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**Zai Lab Limited**

**再鼎醫藥有限公司 \***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9688)**

## **PROPOSED SHARE SUBDIVISION AND PROPOSED CHANGE OF BOARD LOT SIZE**

Reference is made to the announcement of Zai Lab Limited (the “**Company**”) dated February 4, 2022 in relation to the announcement of the record date for the Company’s forthcoming extraordinary general meeting (the “**EGM**”) to be held on Monday, March 28, 2022.

### **PROPOSED SHARE SUBDIVISION**

As at the date of this announcement, the authorized share capital of the Company is US\$30,000.00 divided into 500,000,000 ordinary shares of par value of US\$0.00006 each. The board of directors of the Company (the “**Board**”) proposes that each issued and unissued ordinary share of the Company with a par value of US\$0.00006 each (the “**Existing Ordinary Share(s)**” or “**Ordinary Share(s)**”) be sub-divided into 10 ordinary shares (the “**Subdivided Ordinary Shares**”) with a par value of US\$0.000006 each (the “**Share Subdivision**”).

### **Effect of the Share Subdivision**

Immediately following the Share Subdivision being effective, the authorized share capital of the Company will be US\$30,000.00 divided into 5,000,000,000 Subdivided Ordinary Shares, of which 964,087,430 Subdivided Ordinary Shares will be in issue and fully paid or credited as fully paid, assuming that no further Ordinary Shares will be issued or repurchased after the date of this announcement and prior to the Share Subdivision becoming effective.

Upon the Share Subdivision becoming effective, the Subdivided Ordinary Shares shall rank *pari passu* in all respects with each other in accordance with the current fifth amended and restated memorandum and articles of association of the Company (the “**Memorandum and Articles**”) and shall have the same rights and privileges and be subject to the same restrictions as the Existing

Ordinary Shares in issue prior to the Share Subdivision, and the Share Subdivision will not result in any change in the relevant rights of the holders of the Ordinary Shares (the “**Shareholders**”).

### **Simultaneous ADS Ratio Change**

In connection with the Share Subdivision, the Board has approved a change in the Company’s ratio of American Depositary Share(s) (“**ADS(s)**”) to Ordinary Share(s) from one (1) ADS representing one (1) Ordinary Share to a new ratio of one (1) ADS representing ten (10) Subdivided Ordinary Shares (the “**ADS Ratio Change**”). The ADS Ratio Change is subject to and conditional upon the Share Subdivision becoming effective. The ADS Ratio Change and the Share Subdivision, if approved, will take effect on the same date. No action is required by the Company’s ADS holders to effect the ADS Ratio Change (other than to vote to approve the Share Subdivision proposal at the EGM).

### **Conditions of the Share Subdivision**

The Share Subdivision is conditional on:

- (a) the passing by the Shareholders at the EGM of an ordinary resolution approving the Share Subdivision; and
- (b) the Listing Committee (the “**Listing Committee**”) of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) granting the listing of, and permission to deal in, (i) the Subdivided Ordinary Shares, (ii) any Subdivided Ordinary Shares which may be issued upon exercise of the outstanding share options granted by the Company or any Subdivided Ordinary Shares which may be issued upon vesting of the share awards under the equity incentive plan adopted by the shareholders of the Company on August 21, 2015 (as amended on February 3, 2016 and April 10, 2016) (the “**2015 Equity Plan**”) and under the equity incentive plan adopted by the shareholders of the Company on August 11, 2017 (the “**2017 Equity Plan**”), and (iii) all Subdivided Ordinary Shares which may be issued upon the exercise of share options or any Subdivided Ordinary Shares which may be issued upon vesting of the share awards to be granted from time to time under the 2015 Equity Plan and the 2017 Equity Plan.

