards, laws, regulations and policies for accounting and financial reporting of transactions, estimates and forecasts. Inaccurate, incomplete or untimely reporting will not be tolerated and can severely damage the Company and result in legal liability.

Employees should be on guard for, and promptly report, any possibility of inaccurate or incomplete financial reporting. Particular attention should be paid to:

- Financial results that seem inconsistent with the performance of the underlying business;
- Transactions that do not seem to have an obvious business purpose; and
- Requests to circumvent ordinary review and approval procedures.

The Company's senior financial officers and other employees working in the finance department have a special responsibility to ensure that all of the Company's financial disclosures are full, fair, accurate, timely and understandable. Any practice or situation that might undermine this objective should be reported to the Compliance Officer.

Employees are prohibited from directly or indirectly taking any action to coerce, manipulate, mislead or fraudulently influence the Company's independent auditors for the purpose of rendering the financial statements of the Company materially misleading. Prohibited actions include but are not limited to:

- issuing or reissuing a report on the Company's financial statements that is not warranted in the circumstances (due to material violations of U.S. GAAP, generally accepted auditing standards or other professional or regulatory standards);
  - not performing audit, review or other procedures required by generally accepted auditing standards or other professional standards;
  - not withdrawing an issued report when withdrawal is warranted under the circumstances; or
  - not communicating matters required to be communicated to the Company's Audit Committee.
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## **IX. COMPANY RECORDS**

Accurate and reliable records are crucial to the Company's business and form the basis of its earnings statements, financial reports and other disclosures to the public. The Company's records are a source of essential data that guides business decision-making and strategic planning. Company records include, but are not limited to, booking information, payroll, timecards, travel and expense reports, e-mails, accounting and financial data, measurement and performance records, electronic data files and all other records maintained in the ordinary course of business.

All Company records must be complete, accurate and reliable in all material respects. There is never an acceptable reason to make false or misleading entries. Undisclosed or unrecorded funds, payments or receipts are strictly prohibited. An employee is responsible for understanding and complying with the Company's record keeping policy. An employee should contact the Compliance Officer if he or she has any questions regarding the record keeping policy.

## **X. COMPLIANCE WITH LAWS AND REGULATIONS**

Each employee has an obligation to comply with the laws of the cities, provinces, regions and countries in which the Company operates. This includes, without limitation, laws covering commercial bribery and kickbacks, patents, copyrights, trademarks and trade secrets, information privacy, insider trading, offering or receiving gratuities, employment harassment, environmental protection, occupational health and safety, false or misleading financial information, misuse of corporate assets and foreign currency exchange activities. Employees are expected to understand and comply with all laws, rules and regulations that apply to their positions at the Company. If any doubt exists about whether a course of action is lawful, the employee should seek advice immediately from the Compliance Officer.

## **XI. DISCRIMINATION AND HARASSMENT**

The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any illegal discrimination or harassment based on race, ethnicity, religion, gender, age, national origin or any other protected class. For further information, employees should consult the Compliance Officer.

## **XII. FAIR DEALING**

Each employee should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. None should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

## **XIII. HEALTH AND SAFETY**

The Company strives to provide employees with a safe and healthy work environment. Each employee has responsibility for maintaining a safe and healthy workplace for other employees by following environmental, safety and health rules and practices and reporting accidents, injuries and unsafe equipment, practices or conditions. Violence or threats of violence are not permitted.

Each employee is expected to perform his or her duty to the Company in a safe manner, not under the influence of alcohol, illegal drugs or other controlled substances. The use of illegal drugs or other controlled substances in the workplace is prohibited.

## **XIV. VIOLATIONS OF THE CODE**

All employees have a duty to report any known or suspected violation of this Code, including any violation of laws, rules, regulations or policies that apply to the Company. Reporting a known or suspected violation of this Code by others will not be considered an act of disloyalty, but an action to safeguard the reputation and integrity of the Company and its employees.

