As filed with the United States Securities and Exchange Commission on May 29, 2020

Registration No. 333-238232

# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

# AMENDMENT NO. 1
# TO
# FORM F-1
# REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

# LEGEND BIOTECH CORPORATION

(Exact name of Registrant as specified in its charter)

| Cayman Islands | 2834 | Not Applicable |
|---|---|---|
| (State or other jurisdiction of incorporation or organization) | (Primary Standard Industrial Classification Code Number) | (I.R.S. Employer Identification Number) |

Legend Biotech Corporation
2101 Cottontail Lane
Somerset, NJ 08873
(732) 317-5050

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

Yuan Xu, Ph.D.
Chief Executive Officer
Legend Biotech Corporation
2101 Cottontail Lane
Somerset, NJ 08873
(732) 317-5050

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

*Copies to:*

| Divakar Gupta, Esq.<br>Richard C. Segal, Esq.<br>Mark Ballantyne, Esq.<br>Cooley LLP<br>55 Hudson Yards<br>New York, NY 10001<br>(212) 479-6000 | Robert W. Phillips, Esq.<br>Will H. Cai, Esq.<br>Michael Yu, Esq.<br>Patrick Loofbourrow, Esq.<br>Cooley LLP<br>c/o 3501 35/F, Two Exchange Square<br>8 Connaught Place<br>Central, Hong Kong<br>+852 3758 1200 | Richard D. Truesdell, Jr., Esq.<br>Yasin Keshvargar, Esq.<br>Davis Polk & Wardwell LLP<br>450 Lexington Avenue<br>New York, NY 10017<br>(212) 450-4000 |
|---|---|---|

**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, please 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 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.

## CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be registered(2) | Proposed maximum aggregate offering price per unit(3) | Proposed maximum aggregate offering price(2)(3) | Amount of Registration Fee(4) |
|---|---|---|---|---|
| Ordinary shares, par value $0.0001 per share(1) | 42,377,500 | $ 10.00 | $ 423,775,000 | $ 55,006 |

(1) American depositary shares, or ADSs, issuable upon deposit of ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-238581). Each ADS represents two ordinary shares.

(2) Includes the aggregate offering price of additional ordinary shares represented by ADSs that the underwriters have the option to purchase solely to cover over-allotments, if any.

(3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(a) under the Securities Act of 1933, as amended.

(4) In accordance with Rule 457(p), $55,006, representing the entire registration fee due in connection with this Registration Statement, has been offset by the $12,980 registration fee previously paid with respect to the initial filing of this registration statement on Form F-1 filed by Legend Biotech Corporation on May 13, 2020. Accordingly, $42,026 is the additional fee due in connection with this filing.

**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 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.**

*PRELIMINARY PROSPECTUS (Subject to Completion)*
*Issued May 29, 2020*

# *18,425,000 American Depositary Shares*


*Representing 36,850,000 ordinary shares*

***This is an initial public offering of American depositary shares, or ADSs, representing ordinary shares of Legend Biotech Corporation.***

***We are offering 18,425,000 ADSs. Each ADS represents two ordinary shares, $0.0001 par value per share. We anticipate the initial public offering price per ADS will be between $18.00 and $20.00.***

***Prior to this offering, there has been no public market for the ADSs or our ordinary shares. We have applied to list the ADSs on the Nasdaq Global Market, or Nasdaq, under the symbol "LEGN."***

***We are an "emerging growth company" and a "foreign private issuer" under applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements. See "Prospectus Summary—Implications of Being an Emerging Growth Company" and "Prospectus Summary—Implications of Being a Foreign Private Issuer and a Controlled Company" for additional information.***

*PRICE $ PER ADS*

| | ***Price to Public*** | ***Underwriting Discounts and Commissions(1)*** | ***Proceeds to us*** |
|---|---|---|---|
| *Per ADS* | *$* | *$* | *$* |
| *Total* | *$* | *$* | *$* |

*(1) See "Underwriters" for a description of the compensation payable to the underwriters.*

*We have granted the underwriters the right to purchase up to an additional 2,763,750 ADSs to cover over-allotments at the initial public offering price, less underwriting discounts and commissions.*

***Investing in the ADSs involves risks. See "Risk Factors" beginning on page 13.***

***Neither the Securities and Exchange Commission nor any other state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.***

*Genscript Biotech Corporation, or GenScript, our parent majority shareholder, has agreed to purchase $12.0 million of our ordinary shares at the initial public offering price per share adjusted to reflect the ADS-to-ordinary share ratio in a private placement transaction that would close concurrently with, and be contingent and conditioned upon consummation of, this offering. The closing of this offering is not conditioned upon the closing of the proposed concurrent private placement. The underwriters will not receive any fees in connection with the sale of shares to GenScript in the concurrent private placement. Upon the completion of this offering and the concurrent private placement to our parent, we will be a "controlled company" as defined under the Nasdaq Stock Market Rules because GenScript will beneficially own 66% of our ordinary shares representing 66% of the voting power of our total issued and outstanding share capital immediately after the completion of this offering and concurrent private placement, assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs.*

*The underwriters expect to deliver the ADSs against payment in New York, New York on , 2020.*

*MORGAN STANLEY* *J.P. MORGAN* *JEFFERIES*

*, 2020*

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No dealer, salesperson or other person is authorized to give any information or to represent as to anything not contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell, and we are seeking offers to buy, only the ADSs offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date, regardless of the time of delivery of this prospectus or any sale of the ADSs.

Neither we nor the underwriters have done anything that would permit this offering or the possession or distribution of this prospectus or any filed free writing prospectus in any jurisdiction where other action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus or any free writing prospectus filed with the U.S. Securities and Exchange Commission, or SEC, must inform themselves about, and observe any restrictions relating to, the offering of the ADSs and the distribution of this prospectus or any filed free writing prospectus outside of the United States.

**Until , 2020 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.**

## 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. This summary does not contain all of the information that may be important to you in making your investment decision. 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 biopharmaceutical company engaged in the discovery and development of novel cell therapies for oncology and other indications. Our team of over 650 employees in the United States, China and Europe, our differentiated technology, global development and manufacturing strategy and expertise provide us with the ability to generate, test and manufacture next-generation cell therapies targeting indications with high unmet needs.

Our lead product candidate, LCAR-B38M/JNJ-4528, is a chimeric antigen receptor, or CAR, T cell therapy we are jointly developing with our strategic partner, Janssen Biotech, Inc., or Janssen, for the treatment of multiple myeloma, or MM. We are developing LCAR-B38M/JNJ-4528 as a potentially improved therapy for MM. LCAR-B38M refers to the product candidate being studied in China, and JNJ-68284528, or JNJ-4528, refers to the product candidate being studied in the rest of the world. Our clinical results achieved to date demonstrate that LCAR-B38M/JNJ-4528 has the potential to deliver deep and durable anti-tumor responses in relapsed and refractory multiple myeloma, or RRMM, patients with a manageable safety profile.

In December 2019, we reported updated data from a Phase 1 clinical trial, which we refer to as LEGEND-2, of LCAR-B38M in China, in 74 patients with RRMM across four independent sites. For LEGEND-2, the primary endpoint was the occurrence of treatment-related adverse events and the secondary endpoint was anti-myeloma responses to LCAR-B38M cell treatment. Patients treated with LCAR-B38M had 25 to 26 months of median follow-up and achieved an overall response rate, or ORR, of 88 percent, with a complete response, or CR, rate ranging from 74 to 82 percent, depending on the site. In the largest site of 57 patients, median overall survival, or mOS, was 36.1 months as of July 31, 2019. Expected adverse events were reported in all patients in LEGEND-2 with over 90 percent reporting fever and cytokine release syndrome, or CRS. Over 82 percent of patients had Grade 1 or Grade 2 CRS which was managed with standard treatments and, in all but two of the 74 patients, CRS was resolved. One patient died of a CAR-T related toxicity as a result of CRS and tumor lysis syndrome. A second patient died from a potential pulmonary embolism and acute coronary syndrome, which was considered unrelated to treatment by the investigator. While we do not intend to use the data from LEGEND-2 as direct evidence of efficacy or safety in our potential future regulatory approval submissions as LEGEND-2 was not a registrational trial, we may use the data from LEGEND-2 trial as indirect supportive evidence in future regulatory submissions.