### **CHANGE OF BOARD LOT SIZE**

The Ordinary Shares are currently traded on the Hong Kong Stock Exchange in board lot size of 50 Existing Ordinary Shares each. The Board proposes that, subject to and conditional upon the Share Subdivision becoming effective, the board lot size will be changed from 50 Existing Ordinary Shares to 100 Subdivided Ordinary Shares (the “**Change of Board Lot Size**”). The Change of Board Lot Size will not affect any of the relative rights of the Shareholders. There will be a temporary counter open for trading in temporary board lot of 500 Subdivided Ordinary Shares (in the form of Existing Ordinary Share certificates) between 9 a.m. on Wednesday, March 30, 2022 and 4:10 p.m. on Tuesday, May 10, 2022.

## ADJUSTMENT TO SHARE OPTIONS

As at the date of this announcement, there were 9,122,341 outstanding share options, restricted share units and other equity incentive awards granted under the 2015 Equity Plan and the 2017 Equity Plan to subscribe for an aggregate of 9,122,341 Ordinary Shares. Upon the Share Subdivision becoming effective, pro-rata adjustments will be made to the exercise prices and the number of outstanding share options. The Company will inform each of the grantees of the share options regarding the adjustments to be made pursuant to the respective terms and conditions of the 2015 Equity Plan and the 2017 Equity Plan.

Save as disclosed above, the Company has no other outstanding share options, restricted share units, other equity incentive awards or convertible securities to subscribe for any Ordinary Share.

## EXPECTED TIMETABLE<sup>(1)</sup>

The following timetable sets out the key days for the Share Subdivision and Change of Board Lot Size:

	<i>Hong Kong Time</i>	<i>U.S. Eastern Time</i>
Record date for the EGM, <u>for holders of Ordinary Shares listed in Hong Kong (the “<b>Ordinary Shares Record Date</b>”)</u> <sup>(2)</sup>	4:30 p.m., Friday, February 18, 2022	—
Record date for the EGM, <u>for holders of ADSs listed in the U.S. (the “<b>ADS Record Date</b>”)</u> <sup>(3)</sup>	—	4:30 p.m., Friday, February 18, 2022
Latest time for lodging transfer documents to qualify for attending and voting at the EGM, <u>for holders of Ordinary Shares listed in Hong Kong</u>	4:30 p.m., Friday, February 18, 2022	—
Latest time for lodging votes to depositary bank, <u>for holders of ADSs listed in the U.S.</u> <sup>(4)</sup>	—	10:00 a.m., Monday, March, 21, 2022
Latest time for lodging forms of proxy for the EGM, <u>for holders of Ordinary Shares listed in Hong Kong</u> <sup>(5)</sup>	8 p.m., Saturday, March 26, 2022	—
Date and time of EGM	8 p.m., Monday, March 28, 2022	8a.m., Monday, March 28, 2022
Announcement of poll results of the EGM	Before 8:00 a.m., Tuesday, March 29, 2022	Before 8:00 p.m., Monday, March 28, 2022

The following timetable sets out the events following the approval at the EGM and upon the fulfillment of the conditions for the Share Subdivision:

	<i>Hong Kong Time</i>	<i>U.S. Eastern Time</i>
Effective date of the Share Subdivision	Wednesday, March 30, 2022	
Commencement of dealings in the Subdivided Ordinary Shares, <u>for holders of Ordinary Shares listed in Hong Kong</u>	9:00 a.m., Wednesday, March 30, 2022	—
Original counter for trading the Existing Ordinary Shares in board lots of 50 Existing Ordinary Shares (being the “ <b>existing board lot</b> ”) temporarily closes on the Hong Kong Stock Exchange, <u>for holders of Ordinary Shares listed in Hong Kong</u>	9:00 a.m., Wednesday, March 30, 2022	—
Temporary counter for trading in the Subdivided Ordinary Shares (in the form of Existing Ordinary Share certificates) and in board lots of 500 Subdivided Ordinary Shares (being the “ <b>temporary board lot</b> ”) opens on the Hong Kong Stock Exchange, <u>for holders of Ordinary Shares listed in Hong Kong</u>	9:00 a.m., Wednesday, March 30, 2022	—
First day of free exchange of existing share certificates for the new share certificates for the Subdivided Ordinary Shares commences	Wednesday, March 30, 2022	—
Original counter for trading in the Subdivided Ordinary Shares (in the form of new Subdivided Ordinary Share certificates) and in new board lot of 100 Subdivided Ordinary Shares (being the “ <b>new board lot</b> ”) re-opens on Hong Kong Stock Exchange, <u>for holders of Ordinary Shares listed in Hong Kong</u>	9:00 a.m. Thursday, April 14, 2022	—
Parallel trading in the Subdivided Ordinary Shares (in the form of Existing Ordinary Share certificates and Subdivided Ordinary Share certificates) starts on the Hong Kong Stock Exchange, <u>for holders of Ordinary Shares listed in Hong Kong</u>	9:00 a.m., Thursday, April 14, 2022	—