If an employee knows of or suspects a violation of this Code, it is such employee's responsibility to immediately report the violation to the Compliance Officer, who will work with the employee to investigate his or her concern. All questions and reports of known or suspected violations of this Code will be treated with sensitivity and discretion. The Compliance Officer and the Company will protect the employee's confidentiality to the extent possible, consistent with the law and the Company's need to investigate the employee's concern.

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It is the Company's policy that any employee who violates this Code will be subject to appropriate discipline, including termination of employment, based upon the facts and circumstances of each particular situation. An employee's conduct, if it does not comply with the law or with this Code, can result in serious consequences for both the employee and the Company.

The Company strictly prohibits retaliation against an employee who, in good faith, seeks help or reports known or suspected violations. An employee inflicting reprisal or retaliation against another employee for reporting a known or suspected violation will be subject to disciplinary action, including termination of employment.

#### **XV. WAIVERS OF THE CODE**

Waivers of this Code will be granted on a case-by-case basis and only in extraordinary circumstances. Waivers of this Code may be made only by the Board, or the appropriate committee of the Board; provided that waiver of this Code for executive officers or directors must be made by the Board, and should be promptly disclosed to the public if so required by and in accordance with applicable laws and regulations and rules of the Nasdaq Stock Market.

#### **XVI. CONCLUSION**

This Code contains general guidelines for conducting the business of the Company consistent with the highest standards of business ethics. If employees have any questions about these guidelines, they should contact the Compliance Officer. We expect all employees to adhere to these standards. Each employee is separately responsible for his or her actions. Conduct that violates the law or this Code cannot be justified by claiming that it was ordered by a supervisor or someone in higher management positions. If an employee engages in conduct prohibited by the law or this Code, such employee will be deemed to have acted outside the scope of his or her employment. Such conduct will subject the employee to disciplinary action, including termination of employment.

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**HAN KUN**  
 汉坤律师事务所  
 Han Kun Law Offices

, 2023

**To:** Adlai Nortye Ltd. (the "Company")

Building 6 & 8, 1008 Xiangwang Street,  
 Yuhang District, Hangzhou, Zhejiang,  
 People's Republic of China

**Dear Sirs or Madams:**

We are lawyers qualified in the People's Republic of China (the "PRC" or "China", which, for purposes of this opinion only, does not include the Hong Kong Special Administrative Region, the Macau Special Administrative Region or Taiwan) and as such are qualified to issue this opinion on the laws, regulations, rules, judicial interpretations and other legislations of the PRC effective as of the date hereof.

We are acting as PRC counsel to the Company, a company incorporated under the laws of the Cayman Islands, in connection with (i) the proposed initial public offering (the "Offering") by the Company of American Depositary Shares (the "ADSs"), each representing ordinary shares (the "Ordinary Shares") of the Company, as set forth in the Company's registration statement on Form F-1, including all amendments or supplements thereto (the "Registration Statement"), filed by the Company with the Securities and Exchange Commission under the U.S. Securities Act of 1933 (as amended) in relation to the Offering, and (ii) the Company's proposed listing of the ADSs on the NASDAQ Global Market.

**A. Documents and Assumptions**

In rendering this opinion, we have carried out due diligence and examined copies of the Registration Statement and other documents (collectively the "Documents") as we have considered necessary or advisable for the purpose of rendering this opinion. Where certain facts were not independently established and verified by us, we have relied upon certificates or statements issued or made by the relevant Governmental Agencies (as defined below) and appropriate representatives of the Company and the PRC Companies (as defined below). In giving this opinion, we have made the following assumptions (the "Assumptions"):

- (1) all signatures, seals and chops are genuine, each signature on behalf of a party thereto is that of a person duly authorized by such party to execute the same, all Documents submitted to us as originals are authentic, and all Documents submitted to us as certified or photostatic copies conform to the originals;
- (2) each of the parties to the Documents, other than the PRC Companies, (i) if a legal person or other entity, is duly organized and is validly existing in good standing under the laws of its jurisdiction of organization and/or incorporation, (ii) if an individual, has full capacity for civil conduct; each of them, other than the PRC Companies, has full power and authority to execute, deliver and perform its, her or his obligations under the Documents to which it, she or he is a party in accordance with the laws of its jurisdiction of organization and/or the laws that it, she or he is subject to;

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**CONFIDENTIALITY.** This document contains confidential information which may be protected by privilege from disclosure. Unless you are the intended or authorised recipient, you shall not copy, print, use or distribute it or any part thereof or carry out any act pursuant thereto and shall advise Han Kun Law Offices immediately by telephone, e-mail or facsimile and return it promptly by mail. Thank you.