The Phase 1b/2 registrational trial of JNJ-4528 in RRMM patients in the United States and Japan, which we refer to as CARTITUDE-1, has completed enrollment of the Phase 2 portion in the United States. For the Phase 1b portion of the CARTITUDE-1 trial, the primary endpoint was to characterize safety and establish the dose and secondary endpoints included efficacy, duration of and timing to response, progression-free survival, overall survival, pharmacokinetic and pharmacodynamic markers, and presence of anti-JNJ-4528 antibodies. All 29 patients treated with JNJ-4528 from the Phase 1b portion achieved a response, with an ORR of 100 percent. As of April 20, 2020, with a median follow-up of 11.5 months, 25 of 29 patients, or 86 percent, achieved a stringent complete response, or sCR. The 9-month progression free survival rate was 86 percent and 22 of the 29 patients remained alive and progression free at the time of data cut-off. The most common adverse events reported in CARTITUDE-1 have been CRS and cytopenias, which have been manageable with standard interventions used by hematologists. As of April 29, 2020, CRS was reported in 93 percent of patients, most of which were Grade

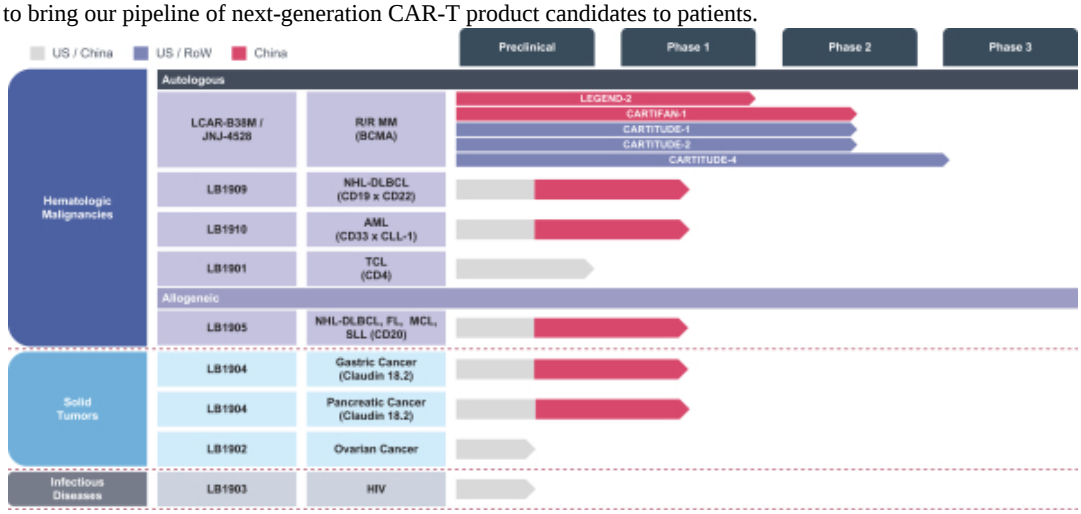
1-2 and only 7 percent of which were considered to be Grade 3 or higher. There were three deaths during the Phase 1b portion of CARTITUDE-1: one due to CRS, one due to acute myeloid leukemia, which was considered unrelated to treatment by the investigator, and one due to progressive disease. We anticipate that data from the Phase 2 portion of CARTITUDE-1 will be presented at a major medical conference in the second half of 2020. JNJ-4528 has been granted breakthrough therapy designation and orphan drug designation by the U.S. Food and Drug Administration, or FDA, and Priority Medicines, or PRIME, designation, enabling accelerated assessment, by the European Medicines Agency, or EMA. We anticipate that a biologics license application, or BLA, will be submitted to the FDA, and a market authorization application, or MAA, will be submitted to the EMA for JNJ-4528 for the treatment of RRMM in the second half of 2020.

We believe that our fully integrated approach will enable us to rapidly expand the use of CAR-T cell therapies. We are leveraging our in-house antibody generation, coupled with our CAR-T specific functional screening capability, to add one or multiple tumor antigen binding sites on T cells. We seek to bridge the gap between discovery research and patients by leveraging our relationships with clinicians and their ability to conduct investigator-initiated clinical trials in top-tier hospitals in China without a formal Investigational New Drug, or IND, process as part of the encouragement of innovation by the National Medical Products Administration, or NMPA. We work with the clinicians and hospitals to conduct these trials in accordance with international standards to support future global regulatory filings and partnerships. This strategy enables us to rapidly advance product candidates to patient populations with large unmet needs. To satisfy anticipated commercial demand in various geographies, we are building manufacturing facilities in the United States, Europe and China. Furthermore, we will seek to make our product candidates, if approved, widely available to cancer patients throughout the United States, Europe and Asia independently or through partnerships.

We have established a global collaboration with Janssen for LCAR-B38M/JNJ-4528, pursuant to which we share equally the development, production and commercialization costs and profits or losses in all areas other than mainland China, Hong Kong, Macau and Taiwan, or Greater China, where we assume 70 percent of development, production and commercialization costs and retain or bear 70 percent of pre-tax profits or losses. We received an upfront payment of $350.0 million from Janssen in 2018, and to date, we have received four milestone payments totaling $110.0 million.

**Our Pipeline**

We have built our company around overcoming the challenges associated with CAR-T cell therapy development through deploying our fully-integrated, global cell therapy capabilities including in-house expertise on early-stage discovery, efficient clinical translation, manufacturing and commercialization to bring our pipeline of next-generation CAR-T product candidates to patients.




"AML= acute myeloid leukemia, BCMA= B-cell maturation antigen, DLBCL= diffuse large B-cell lymphoma, FL= follicular lymphoma, HIV= human immunodeficiency virus, MCL= mantle cell lymphoma, NHL= non-Hodgkin lymphomas, R/R MM= relapsed or refractory multiple myeloma, RoW= Rest of World, SLL=small lymphocytic lymphoma, TCL=T-cell lymphoma

**Background of CAR-T Cell Therapies**

CAR-T cell therapy is a form of cancer immunotherapy, whereby a patient's T cells are engineered to express a CAR that recognizes and binds to tumor cell surface antigens, resulting in their activation to target cancer cells for destruction. CAR-T cell therapy has emerged as a revolutionary and potentially curative therapy for patients with certain hematologic cancers. In 2017, the FDA approved the first two CAR-T cell therapies, Kymriah and Yescarta, after these products demonstrated strong efficacy in select relapsed or refractory B cell malignancies.

The development of CAR-T cell therapies has required notable advancements across the spectrum to overcome several challenges, including selecting the ideal tumor antigen target, engineering a CAR construct that will lead to potent and selective killing of tumor cells, the lack of validated preclinical models that are predictive of safety and efficacy in humans and the ability to manufacture cell therapies with the high quality and reproducibility required for pharmaceutical products. In addition, meeting commercial demand at both a regional and global scale remains a challenge.

**Our Programs**

Our lead product candidate, LCAR-B38M/JNJ-4528, is an autologous CAR-T cell therapy that targets the B-cell maturation antigen, or BCMA, which is a highly expressed protein in a number of hematologic malignancies including MM. MM is a highly aggressive disease representing approximately 10 percent of all hematologic malignancies and 20 percent of deaths of hematologic malignancies worldwide. Despite the fact that there are multiple existing therapies, MM remains incurable and patients eventually relapse and become refractory to treatment.

LCAR-B38M/JNJ-4528 is a structurally differentiated autologous CAR-T cell therapy that targets BCMA and we believe that LCAR-B38M/JNJ-4528 has the potential to transform the treatment of MM. We used single-domain antibodies against BCMA that we isolated from llamas to design the LCARB38M/JNJ-4528 CAR construct. Two BCMA binding domains, VHH1 and VHH2, were then linked to a T cell costimulatory domain from the 4-1BB protein, also known as CD137, and the CD3 zeta-chain to form the CAR construct. Anti-tumor activity of LCAR-B38M/JNJ-4528 has been observed in non-clinical studies.