Temporary counter for trading in the Subdivided Ordinary Shares (in the form of Existing Ordinary Share certificates) and in temporary board lot closes on the Hong Kong Stock Exchange, for holders of Ordinary Shares listed in Hong Kong 4:10 p.m., Tuesday, —  
May 10, 2022

Parallel trading in the Subdivided Ordinary Shares (in the form of Existing Ordinary Share certificates and Subdivided Ordinary Share certificates) closes on the Hong Kong Stock Exchange, for holders of Ordinary Shares listed in Hong Kong 4:10 p.m., Tuesday, —  
May 10, 2022

Last day of free exchange of Existing Ordinary Share certificates for Subdivided Ordinary Share certificates, for holders of Ordinary Shares listed in Hong Kong Thursday May 12, —  
2022

*Note:*

- (1) Dates and times above are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be notified to the Shareholders (including ADS(s) holders) as and when appropriate in accordance with relevant Hong Kong and U.S. regulations.
- (2) New holders of Ordinary Shares registered after the Ordinary Shares Record Date will not be entitled to attend and vote at the EGM.
- (3) Holders of the ADS(s) will not be entitled to attend the EGM and cannot vote their ADSs directly. New holders of the ADS(s) registered after the ADS Record Date will not be entitled to exercise their voting rights for the underlying Ordinary Shares through Citibank, N.A., as the depository of ADSs.
- (4) Holders of the ADS(s) will not be entitled to attend the EGM and cannot vote their ADSs directly. Holders of the ADS(s) as of the ADS Record Date who wish to exercise their voting rights for the underlying Ordinary Shares must act through Citibank, N.A., as the depository of ADSs.
- (5) The latest time to lodge the form of proxy prior to the date of the EGM is consistent with the Memorandum and Articles. All the persons who are registered holders of the Ordinary Shares on Friday, February 18, 2022 (Hong Kong Time) will be entitled to attend and vote at the EGM. Completion and return of a form of proxy will not preclude a holder of Ordinary Shares of the Company from attending in person and voting at the EGM or any adjournment thereof, should he or she so wish, but his/her proxy's authority to vote on a resolution is to be regarded as revoked if he/she attend the EGM in person and vote on that particular resolution.

## EXCHANGE OF SHARE CERTIFICATES

Holder of Ordinary Shares listed in Hong Kong may submit their Existing Ordinary Share certificates (colored blue) to the address and between the times set out below in exchange for Subdivided Ordinary Share certificates (colored green). The existing share certificates for the Ordinary Shares will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Tuesday, May 10, 2022 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Ordinary Share certificates will continue to be good evidence of legal title and may be exchanged for share certificates for the Subdivided Ordinary Shares at any time.

Period to exchange for Subdivided Ordinary Share certificates at no extra cost : Wednesday, March 30, 2022 until Thursday, May 12, 2022 (Hong Kong Time)

Exchange for Subdivided Ordinary Share certificates for HK\$2.50 (or as otherwise specified by the Hong Kong Stock Exchange)\*\* : Friday, May 13, 2022 (Hong Kong Time) onwards

Address : Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong

*Note:*

\*\* The total fee for exchange of share certificates will be the higher of HK\$2.50 multiplied by the number of certificates issued or HK\$2.50 multiplied by the number of certificates cancelled.