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- (3) the Documents presented to us remain in full force and effect on the date of this opinion and have not been revoked, amended or supplemented, and no amendments, revisions, supplements, modifications or other changes have been made, and no revocation or termination has occurred, with respect to any of the Documents after they were submitted to us for the purposes of this opinion;
- (4) the laws of jurisdictions other than the PRC which may be applicable to the execution, delivery, performance or enforcement of the Documents are complied with;
- (5) all requested Documents have been provided to us and all factual statements made to us by the Company and the PRC Companies in connection with this opinion, including but not limited to the statements set forth in the Documents, are true, correct and complete;
- (6) all explanations and interpretations provided by government officials duly reflect the official position of the relevant Governmental Agencies and are complete, true and correct;
- (7) each of the Documents is legal, valid, binding and enforceable in accordance with their respective governing laws other than PRC Laws (as defined below) in any and all respects;
- (8) all consents, licenses, permits, approvals, exemptions or authorizations required by, and all required registrations or filings with, any governmental authority or regulatory body of any jurisdiction other than the PRC in connection with the transactions contemplated under the Registration Statement and other Documents have been obtained or made, and are in full force and effect as of the date thereof; and
- (9) all Governmental Authorizations (as defined below) and other official statements and documentation obtained by the Company or any PRC Company from any Governmental Agency have been obtained by lawful means in due course, and the Documents provided to us conform with those documents submitted to Governmental Agencies for such purposes.

In addition, we have assumed and have not verified the truthfulness, accuracy and completeness as to factual matters of each Document we have reviewed.

**B. Definitions**

In addition to the terms defined in the context of this opinion, the following capitalized terms used in this opinion shall have the meanings ascribed to them as follows.

“ <u>Governmental Agency</u> ”	means any national, provincial or local governmental, regulatory or administrative authority, agency or commission in the PRC, or any court, tribunal or any other judicial or arbitral body in the PRC, or anybody exercising, or entitled to exercise, any administrative, judicial, legislative, law enforcement, regulatory, or taxing authority or power of a similar nature in the PRC.
“ <u>Governmental Authorization</u> ”	means any license, approval, consent, waiver, order, sanction, certificate, authorization, filing, declaration, disclosure, registration, exemption, permission, endorsement, annual inspection, clearance, qualification, permit or license by, from or with any Governmental Agency pursuant to any PRC Laws.

“Guidance Rules and Notice”	means the Supporting Guidance Rules No. 1 through No. 5, Notes on the Trial Administrative Measures, Notice on Administration Arrangements for the Filing of Overseas Listings by Domestic Enterprises and relevant CSRC Answers to Reporter Questions circulated by CSRC on February 17, 2023 on CSRC’s official website.
“Hangzhou Adlai”	means Adlai Nortye Biopharma Co., Ltd. ( )
“New M&A Rules”	means the Provisions on Merging and Acquiring Domestic Enterprises by Foreign Investors, which was promulgated by six Governmental Agencies, namely, the Ministry of Commerce, the State-owned Assets Supervision and Administration Commission, the State Administration for Taxation, the State Administration for Industry and Commerce, the China Securities Regulatory Commission (the “CSRC”), and the SAFE, on August 8, 2006 and effective on September 8, 2006, as amended by the Ministry of Commerce on June 22, 2009.
“PRC Companies”	means, collectively, all entities listed in <u>Appendix A</u> hereof, and each, a “PRC Company”.
“PRC Laws”	means all applicable national, provincial and local laws, regulations, rules, notices, orders, decrees and judicial interpretations of the PRC currently in effect and publicly available on the date of this opinion.
“SAFE”	means the State Administration of Foreign Exchange of the PRC.
“Trial Administrative Measures”	means the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Enterprises issued by CSRC on February 17, 2023, which became effective on March 31, 2023.