We are enrolling up to 60 patients in a Phase 2 registrational trial of LCAR-B38M in RRMM patients in China, which we refer to as CARTIFAN-1, and conducting CARTITUDE-1 Phase 1b/2 registrational trial of JNJ-4528 in RRMM patients in the United States and Japan. Based on the results of CARTITUDE-1, including the efficacy observations from the Phase 1b and Phase 2 portions of the trial, we anticipate that a BLA will be submitted to the FDA and an MAA will be submitted to the EMA for JNJ-4528 for the treatment of RRMM in the second half of 2020. We also intend to use the data from CARTIFAN-1 in support of a regulatory submission for approval in China and the data from CARTITUDE-1 in support of a regulatory submission in Japan in 2021.

In addition to the trials we are conducting to support our BLA submission, we are conducting multiple clinical trials to evaluate LCAR-B38M/JNJ-4528 as an earlier line of therapy for MM as well as a comparison of the treatment with standard triplet therapy in Revlimid-refractory MM.

In addition to LCAR-B38M/JNJ-4528, we have a broad portfolio of earlier-stage autologous product candidates targeting various cancers, including Non-Hodgkins Lymphoma, or NHL, Acute Myeloid Leukemia, or AML, and T cell Lymphoma, or TCL, of which the first two are currently in investigator-initiated Phase 1 clinical trials in China. We are also developing an allogeneic CAR-T product candidate targeting CD20 for the treatment of NHL, which is currently in an investigator-initiated Phase 1 clinical trial in China. Furthermore, we have several product candidates in early preclinical and clinical development for the treatment of solid tumors as well as infectious diseases.

**Our Strategy**

Our goal is to become a worldwide leader for CAR-T and related cell therapies in treating hematologic malignancies, solid tumors and infectious diseases. Our strategy to achieve this goal is as follows:

- Advance LCAR-B38M/JNJ-4528 through registrational trials and obtain approval for the treatment of RRMM globally
- Rapidly advance our pipeline by leveraging our global clinical development strategy
- Maintain and expand our global leadership in the cell therapy field
- Expand our manufacturing capabilities
- Establish ourselves as a preferred global partner

**Our Team**

We have assembled a team of over 650 employees across the United States, China and Europe with broad experience in biopharmaceutical drug discovery, development and commercialization. We are led by Yuan Xu, Ph.D., our Chief Executive Officer, who previously served in senior roles in discovery, development and commercialization at Merck, Gilead, Novartis, Amgen, Chiron, GlaxoSmithKline and Genentech. Ying Huang, Ph.D., our Chief Financial Officer, was most recently a Managing Director and Head of Biotech Equity Research at BofA Securities, Inc., and earlier in his career, he was a Principal Scientist at Schering-Plough (now Merck).

**Risk Factors**

Our business is subject to numerous risks and uncertainties, including those highlighted in the section titled "Risk Factors" immediately following this prospectus summary. Some of these risks are:

- We have incurred significant losses in every year since our inception. We expect to continue to incur losses over the next several years and may never achieve or maintain profitability.
- Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.
- We will need additional funding to complete the development of our product candidates, which may not be available on acceptable terms, if at all.
- 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.
- All of our product candidates are in clinical development or in preclinical development. If we are unable to advance our product candidates through clinical development, obtain regulatory approval and ultimately commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.
- Our proprietary, next-generation CAR-T cell preparation technologies, our modular approach for CAR-T and our manufacturing platform for our CAR-T product candidates, represent emerging approaches to cancer treatment that face significant challenges and hurdles.
- Our future success is highly dependent on the regulatory approval of LCAR-B38M/JNJ-4528 and our other pipeline programs. All of our product candidates will require significant preclinical study and clinical trial before we can seek regulatory approval for and launch a product commercially.
- Even if we complete the necessary preclinical studies and clinical trials, the regulatory approval process is expensive, time-consuming and uncertain and may prevent us from obtaining clinical trial and marketing approvals for the commercialization of some or all of our product candidates. As a result, we cannot predict when, or if, and in which territories, we will obtain marketing approval to commercialize a product candidate.
- The COVID-19 coronavirus could adversely impact our business, including our clinical trials.
- As a company partly based outside of the United States, our business is subject to economic, political, regulatory and other risks associated with international operations.
- We depend upon our existing collaboration partner, Janssen, and other third parties, and may depend upon future collaboration partners to commit to the research, development, manufacturing and marketing of our product candidates.
- If we are unable to obtain and maintain patent protection for our technologies and product candidates, or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and biologics similar or identical to ours, and our ability to successfully commercialize our technology and product candidates may be impaired.

**Implications of Being an Emerging Growth Company**

As a company with less than $1.07 billion in revenue for the last fiscal year, we qualify as an "emerging growth company" pursuant to the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements 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, or Section 404, related to the assessment of the effectiveness of the emerging growth company's internal control over financial reporting. We have elected to take advantage of such exemptions.

We will remain an emerging growth company until the earliest of (a) the last day of our fiscal year during which we have total annual gross revenues of at least $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 previous three-year period, issued more than $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 our ADSs that are held by non-affiliates exceeds $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.

**Implications of Being a Foreign Private Issuer and a Controlled Company**

Upon completion 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 of 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.

Upon the completion of this offering and the concurrent private placement to our parent, GenScript, we will be a "controlled company" as defined under the Nasdaq Stock Market Rules because GenScript will beneficially own 66% of our ordinary shares representing 66% of the voting power of our total issued and outstanding shares immediately after the completion of this offering, assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs. Under the Nasdaq Stock Market Rules, a "controlled company" may elect not to comply with certain corporate governance requirements, including the Nasdaq corporate governance rules requiring a board of directors to have:

- a majority of independent directors;
- an independent compensation committee; and
- an independent nominations/corporate governance committees.

Currently, we plan to utilize the "controlled company" exemptions with respect to our corporate governance practice after we complete this offering.

**Corporate History and Information**

We are an exempted company incorporated in the Cayman Islands with limited liability. We commenced our operations in China in November 2014 as a wholly owned subsidiary of GenScript. In May 2015, we

incorporated Legend Biotech Corporation under the laws of the Cayman Islands, which became our ultimate holding company through a series of transactions.

Our principal executive offices are located at 2101 Cottontail Lane, Somerset, New Jersey 08873. Our telephone number at this address is (732) 317-5050. Our registered office in the Cayman Islands is located at 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. Investors should submit any inquiries to the address and telephone number of our principal executive offices set forth above.

Our main website is www.legendbiotech.com. The information contained on this website is not a part of this prospectus.

"Legend Biotech," the Legend logo and other trademarks or service marks of Legend Biotech Corporation appearing in this prospectus are the property of Legend Biotech Corporation. Trade names, trademarks and service marks of other companies appearing in this prospectus are the property of their respective holders.

***Hong Kong Stock Exchange Matters of GenScript***

Under Practice Note 15 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, this offering is deemed a "spin-off" transaction by GenScript for which GenScript requires approval by the Hong Kong Stock Exchange. On March 6, 2020, the Hong Kong Stock Exchange confirmed that GenScript may proceed with the "spin-off" transaction. Pursuant to Practice Note 15, GenScript intends to distribute to its shareholders an "assured entitlement" to a certain portion of our ordinary shares.

GenScript intends to effect its assured entitlement distribution by providing to its shareholders a "distribution in specie," for a certain number of our ordinary shares held by GenScript represented by ADSs at the applicable record date for the distribution. The distribution will be made without any consideration being paid by GenScript's shareholders. GenScript's shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs or whose exclusion from the distribution in specie is considered by GenScript to be necessary or expedient due to the legal restrictions or requirements in the places where such shareholders are located, or who are otherwise ineligible holders, will only receive a cash alternative in the assured entitlement distribution.

