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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)

GRANT OF SHARE OPTIONS AND RESTRICTED SHARE UNITS

This announcement is made pursuant to Rules 17.06A, 17.06B and 17.06C of the Listing Rules. The Board hereby announces that on May 15, 2023 (U.S. Eastern Time), the Company granted Options to subscribe for an aggregate of 43,572 ADSs to 7 Grantees and Restricted Share Units covering an aggregate of 24,258 ADSs to 15 Grantees under the 2022 Equity Incentive Plan.

SHARE OPTIONS UNDER THE 2022 EQUITY INCENTIVE PLAN

On the Date of Grant, the Company granted such number of Options to the 7 Grantees in accordance with the terms of the 2022 Equity Incentive Plan.

Details of the grant of Options are as follows:

Date of Grant:	May 15, 2023 (U.S. Eastern Time)
Number of Grantees:	7
Grantees:	employee participants of the Group
Number of underlying Shares pursuant to the Options granted:	435,720
Number of the Options granted (in ADSs):	43,572
Exercise price of the Options granted:	US\$36.02 per ADS (approximately HK\$28.10 per Share)
Closing price of the ADSs on the Date of Grant:	US\$33.65 per ADS (approximately HK\$26.25 per Share)

Validity period of the Options: The validity period of the Options shall be ten years from the Date of Grant, and the Options shall lapse at the expiry of the validity period or earlier if the employment relationship has terminated prior to the expiry of the validity period.

Vesting period: The Options granted shall vest as follows:

- 25% shall vest on each anniversary of the Date of Grant for the next four years, in each case, subject to each Grantee's continued employment relationship with the Company on such vesting dates.

Performance target(s) and/or clawback mechanism: There are no performance targets attached to the grant of Options above. The grants above are not subject to any clawback mechanism for the Company to recover but would be subject to tax withholding by the Company pursuant to the terms and conditions of the 2022 Equity Incentive Plan.

The Compensation Committee of the Board is of the view that the grant of Options to the Grantees without performance targets or a clawback mechanism is market competitive, consistent with the Company's customary practice, and aligns with the purpose of the 2022 Equity Incentive Plan.

The grant of Options is subject to the terms and conditions of the 2022 Equity Incentive Plan and form of award agreement covering the grants.

RESTRICTED SHARE UNITS UNDER THE 2022 EQUITY INCENTIVE PLAN

On the Date of Grant, the Company granted such number of Restricted Share Units to the 15 Grantees in accordance with the terms of the 2022 Equity Incentive Plan.

Details of the grant of Restricted Share Units are as follows:

Date of Grant: May 15, 2023 (U.S. Eastern Time)

Number of Grantees: 15

Grantees: employee participants of the Group

Number of underlying Shares pursuant to the Restricted Share Units granted: 242,580

Number of the Restricted Share Units granted (in ADSs):	24,258
Purchase price for the grant:	Nil
Closing price of the ADSs on the Date of Grant:	US\$33.65 per ADS (approximately HK\$26.25 per Share)
Vesting period:	<p>The Restricted Share Units granted shall vest as follows:</p> <ul style="list-style-type: none"> • 25% shall vest on each anniversary of the Date of Grant for the next four years, in each case, subject to each Grantee's continued employment relationship with the Company on such vesting dates.
Performance target(s) and/or clawback mechanism:	<p>There are no performance targets attached to the grant of Restricted Share Units above. The grants above are not subject to any clawback mechanism for the Company to recover but would be subject to tax withholding by the Company pursuant to the terms and conditions of the 2022 Equity Incentive Plan.</p> <p>The Compensation Committee of the Board is of the view that the grant of Restricted Share Units to the Grantees without performance targets or a clawback mechanism is market competitive, consistent with the Company's customary practice, and aligns with the purpose of the 2022 Equity Incentive Plan.</p>

The grant of Restricted Share Units is subject to the terms and conditions of the 2022 Equity Incentive Plan and form of award agreement covering the grants.

REASONS FOR AND BENEFITS OF THE GRANT

The grant of Options and Restricted Shares Units is to recognize and reward the Grantees for their contribution to the Group, and to provide additional incentives to them to maintain and further promote the success of the Group's business.

LISTING RULES IMPLICATIONS

The Grantees above are employee participants of the Group. Each of the Grantees above is neither (i) a Director, nor a chief executive, nor a substantial shareholder of the Company, nor an associate of any of them; (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit for the purpose of Rule 17.03D of the Listing Rules; nor (iii) a related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the issued ADSs.

The grant would not result in the share options and awards granted and to be granted to the Grantee in the 12-month period up to and including the date of such grant in aggregate to exceed 1% individual limit for the purpose of Rule 17.03D of the Listing Rules.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

Based on the latest information available to the Company as of May 9, 2023 (being the latest practicable date for ascertaining the relevant information), approximately 61,306,293 underlying Shares will be available for future grants under the 2022 Equity Incentive Plan after the grant above.

The 2022 Equity Incentive Plan was adopted before the effective date of the new Chapter 17 of the Listing Rules. The Company will comply with the new Chapter 17 in accordance with the transitional arrangements for the existing share plan.

DEFINITIONS

“2022 Equity Incentive Plan”	the Zai Lab Limited 2022 Equity Incentive Plan approved at the Company’s 2022 annual general meeting of shareholders on June 22, 2022 and effective on June 27, 2022, the principal terms of which were set out in the Company’s definitive proxy statement/circular dated May 3, 2022
“ADS(s)”	American Depositary Shares (each representing 10 Shares of the Company)
“associate”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Zai Lab Limited, a company incorporated in the Cayman Islands with limited liability and listed on the Stock Exchange (Stock Code: 9688) and NASDAQ (Trading Symbol: ZLAB)
“Date of Grant”	May 15, 2023 (U.S. Eastern Time)
“Director(s)”	member(s) of the Board
“Grantee(s)”	employee participant(s) of the Group who were granted the Options and/or the Restricted Share Units in accordance with the 2022 Equity Incentive Plan on the Date of Grant
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“NASDAQ”	Nasdaq Global Market
“Option(s)”	share option(s) entitling the Grantee(s) to acquire Shares upon payment of the exercise price which are granted under the 2022 Equity Incentive Plan
“PRC”	the People’s Republic of China
“Restricted Share Unit(s)”	restricted share unit(s) entitling the Grantee(s) to acquire Shares subject to the satisfaction of specified vesting condition which are granted under the 2022 Equity Incentive Plan
“Share(s)”	ordinary shares in the authorized share capital of the Company with a par value of US\$0.000006 per share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules

For the purpose of this announcement and for illustrative purpose only, conversions of US\$ to HK\$ are based on the exchange rate of US\$1.00 = HK\$7.8. No representation is made that any amounts in HK\$ or US\$ can be or could have been converted at the relevant dates at the above rate or at any other rates or at all.

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

Hong Kong, May 16, 2023

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, Richard Gaynor, M.D. and Mr. Michel Vounatsos as independent directors.

* *For identification only*