### C. Opinions

Based on our review of the Documents and subject to the Assumptions and the Qualifications (as defined below), we are of the opinion that:

- (1) *Corporate Structure.* Based on our understanding of the currently published and effective PRC Laws, the ownership structure of the PRC Companies, both currently and immediately after giving effect to this Offering, will not result in any violation of applicable PRC Laws currently in effect in any material aspects.

- (2) *New M&A Rules.* The New M&A Rules, among other things, purport to require CSRC approval prior to the listing and trading on an overseas stock exchange of the securities of an offshore special purpose vehicle established or controlled directly or indirectly by PRC companies or individuals and formed for the purpose of overseas listing through the acquisition of PRC domestic interests held by such PRC companies or individuals. Based on our understanding of the explicit provisions under PRC Laws, except as disclosed in the Registration Statement (including the statements made in connection with the Trial Administrative Measures and Guidance Rules and Notice), and assuming no offer, issuance or sale of the Ordinary Shares or the ADSs has been or will be made directly or indirectly within the PRC, a prior approval from the CSRC as required under the New M&A Rule is not required for the Offering. However, there are substantial uncertainties regarding the interpretation and application of the New M&A Rules, other PRC Laws and future PRC laws and regulations, and there can be no assurance that any Governmental Agency will not take a view that is contrary to or otherwise different from our opinions stated herein.
- (3) *Taxation.* The statements made in the Registration Statement under the sections entitled “Taxation - People’s Republic of China Taxation” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Taxation - PRC,” with respect to the PRC tax laws and regulations or interpretations, are correct and accurate in all material respects.
- (4) *Enforceability of Civil Procedures.* There is uncertainty as to whether the PRC courts would (i) recognize or enforce judgments of United States courts obtained against the Company or the directors or officers of the Company predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) entertain original actions brought in each respective jurisdiction against the Company or the directors or officers of the Company predicated upon the securities laws of the United States or any state in the United States. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other form of written reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against a company or its directors and officers if they decide that the judgment violates the basic principles of PRC Laws or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or the Cayman Islands.
- (5) *PRC Laws.* The statements in the Registration Statement under the sections entitled “Prospectus Summary”, “Risk Factors”, “Corporate History and Structure”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Taxation-Mainland China”, “Enforceability of Civil Liabilities”, “Use of Proceeds”, “Dividend Policy”, “Business”, “Regulation”, “Related Party Transactions”, “Taxation - People’s Republic of China Taxation” and “Legal Matters”, to the extent that they describe or summarize matters of PRC Laws, are correct and accurate in all material respects, and nothing has been omitted from such statements which would make the same misleading in any material respect.

Our opinions expressed above are subject to the following qualifications (the “Qualifications”):

- (1) Our opinions are limited to PRC Laws of general application on the date hereof. We have made no investigation of, and do not express or imply any views on, the laws of any jurisdiction other than the PRC, and we have assumed that no such other laws would affect our opinions expressed above.
- (2) PRC Laws referred to herein are laws and regulations publicly available and currently in force on the date hereof and there is no guarantee that any of such laws and regulations, or the interpretation or enforcement thereof, will not be changed, amended or revoked in the future with or without retrospective effect.
- (3) Our opinions are subject to (i) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws in the PRC affecting creditors’ rights generally, and (ii) possible judicial or administrative actions or any PRC Laws affecting creditors’ rights.
- (4) Our opinions are subject to the effects of (i) certain legal or statutory principles affecting the enforceability of contractual rights generally under the concepts of public interests, social ethics, national security, good faith, fair dealing, and applicable statutes of limitation; (ii) any circumstance in connection with the formulation, execution or performance of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, coercive or concealing illegal intentions with a lawful form; (iii) judicial discretion with respect to the availability of specific performance, injunctive relief, remedies or defenses, or the calculation of damages; and (iv) the discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC.
- (5) This opinion is issued based on our understanding of PRC Laws. For matters not explicitly provided under PRC Laws, the interpretation, implementation and application of the specific requirements under PRC Laws, as well as their application to and effect on the legality, binding effect and enforceability of certain contracts, are subject to the final discretion of competent PRC legislative, administrative and judicial authorities. Under PRC Laws, foreign investment is restricted in certain industries. The interpretation and implementation of these laws and regulations are subject to the discretion of the competent Governmental Agency.
- (6) The term “enforceable” or “enforceability” as used in this opinion means that the obligations assumed by the relevant obligors under the relevant Documents are of a type which the courts of the PRC may enforce. It does not mean that those obligations will necessarily be enforced in all circumstances in accordance with their respective terms and/or additional terms that may be imposed by the courts. As used in this opinion, the expression “to the best of our knowledge after due inquiry” or similar language with reference to matters of fact refers to the current, actual knowledge of the attorneys of this firm who have worked on matters for the Company in connection with the Offering and the transactions contemplated thereby. We may rely, as to matters of fact (but not as to legal conclusions), to the extent we deem proper, on certificates and confirmations of responsible officers of the Company, the PRC Companies and Governmental Agencies.
- (7) We have not undertaken any independent investigation, search or other verification action to determine the existence or absence of any fact or to prepare this opinion, and no inference as to our knowledge of the existence or absence of any fact should be drawn from our representation of the Company or the PRC Companies or the rendering of this opinion.