GenScript currently intends to provide an assured entitlement with an aggregate value of approximately $13.3 million. The assured entitlement distribution will only be made if this offering is completed. GenScript intends to effect the assured entitlement distribution using ADSs based on ordinary shares of our company that it currently owns. The distribution in specie of ADSs by GenScript is not part of this offering and these shares will not be subject to a lock-up agreement.

**Conventions that Apply to this Prospectus**

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

- "ADSs" are to the American depositary shares, each of which represents two of our ordinary shares;
- "ADRs" are to the American depositary receipts that evidence the ADSs;
- "China" or "PRC" refers to the People's Republic of China, excluding, for the purpose of this prospectus only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan; "Greater China" does not exclude Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;
- "ordinary shares" are to ordinary shares of our company, par value $0.0001 per share;
- "Renminbi" or "RMB" refers to the legal currency of the PRC;
- "Series A Preference Shares" are to the Series A preference shares, par value $0.0001 per share; and
- "US$," "U.S. dollars," "$," or "dollars" are to the legal currency of the United States.

**THE OFFERING**

| | |
|---|---|
| ADSs offered by us | 18,425,000 ADSs. |
| ADSs outstanding immediately after this offering | 18,425,000 ADSs (or 21,188,750 ADSs if the underwriters exercise their over-allotment option in full). |
| Concurrent private placement | Our parent, GenScript, has agreed, concurrently with, and subject to, the completion of this offering, to purchase from us a certain number of ordinary shares with an aggregate value of $12.0 million at the public offering price per share adjusted to reflect the ADS-to-ordinary share ratio. This purchase will be made by GenScript pursuant to Regulation S under the Securities Act of 1933, as amended, or the Securities Act. The closing of this offering is not conditioned upon the closing of the concurrent private placement. |
| Ordinary shares outstanding immediately after this offering | 258,704,787 ordinary shares (or 264,232,287 ordinary shares if the underwriters exercise their over-allotment option in full) assuming that we issue and sell 1,263,158 ordinary shares to GenScript in the concurrent private placement, which number of shares has been calculated based on an assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus. |
| The ADSs | Each ADS represents two ordinary shares.<br><br>The depositary will hold 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.<br><br>We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will distribute the cash dividends and other distributions it receives on our ordinary shares after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement.<br><br>You may surrender your ADSs to the depositary for cancellation in exchange for ordinary shares. The depositary will charge you fees for any cancellation.<br><br>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. |

| | |
|---|---|
| | 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. |
| Over-allotment option | 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. |
| Use of proceeds | We expect that we will receive (i) net proceeds of approximately $321.9 million from this offering, assuming an initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us; and (ii) additional net proceeds of $12.0 million from the concurrent private placement.<br><br>We intend to use the net proceeds from this offering and the concurrent private placement, together with our existing cash and cash equivalents, to fund the clinical development of LCAR-B38M/JNJ-4528, to fund the construction of our manufacturing facilities, to fund the commercial launch, if approved, of LCAR-B38M/JNJ-4528 and the remaining amounts to fund the development of our pipeline programs, as well as for working capital and other general corporate purposes. See "Use of Proceeds" for additional information. |
| Lock-up | We, our officers and directors and substantially all of our existing securityholders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus, subject to certain exceptions. See "Shares and ADSs Eligible for Future Sale" and "Underwriters." |
| Risk factors | See "Risk Factors" and other information included in this prospectus for a discussion of the risks relating to investing in our ADSs. You should carefully consider these risks before deciding to invest in our ADSs. |
| Listing | We have applied to have the ADSs listed on The Nasdaq Global Market. The ADSs and shares will not be listed on any other stock exchange or traded on any automated quotation system. |
| Proposed Nasdaq Symbol | "LEGN" |

| | |
|---|---|
| Payment and settlement | The underwriters expect to deliver the ADSs against payment therefor through the facilities of the Depositary Trust Company on , 2020. |
| Depositary | JPMorgan Chase Bank, N.A. |

The number of ordinary shares that will be issued and outstanding immediately after this offering is based on the 220,591,629 ordinary shares outstanding prior to giving effect to this offering, which consists of 200,000,000 ordinary shares outstanding as of March 31, 2020 and the conversion of all of our Series A Preference Shares into 20,591,629 ordinary shares immediately prior to the closing of this offering, and excludes:

- 18,013,000 ordinary shares issuable upon the exercise of options outstanding as of March 31, 2020, with a weighted average exercise price of $0.93 per ordinary share;
- 1,987,000 ordinary shares available for future issuance under our Share Option Scheme; and
- 11,000,000 ordinary shares available for future issuance under our Restricted Share Unit Incentive Plan.

Except as otherwise indicated, all information in this prospectus reflects and assumes:

- no exercise of the outstanding options described above;
- no exercise of the underwriters' over-allotment option to purchase additional ADSs representing ordinary shares;
- the automatic conversion of all of our Series A Preference Shares into 20,591,629 ordinary shares, which will occur automatically immediately prior to the closing of this offering, and without giving effect to (i) any potential conversion price adjustment relating to our Series A Preference Shares described in "Description of Share Capital" or (ii) the payment of dividends on our Series A Preference Shares, which have accumulated at a rate of 8% per annum of the original issue price of each Series A Preference Share (the "Series A Dividend"), to be settled in the form of cash or approximately 297,600 ordinary shares in connection with the conversion of our Series A Preference Shares, based on the amount of the Series A Dividend of approximately $2.3 million that will have accrued as of June 4, 2020;
- the 700,150 ADSs (assuming an initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus) that GenScript intends to distribute to its shareholders pursuant to the rules of the Hong Kong Stock Exchange; and
- the filing and effectiveness of our Amended and Restated Memorandum and Articles of Association, which will occur immediately prior to the completion of this offering.

## SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables set forth our summary consolidated financial data for the period indicated. We have derived the consolidated statement of profit or loss data for the years ended December 31, 2018 and 2019 from our audited 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. IFRS differ in certain significant respects from U.S. generally accepted accounting principles, or U.S. GAAP. We have derived the summary consolidated statement of profit or loss data for the three months ended March 31, 2019 and 2020 and the summary consolidated statement of financial position data as of March 31, 2020 from the unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited interim condensed consolidated financial statements on the same basis as the audited consolidated financial statements, and the unaudited financial data include, in our opinion, all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of our consolidated financial position and results of operations for these periods. Our historical results are not necessarily indicative of results expected for future periods and our operating results for the three months ended March 31, 2020 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2020. You should read this 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.

**Summary consolidated statement of profit or loss data**

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2019 | 2020 |
| | (in thousands, except per share data) | | | |
| Revenue | $ 49,133 | $ 57,264 | $ 10,053 | $ 11,546 |
| Other income and gains | 13,901 | 7,125 | 2,852 | 2,531 |
| Research and development expenses | (60,637) | (161,943) | (21,289) | (48,003) |
| Administrative expenses | (2,769) | (6,752) | (1,105) | (3,430) |
| Selling and distribution expenses | (1,160) | (25,620) | (2,756) | (6,545) |
| Other expenses | (2) | (221) | (147) | (45) |
| Finance costs | (82) | (223) | (38) | (3,991) |
| Loss before tax | (1,616) | (130,370) | (12,430) | (47,937) |
| Income tax (expense)/credit | (1,168) | (2,602) | — | 3,709 |
| Loss for the period | $ (2,784) | $(132,972) | (12,430) | (44,228) |
| Attributable to: | | | | |
| Equity holders of the parent | $ (2,784) | $(132,972) | (12,430) | (44,228) |
| Loss per share attributable to ordinary equity holders of the parent | | | | |
| Basic | $ (0.01) | $ (0.66) | $ (0.06) | $ (0.22) |
| Diluted | $ (0.01) | $ (0.66) | $ (0.06) | $ (0.22) |
| Pro forma loss per share attributable to ordinary equity holders of the parent(1) | | | | |
| Basic | | | | $ (0.22) |
| Diluted | | | | $ (0.22) |

(1) See note 2.1 to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the pro forma loss per share attributable to ordinary equity holders of the parent basic and diluted.