## REASONS FOR THE PROPOSED SHARE SUBDIVISION AND CHANGE OF BOARD LOT SIZE

The proposed Share Subdivision will increase the number of Ordinary Shares in issue and reduce the nominal value and trading price of each Ordinary Share. The Board is of the view that this will be likely to increase the trading liquidity of the Ordinary Share, lower the barriers to investment, and therefore may attract more investors to trade in the Ordinary Shares.

As at the date of this announcement, the market value per board lot of 50 Existing Ordinary Shares is approximately HK\$20,620. Based on the closing price of HK\$412.4 per Ordinary Share as at the date of this announcement, the expected value per new board lot of 100 Subdivided Ordinary Shares, would be approximately HK\$4,124 immediately upon the Share Subdivision and the Change of Board Lot Size becoming effective. The reasons for conducting the Change of Board Lot Size are to ensure the Company’s compliance with the board lot value being more than HK\$2,000 as set out in the Guide on Trading Arrangements for Selected Types of Corporate Actions issued by the Hong Kong Stock Exchange on November 28, 2008 and updated on October 1, 2020. Therefore, the Board considers that a board lot value of HK\$4,124 would be commercially beneficial to the Shareholders and potential investors as a whole. The Share Subdivision and the Change of Board Lot Size will result in odd lots or fractional shares.



As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Subdivision and the Change of Board Lot Size, and the Company currently does not have any definitive plans to conduct any fund-raising activities in the next 12 months. Nevertheless, the Board cannot rule out the possibility that the Company will conduct fund-raising exercises when suitable opportunities arise in order to support future development of the Company and its subsidiaries. The Company will make further announcements in this regard in accordance with the relevant regulatory requirements if and when appropriate.

Based on the above, the Board considers that the proposed Share Subdivision and the proposed Change of Board Lot Size are fair and reasonable, as well as in the best interests of the Company, its Shareholders and potential investors overall.

## **LISTING APPLICATION**

An application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, (i) the Subdivided Ordinary Shares, (ii) any Subdivided Ordinary Shares which may be issued upon exercise of the outstanding share options granted by the Company or any Subdivided Ordinary Shares which may be issued upon vesting of the share awards under the 2015 Equity Plan and the 2017 Equity Plan, and (iii) all Subdivided Ordinary Shares which may be issued upon the exercise of share options or any Subdivided Ordinary Shares which may be issued upon vesting of the share awards to be granted from time to time under the 2015 Equity Plan and the 2017 Equity Plan. All necessary arrangements will be made for the Subdivided Ordinary Shares to be admitted into the Central Clearing and Settlement System (“CCASS”) established and operated by Hong Kong Securities Clearing Company Limited (“HKSCC”).

Subject to the granting of listing of, and permission to deal in, the Subdivided Ordinary Shares on the Hong Kong Stock Exchange, the Subdivided Ordinary Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Subdivided Ordinary Shares on the Hong Kong Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **GENERAL**

A circular containing the information regarding, among other things, (i) details of the Share Subdivision and the Change of Board Lot Size, (ii) the trading arrangements in respect of the Subdivided Ordinary Shares and a notice convening the EGM will be issued by the Company on or around February 28, 2022.

**Completion of the Share Subdivision is subject to the fulfillment of certain conditions. Accordingly, the Share Subdivision may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

By Order of the Board  
**Zai Lab Limited**  
**Samantha Du**  
*Director, Chairperson and Chief Executive Officer*

Hong Kong, February, 11, 2022

*As at the date of this announcement, the board of directors of the Company comprises Dr. Samantha Du as a director, and Dr. Kai-Xian Chen, Dr. John Diekman, Ms. Nisa Leung, Mr. William Lis, Mr. Leon O. Moulder, Jr., Mr. Peter Wirth, Mr. Scott W. Morrison and Mr. Richard Gaynor as the independent directors.*

\* *For identification only*