(8) This opinion is intended to be used in the context which is specifically referred to herein; each paragraph shall be construed as a whole and no part shall be extracted and referred to independently.

This opinion is strictly limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated herein. The opinions expressed herein are rendered only as of the date hereof, and we assume no responsibility to advise you of facts, circumstances, events or developments that hereafter may be brought to our attention and that may alter, affect or modify the opinion expressed herein.

This opinion is given for the benefit of the addressee hereof in connection with this Offering. We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to, the Registration Statement, and to the reference to our name in such Registration Statement.

Yours faithfully,

HAN KUN LAW OFFICES

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**Appendix A**

**List of the PRC Companies**

<b>No.</b>	<b>PRC Entities</b>	<b>Shareholding</b>
1	(Adlai Nortye Biopharma Co., Ltd.)	Adlai Nortye (HK) Limited: 100%
2	(Shanghai Adlai Nortye Biopharma Co., Ltd.)	Hangzhou Adlai: 100%
3	(Hangzhou Tangchuang Future Technology Co., Ltd.)	Hangzhou Adlai: 100%

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Appendix A



Date:

**Adlai Nortye Ltd.**  
c/o PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

**CONSENT OF DIRECTOR NOMINEE**

Ladies and Gentlemen:

I hereby consent, pursuant to Rule 438 under the Securities Act of 1933, as amended, to being named as a nominee to the board of directors of Adlai Nortye Ltd. in its Registration Statement on Form F-1, and any amendments or supplements thereto, and to the filing or attachment of this consent with such Registration Statement and any amendment or supplement thereto.

Sincerely yours,

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Name: Ping Ji

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Date:

**Adlai Nortye Ltd.**  
c/o PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

**CONSENT OF DIRECTOR NOMINEE**

Ladies and Gentlemen:

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Sincerely yours,

---

Name: Lars Erik Birgeron

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Date:

**Adlai Nortye Ltd.**

c/o PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

**CONSENT OF DIRECTOR NOMINEE**

Ladies and Gentlemen:

I hereby consent, pursuant to Rule 438 under the Securities Act of 1933, as amended, to being named as a nominee to the board of directors of Adlai Nortye Ltd. in its Registration Statement on Form F-1, and any amendments or supplements thereto, and to the filling or attachment of this consent with such Registration Statement and any amendment or supplement thereto.

Sincerely yours

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Name: Shaorong Liu

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Date:

**Adlai Nortye Ltd.**  
c/o PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

**CONSENT OF DIRECTOR NOMINEE**

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Sincerely yours,

---

Name: Ming Lun Alan Tse

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Date:

**Adlai Nortye Ltd.**  
c/o PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

**CONSENT OF DIRECTOR NOMINEE**

Ladies and Gentlemen:

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Sincerely yours,

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Name: Cheguo Cai

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