**Summary consolidated statement of financial position data**

| | As of March 31, 2020 (in thousands) | | |
|---|---|---|---|
| | Actual | Pro Forma(1) | Pro Forma As Adjusted(2) |
| Cash and cash equivalents | $ 168,797 | $ 178,797 | $ 512,667 |
| Working capital(3) | 158,790 | 168,790 | 502,660 |
| Total assets | 364,935 | 374,935 | 708,805 |
| Total liabilities | 531,266 | 380,816 | 380,816 |
| Share capital | 20 | 22 | 26 |
| Total ordinary shareholders' (deficit)/equity | (166,331) | (5,881) | 327,989 |

(1) Gives effect to the issuance and sale of 1,283,367 Series A Preference Shares in April 2020 at a purchase price of $7.792 per share for aggregate gross proceeds of $10.0 million and the conversion of such shares and an additional 19,308,262 Series A Preference Shares we issued and sold in March 2020 into an aggregate of 20,591,629 ordinary shares, which will occur immediately prior to the closing of this offering.

(2) Gives effect to (i) the adjustments set forth in footnote (1), (ii) the sale of 18,425,000 ADSs in this offering at the assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us, and (iii) the sale of 1,263,158 ordinary shares to GenScript in a concurrent private placement. The number of shares in (iii) has been calculated based on an assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus.

(3) Working capital is defined as total current assets minus total current liabilities.

The pro forma as adjusted information discussed above is illustrative only and will be adjusted based on the actual initial public offering price and other terms of our initial public offering determined at pricing. Each $1.00 increase or decrease in the assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of cash and cash equivalents, working capital, total assets and total ordinary shareholders' equity/(deficit) by $17.1 million, assuming that the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable to us. Similarly, each increase or decrease of 1.0 million ADSs offered by us at the assumed initial public offering price would increase or decrease, as applicable, each of cash and cash equivalents, working capital, total assets and total ordinary shareholders' equity/(deficit) by $17.7 million, assuming the assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

## RISK FACTORS

*Investing in our ADSs involves a high degree of risk. Before you invest in our ADSs, you should carefully consider the risks described below together with all of the other information contained in this prospectus, including our financial statements and the related notes included elsewhere in this prospectus. If any of the following risks actually occurs, our business, prospects, operating results and financial condition could suffer materially. In such event, the trading price of our ADSs could decline, which would cause you to lose all or part of your investment. Please also see "Special Note Regarding Forward-Looking Statements."*

### Risks Related to Our Financial Position and Need for Additional Capital

***We have incurred significant losses in every year since our inception. We expect to continue to incur losses over the next several years and may never achieve or maintain profitability.***

We are a clinical-stage biopharmaceutical company with a limited operating history and we have incurred significant net losses since our inception. Our net loss was $133.0 million for the year ended December 31, 2019 and $44.2 million for the three months ended March 31, 2020. We have funded our operations to date primarily with capital contributions from GenScript and from upfront and milestone payments from Janssen.

While we had revenue of $57.3 million for the year ended December 31, 2019 and $11.5 million for the three months ended March 31, 2020, this was attributable to our recognition of upfront and milestone payments we received from Janssen in connection with our collaboration and license agreement with Janssen, or the Janssen Agreement. We have no products approved for commercial sale, have not generated any revenue from commercial sales of our product candidates, and are devoting substantially all of our financial resources and efforts to the research and development of LCAR-B38M/JNJ-4528 and our other CAR-T cell therapy product candidates as well as to building out our manufacturing platform, cell therapy technologies and management team. Investment in biopharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that any potential product candidate could fail to demonstrate adequate effect or an acceptable safety profile, gain regulatory approval and become commercially viable.

None of our product candidates have received marketing approval, and we may never be successful in obtaining marketing approval and commercializing product candidates. We expect to continue to incur significant expenses and increasing operating losses for the foreseeable future. These net losses will adversely impact our shareholders' deficit and net assets and may fluctuate significantly from quarter to quarter and year to year. We anticipate that our expenses will increase substantially as we:

- continue our ongoing and planned research and development of LCAR-B38M/JNJ-4528 for the treatment of MM;
- conduct preclinical studies and clinical trials for any additional product candidates that we may pursue in the future, including ongoing and planned development of additional therapies for the treatment of TCL, NHL, AML, gastric cancer, pancreatic cancer, ovarian cancer and HIV;
- seek to discover and develop additional product candidates and further expand our clinical product pipeline;
- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- continue to scale up manufacturing capacity with the aim of securing sufficient quantities to meet our capacity requirements for clinical trials and potential commercialization;
- establish sales, marketing and distribution infrastructure to commercialize any product candidate for which we may obtain regulatory approval;
- develop, maintain, expand and protect our intellectual property portfolio;
- acquire or in-license other product candidates and technologies;

- hire additional clinical, quality control and manufacturing personnel;
- add clinical, operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts;
- expand our operations in the United States, China, Europe and other geographies; and
- incur additional legal, accounting and other expenses associated with operating as a public company.

To become and remain profitable, we must succeed in developing and eventually commercializing products that generate significant revenue. This will require us to be successful in a range of challenging activities, including completing preclinical studies and clinical trials of our product candidates, obtaining regulatory approval, manufacturing, marketing and selling any products for which we may obtain regulatory approval, as well as discovering and developing additional product candidates. We may never succeed in these activities and, even if we do, may never generate revenue that is significant enough to achieve profitability.

Because of the numerous risks and uncertainties associated with the development, delivery and commercialization of complex autologous and allogeneic cell therapies, we are unable to accurately predict the timing or amount of expenses or when, or if, we will be able to achieve profitability. If we are required by regulatory authorities to perform studies in addition to those currently expected, or if there are any delays in the initiation and completion of our clinical trials or the development of any of our product candidates, our expenses could increase and profitability could be further delayed.

Even if we achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to become and remain profitable would depress the value of our ADSs and could impair our ability to raise capital, expand our business, maintain our research and development efforts or continue our operations. A decline in the value of our ADSs could also cause you to lose all or part of your investment.

***Our limited operating history may make it difficult for you to evaluate the success of our business to date and to assess our future viability.***

We are a clinical-stage biopharmaceutical company with a limited operating history. As an organization, we have not demonstrated an ability to successfully complete late-stage clinical trials, obtain regulatory approvals, manufacture our product candidates at commercial scale or arrange for a third party to do so on our behalf, conduct sales and marketing activities necessary for successful commercialization, or obtain reimbursement in the countries of sale. We may encounter unforeseen expenses, difficulties, complications, and delays in achieving our business objectives. Our short history as an operating company makes any assessment of our future success or viability subject to significant uncertainty. If we do not address these risks successfully or are unable to transition at some point from a company with a research and development focus to a company capable of supporting commercial activities, then our business will be materially harmed.

***We will need additional funding to complete the development of our product candidates, which may not be available on acceptable terms, if at all.***

We will require substantial additional funding to meet our financial needs and to pursue our business objectives. If we are unable to raise capital when needed, we could be forced to delay, reduce or altogether cease our product development programs or commercialization efforts.

We believe that the net proceeds from this offering, together with our existing cash and cash equivalents, will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months. However, we will need to raise additional capital to complete the development and commercialization of LCAR-B38M/JNJ-4528 and our other product candidates and in connection with our continuing operations and

other planned activities. Our future capital requirements will depend on many factors, including:

- the progress, results and costs of laboratory testing, manufacturing, and preclinical and clinical development for our current product candidates;
- the scope, progress, results and costs of preclinical development, laboratory testing and clinical trials of other product candidates that we may pursue;
- the development requirements of other product candidates that we may pursue;
- the timing and amounts of any milestone or royalty payments we may be required to make under future license agreements;
- the costs of building out our infrastructure, including hiring additional clinical, quality control and manufacturing personnel;
- the costs, timing and outcome of regulatory review of our product candidates;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any of our product candidates for which we receive marketing approval;
- the amount of revenue we receive pursuant to the Janssen Agreement and the revenue, if any, received from commercial sales of our product candidates for which we receive marketing approval;
- the costs and timing of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending any intellectual property-related claims;
- the costs of operating as a public company; and
- the extent to which we acquire or in-license other product candidates and technologies.

Identifying potential product candidates and conducting preclinical testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and we may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. To date, we have not generated any revenue from product sales. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. If we raise additional funds through collaboration and licensing arrangements with third parties, we may have to relinquish some rights to our technologies or our product candidates on terms that are not favorable to us. Any additional capital-raising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to develop and commercialize our current and future product candidates, if approved. If we are unable to raise capital when needed or on attractive terms, we could be forced to delay, reduce or altogether cease our research and development programs or future commercialization efforts.

***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 the completion of this offering, as a subsidiary of Genscript, we only had limited accounting personnel and other resources with which to address internal control over financial reporting. In connection with the audits of our consolidated financial statements as of and for the year ended December 31, 2019, we and our independent registered public accounting firm identified two 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.

The material weaknesses that have been identified relate to our lack of sufficient accounting and financial reporting personnel with requisite knowledge of and experience in application of IFRS and SEC rules, and lack of financial reporting policies and procedures that are commensurate with IFRS and SEC reporting and compliance requirements. 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—Internal Control Over Financial Reporting." However, we cannot assure you that these measures may 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 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 annual report in 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 businesses, 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.

## Risks Related to the Development of Our Product Candidates

***All of our product candidates are in clinical development or in preclinical development. If we are unable to advance our product candidates through clinical development, obtain regulatory approval and ultimately commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.***

Our lead product candidate, LCAR-B38M/JNJ-4528, is in clinical development for the treatment of MM. In collaboration with Janssen, we are currently conducting a Phase 2 trial of LCAR-B38M in RRMM patients in

China (CARTIFAN-1) and a Phase 1b/2 trial of JNJ-4528 in RRMM patients in the United States and Japan (CARTITUDE-1). In November 2019, we and our strategic partner Janssen began enrolling an aggregate of 80 patients in a Phase 2 multicohort trial of JNJ-4528 in the United States and Europe (CARTITUDE-2) in patients with MM in various clinical settings such as in early relapse patients or as a front-line therapy. In addition, the Phase 3 CARTITUDE-4 clinical trial, enrolling approximately 400 patients in the United States, Europe and Japan has been initiated. This clinical trial is comparing treatment with JNJ-4528 to treatment of standard triplet therapy in Revlimid-refractory MM. In addition to LCAR-B38M/JNJ-4528, we have a broad portfolio of earlier-stage autologous product candidates targeting various cancers, including NHL, AML and TCL, of which the first two are currently in investigator-initiated Phase 1 clinical trials in China. We are also developing an allogeneic CAR-T product candidate targeting CD20 for the treatment of NHL, which is currently in an investigator-initiated Phase 1 clinical trial in China. We also have several product candidates in early preclinical and clinical development for the treatment of solid tumors as well as infectious diseases. There is no assurance that these or any other future clinical trials of our product candidates will be successful or will generate positive clinical data and we may not receive marketing approval from the FDA, the NMPA, the EMA, and the Japanese Pharmaceutical and Medical Device Agency, or PMDA, or other regulatory agencies, for any of our product candidates. With the exception of LCAR-B38M/JNJ-4528, we have not submitted an IND application to the FDA for our other current clinical-stage product candidates, which must be in effect before commencing clinical trials in the United States. There can be no assurance that the FDA will permit the IND applications for our other product candidates to go into effect in a timely manner or at all. Without an IND, we will not be permitted to conduct clinical trials in the United States.

Biopharmaceutical development is a long, expensive and uncertain process, and delay or failure can occur at any stage of any of our clinical trials. Failure to obtain regulatory approval for our product candidates will prevent us from commercializing and marketing our product candidates. The success in the development of our product candidates will depend on many factors, including:

- completing preclinical studies and receiving regulatory approvals or clearance for conducting clinical trials for our preclinical-stage programs;
- obtaining positive results in our clinical trials demonstrating efficacy, safety and durability of effect of our product candidates;
- receiving approvals for commercialization of our product candidates from regulatory authorities;
- manufacturing our product candidates at an acceptable quality and cost; and
- maintaining and growing an organization of scientists, medical professionals and business people who can develop and commercialize our products and technology.

Many of these factors are beyond our control, including the time needed to adequately complete clinical testing and the regulatory submission process. It is possible that none of our product candidates will ever obtain regulatory approval, even if we expend substantial time and resources seeking such approval. If we do not achieve one or more of these factors in a timely manner or at all, or any other factors impacting the successful development of biopharmaceutical products, we could experience significant delays or an inability to successfully develop our product candidates, which would materially harm our business.

***Our proprietary, next-generation CAR-T cell preparation technologies, our modular approach for CAR-T and our manufacturing platform for our CAR-T product candidates, represent emerging approaches to cancer treatment that face significant challenges and hurdles.***

We have concentrated our primary research and development efforts on our CAR-T cell therapies using our expertise in tumor biology and cell programming, and our future success is highly dependent on the successful development and manufacture of our CAR-T product candidates. We do not currently have any approved or commercialized products. As with other targeted therapies, off-tumor or off-target activity could delay

development or require us to reengineer or abandon a particular product candidate. Because CAR-T cell therapies represent a relatively new field of cellular immunotherapy and cancer treatment generally, developing and commercializing our product candidates subjects us to a number of risks and challenges, including:

- obtaining regulatory approval for our product candidates, as the FDA, the NMPA, the EMA, the PMDA and other regulatory authorities have limited experience with CAR-T therapies for cancer;
- developing and deploying consistent and reliable processes for engineering a patient's T cells *ex vivo* and infusing the engineered T cells back into the patient;
- conditioning patients with chemotherapy in conjunction with delivering each of our products, which may increase the risk of adverse side effects of our product candidates;
- sourcing clinical and, if approved, commercial supplies of the materials used to manufacture our product candidates;
- developing programming modules with the desired properties, while avoiding adverse reactions;
- creating viral vectors capable of delivering multiple programming modules;
- developing a reliable and consistent vector and cell manufacturing process;
- establishing manufacturing capacity suitable for the manufacture of our product candidates in line with expanding enrollment in our clinical studies and our projected commercial requirements;
- achieving cost efficiencies in the scale-up of our manufacturing capacity;
- developing protocols for the safe administration of our product candidates;
- educating medical personnel regarding our CAR-T technologies and the potential side effect profile of each of our product candidates, such as potential adverse side effects related to CRS;
- establishing integrated solutions in collaboration with specialty treatment centers in order to reduce the burdens and complex logistics commonly associated with the administration of T cell therapies;
- establishing sales and marketing capabilities to successfully launch and commercialize our product candidates if and when we obtain any required regulatory approvals, and risks associated with gaining market acceptance of a novel therapy if we receive approval; and
- the availability of coverage and adequate reimbursement from third-party payors for our novel and personalized therapies in connection with commercialization of any approved product candidates.

We may not be able to successfully develop our CAR-T product candidates, our technology or our other product candidates in a manner that will yield products that are safe, effective, scalable or profitable.

Additionally, because our technology involves the genetic modification of patient cells *ex vivo*, we are subject to additional regulatory challenges and risks, including:

- regulatory requirements governing gene and cell therapy products have changed frequently and may continue to change in the future. To date, only two CAR-T cell therapy products that involve the genetic modification of patient cells have been approved in the United States and the European Union, and none have been approved in China;
- genetically modified products in the event of improper insertion of a gene sequence into a patient's chromosome could lead to lymphoma, leukemia or other cancers, or other aberrantly functioning cells;
- although our viral vectors are not able to replicate, there is a risk with the use of retroviral or lentiviral vectors that they could lead to new or reactivated pathogenic strains of virus or other infectious diseases; and

- the FDA recommends a 15-year follow-up observation period for all patients who receive treatment using gene therapies, and we may need to adopt such an observation period for our product candidates.

Moreover, public perception and awareness of cell therapy safety issues may adversely influence the willingness of subjects to participate in clinical trials of our product candidates, or if approved, of physicians to prescribe our products. Physicians, hospitals and third-party payors often are slow to adopt new products, technologies and treatment practices that require additional upfront costs and training. Treatment centers may not be willing or able to devote the personnel and establish other infrastructure required for the administration of CAR-T cell therapies. Physicians may not be willing to undergo training to adopt this novel and personalized therapy, may decide the therapy is too complex to adopt without appropriate training and may choose not to administer the therapy. Based on these and other factors, hospitals and payors may decide that the benefits of this new therapy do not or will not outweigh its costs.

***Our future success is highly dependent on the regulatory approval of LCAR-B38M/JNJ-4528 and our other pipeline programs. All of our product candidates will require significant preclinical study and clinical trial before we can seek regulatory approval for and launch a product commercially.***

We do not have any products that have gained regulatory approval for marketing. Our business is substantially dependent on our ability to obtain regulatory approval for, and, if approved, to successfully commercialize our LCAR-B38M/JNJ-4528 product candidate and our other pipeline programs. We cannot commercialize product candidates in the United States without first obtaining regulatory approval for the product from the FDA; similarly, we cannot commercialize product candidates in countries outside the United States without obtaining regulatory approval from comparable regulatory authorities in relevant jurisdictions, such as the NMPA in China, the EMA in the European Union and the PMDA in Japan. Before obtaining regulatory approvals for the commercial sale of any product candidate for a particular indication, we must demonstrate with substantial evidence gathered in preclinical and clinical studies that the product candidate is safe and effective for that indication and that the manufacturing facilities, processes and controls comply with regulatory requirements with respect to such product candidate. Prior to seeking approval for any of our product candidates, we will need to confer with the FDA, the NMPA, the EMA, the PMDA and other regulatory authorities regarding the design of our clinical trials and the type and amount of clinical data necessary to seek and gain approval for our product candidates.

The time required to obtain marketing approval by the FDA, the NMPA, the EMA, the PMDA and other regulatory authorities is unpredictable but typically takes many years following the commencement of preclinical studies and clinical trials and depends upon numerous factors, including the substantial discretion of the regulatory authorities. In addition, approval policies, regulations, or the type and amount of preclinical and clinical data necessary to gain approval may change during the course of a product candidate's research and development and may vary among jurisdictions. It is possible that none of our existing product candidates or any future product candidates will ever obtain regulatory approval.

Our product candidates could fail to receive marketing regulatory approval from the FDA, the NMPA, the EMA, the PMDA or other regulatory authorities for many reasons, including:

- disagreement with the design, protocol or conduct of our clinical trials;
- failure to demonstrate that a product candidate is safe and effective for its proposed indication;
- failure of clinical trials to meet the level of statistical significance required for approval;
- failure to demonstrate that a product candidate's clinical and other benefits outweigh its risks;
- disagreement with our interpretation of data from preclinical studies or clinical trials;
- insufficiency of data collected from clinical trials of our product candidates to support the submission and filing of a BLA or other submission or to obtain regulatory approval;
- failure to obtain approval of the manufacturing processes of our facilities;

- changes in the approval policies or regulations that render our preclinical and clinical data insufficient for approval; or
- lack of adequate funding to complete a clinical trial in a manner that is satisfactory to the applicable regulatory authority.

The FDA, the NMPA, the EMA, the PMDA or a comparable regulatory authority may require more information, including additional preclinical or clinical data to support approval, including data that would require us to perform additional preclinical studies, clinical trials, or both, or modify our manufacturing processes, which may delay or prevent approval and our commercialization plans, or we may decide to abandon the development program. If we change our manufacturing processes, we may be required to conduct additional clinical trials or other studies, which also could delay or prevent approval of our product candidates. If we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer indications than we request (including failing to approve the most commercially promising indications), may impose warnings and restrictions on prescription and distribution, may grant approval contingent on the performance of costly post-marketing clinical trials or other post-marketing commitments, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate.

While LCAR-B38M/JNJ-4528 has received orphan drug designation and breakthrough therapy designation from the FDA and has received the PRIME designation from the EMA, our development strategy may also include the use of additional expedited pathways, such as through the accelerated or contingent approval pathway. Depending on results of the preclinical and clinical trials in our other product candidates, we may also pursue such status for those candidates. There is no certainty that our product candidates will qualify for breakthrough therapy, orphan drug or PRIME designations, nor can we assume that the clinical data obtained from trials of our product candidates will be sufficient to qualify for any expedited approval program.

Even if a product candidate were to successfully obtain marketing approval from the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authorities in other jurisdictions, any approval might contain significant limitations related to use restrictions for specified age groups, warnings, precautions or contraindications, or may be subject to burdensome post-approval study or risk management requirements. If we are unable to obtain regulatory approval for one of our product candidates in one or more jurisdictions, or any approval contains significant limitations, we may not be able to obtain sufficient funding to continue the development of that product or generate revenue attributable to that product candidate. Also, any regulatory approval of our current or future product candidates, once obtained, may be withdrawn.

***We may not be successful in our efforts to build a pipeline of product candidates.***

A key element of our strategy is to use our expertise in tumor biology and cell programming and our proprietary and modular CAR-T cell programming technologies to develop what we believe are safer and more effective CAR-T cell therapies. Our initial focus is on the development of a pipeline of product candidates for the treatment of hematological cancers and the progression of these product candidates through clinical development. We also intend to develop follow-on, or next-generation, product candidates with additional elements of programming built into the programmed CAR-T cell product candidate to offer enhanced characteristics as compared to the earlier product generation, as well as developing additional cell therapy product candidates. However, we may not be able to develop product candidates that are safe and effective, or which compare favorably with other commercially available alternatives. Even if we are successful in continuing to build our pipeline and developing next-generation product candidates or expanding into solid tumor indications, the potential product candidates that we identify may not be suitable for clinical development, including as a result of lack of safety, lack of tolerability, lack of anti-tumor activity, or other characteristics that indicate that they are unlikely to be products that will receive marketing approval, achieve market acceptance or obtain reimbursements from third-party payors. We cannot provide you any assurance that we will be able to successfully advance any of these additional product candidates through the development process. Our research

programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development or commercialization for many reasons, including the following:

- our platform may not be successful in identifying additional product candidates;
- we may not be able or willing to assemble sufficient resources to acquire or discover additional product candidates;
- our product candidates may not succeed in preclinical or clinical testing;
- a product candidate may on further study be shown to have harmful side effects or other characteristics that indicate it is unlikely to be effective or otherwise does not meet applicable regulatory criteria;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may nevertheless be covered by third parties' patents or other exclusive rights;
- the market for a product candidate may change during our development program so that the continued development of that product candidate is no longer reasonable;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, if applicable.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs, or we may not be able to identify, discover, develop or commercialize additional product candidates, which would have a material adverse effect on our business and could potentially cause us to cease operations.

Even if we receive FDA or other regulatory approval to market our product candidates, whether for the treatment of cancers or other diseases, we cannot assure you that any such product candidates will be successfully commercialized, widely accepted in the marketplace or more effective than other commercially available alternatives. Further, because of our limited financial and managerial resources, we are required to focus our research programs on certain product candidates and on specific diseases. As a result, we may fail to capitalize on viable commercial products or profitable market opportunities, be required to forego or delay pursuit of opportunities with other product candidates or other diseases that may later prove to have greater commercial potential, or relinquish valuable rights to such product candidates through collaboration, licensing or other royalty arrangements in cases in which it would have been advantageous for us to retain sole development and commercialization rights.

If we do not successfully develop and commercialize product candidates or collaborate with others to do so, we will not be able to obtain product revenue in future periods, which could significantly harm our financial position and adversely affect the trading price of our ADSs.

***Our preclinical programs may experience delays or may never advance to clinical trials, which would adversely affect our ability to obtain regulatory approvals or commercialize these product candidates on a timely basis or at all, which would have an adverse effect on our business.***

Some of our product candidates are still in the preclinical development stage, and the risk of failure of preclinical programs is high. Before we can commence clinical trials for a product candidate, we must complete extensive preclinical testing and studies to obtain regulatory clearance to initiate human clinical trials, including based on IND applications in the United States and clinical trial applications, or CTAs, in China and the European Union. We cannot be certain of the timely completion or outcome of our preclinical testing and studies and cannot predict if the FDA, the NMPA, the EMA, the PMDA or other regulatory authorities will accept our proposed clinical programs or if the outcome of our preclinical testing and studies will ultimately support the further

development of our programs. As a result, we cannot be sure that we will be able to submit IND applications or similar applications for our preclinical programs on the timelines we expect, if at all, and we cannot be sure that submission of IND applications or similar applications will result in the FDA, the NMPA, the EMA, the PMDA or other regulatory authorities allowing clinical trials to begin.

***Clinical trials are difficult to design and implement, involve uncertain outcomes and may not be successful.***

Human clinical trials are difficult to design and implement, in part because they are subject to rigorous regulatory requirements. The design of a clinical trial can determine whether its results will support approval of a product candidate and flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced. As an organization, we have limited experience designing clinical trials and may be unable to design and execute clinical trials to support regulatory approval. There is a high failure rate for biologic products proceeding through clinical trials, which may be higher for our product candidates because they are based on new technology and engineered on a patient-by-patient basis. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials even after achieving promising results in preclinical testing and earlier-stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval. In addition, we may experience regulatory delays or rejections as a result of many factors, including changes in regulatory policy during the period of our product candidate development. Any such delays could negatively impact our business, financial condition, results of operations and prospects.

***Success in preclinical studies or clinical trials may not be indicative of results in future clinical trials.***

Results from preclinical studies are not necessarily predictive of future clinical trial results, and interim results of a clinical trial are not necessarily indicative of final results. While we have received some positive data in a clinical trial of LCAR-B38M/JNJ-4528 in RRMM, we are still in the process of producing and gathering the final data for LEGEND-2 and are still conducting additional clinical trials in the United States, China and Japan in order to seek regulatory approvals. Our other product candidates are in earlier stages of development. For that reason, we do not know whether these candidates will be effective and safe for the intended indications in humans. Our product candidates may fail to show the desired safety and efficacy in clinical development despite positive results in preclinical studies or having successfully advanced through initial clinical trials. This failure to establish sufficient efficacy and safety could cause us to abandon clinical development of our product candidates.

***We depend on enrollment of patients in our clinical trials for our product candidates. If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.***

Identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. We may experience difficulties in patient enrollment in our clinical trials for a variety of reasons. The timely completion of clinical trials in accordance with the protocols depends, among other things, on our ability to enroll a sufficient number of patients who remain in the study until its conclusion. The enrollment of patients depends on many factors, including:

- the patient eligibility criteria defined in the protocol;
- the number of patients with the disease or condition being studied;
- the understanding of risks and benefits of the product candidate in the trial;
- clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new drugs that may be approved for the indications we are investigating or drugs that may be used off-label for these indications;
- the size and nature of the patient population who meet inclusion criteria;

- the proximity of patients to study sites;
- the design of the clinical trial;
- clinical trial investigators' ability to recruit clinical trial investigators with the appropriate competencies and experience;
- competing clinical trials for similar therapies or other new therapeutics not involving T cell-based immunotherapy;
- our ability to obtain and maintain patient consents; and
- the risk that patients enrolled in clinical trials will drop out of the clinical trials before completion of their treatment.

In particular, some of our clinical trials are designed to enroll patients with characteristics that are found in a very small population. For example, our planned Phase 1 clinical trial for LB1901 will seek to enroll patients with relapsed or refractory TCL, a rare and heterogeneous form of NHL. Other companies are conducting clinical trials with their redirected T cell therapies in MM, pediatric relapsed or refractory acute B lymphocytic leukemia and relapsed or refractory diffuse large B-cell lymphoma, or DLBCL, and seek to enroll patients in their studies that may otherwise be eligible for our clinical trials, which could lead to slow recruitment and delays in our clinical programs. In addition, since the number of qualified clinical investigators is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which could further reduce the number of patients who are available for our clinical trials in these clinical trial sites. Moreover, because our product candidates represent a departure from more commonly used methods for cancer treatment, potential patients and their doctors may be inclined to use conventional therapies, such as chemotherapy and antibody therapy, rather than participating 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, which could prevent completion of these clinical trials and adversely affect our ability to advance the development of our product candidates. In addition, many of the factors that may lead to a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

***We have studied our product candidates and plan to continue to study our product candidates in investigator-initiated clinical trials, which means we do not have full control over the conduct of such trials.***

We are currently evaluating our product candidates in investigator-initiated clinical trials. In addition, part of our strategy is to continue to explore new opportunities for cell therapy in investigator-initiated clinical trials in China, where such trials are initiated and conducted under the oversight of the China National Health Commission (NHC) as a medical practice technology, rather than the NMPA as a medical product. The NMPA, generally speaking, will accept, review, and reject or approve a CTA only from the manufacturer of the investigational product as the sponsor of the CTA, rather than from a physician who intends to be the investigator and sponsor of the CTA. The NMPA distinguishes the former as registrational clinical trial, and the latter as non-registrational clinical trial, and normally will not consider the data generated from investigator-initiated non-registrational clinical trials, when it reviews the application for registrational clinical trial from the manufacturer.

In the case of CAR-T therapy, however, the NMPA is aware of the large number of investigator-initiated non-registrational clinical trials in China and the United States, and some reviewers from its Center for Drug Evaluation have published two articles on its website in February 2018 and October 2018, expressing the view that (1) the mainstream regulatory oversight is to follow the pathway of registrational clinical trial, but that (2) data from investigator-initiated non-registrational clinical trials may be considered if the non-registrational clinical trials otherwise fully comply with the same requirements applicable to registrational clinical trials, in particularly the requirements related to manufacturing quality control, informed consent, data integrity, data management, and all GCP requirements.

Accordingly, there is risk to part of our strategy to continue to explore new opportunities for cell therapy in investigator-initiated clinical trials in China that the NMPA may refuse to consider the data from the investigator-initiated clinical trials of our product candidates due to concerns that (1) this does not follow the mainstream regulatory pathway of relying on registrational clinical trial, or that (2) the non-registrational clinical trials of our product candidates may not otherwise fully comply with the same requirements applicable to registrational clinical trials, as further explained below.

Investigator-initiated clinical trials pose similar risks as those set forth elsewhere in this section relating to clinical trials initiated by us. While investigator-initiated trials may provide us with clinical data that can inform our future development strategy, we do not have full control over the protocols, administration, or conduct of the trials. As a result, we are subject to risks associated with the way investigator-initiated trials are conducted and there is no assurance the clinical data from any of our investigator-initiated clinical trials in China will be accepted by the FDA, EMA, PMDA or other comparable regulatory authorities outside of China, for any of our product candidates. Third parties in such investigator-initiated clinical trials may not perform their responsibilities for our clinical trials on our anticipated schedule or consistent with clinical trial protocols or applicable regulations. Further, any data integrity issues or patient safety issues arising out of any of these trials would be beyond our control, yet could adversely affect our reputation and damage the clinical and commercial prospects for our product candidates. Additional risks include difficulties or delays in communicating with investigators or administrators, procedural delays and other timing issues, and difficulties or differences in interpreting data. Third-party investigators may design clinical trials with clinical endpoints that are more difficult to achieve, or in other ways that increase the risk of negative clinical trial results compared to clinical trials that we may design on our own. As a result, our lack of control over the design, conduct and timing of, and communications with the FDA, NMPA, EMA and PMDA regarding investigator-initiated trials expose us to additional risks and uncertainties, many of which are outside our control, and the occurrence of which could adversely affect the prospects for our product candidates.

Furthermore, there is no assurance the clinical data from any of our investigator-initiated clinical trials in China, where the patients are predominately of Chinese descent, will produce similar results in patients of different races, ethnicities or those of non-Chinese descent.

***The market opportunities for certain of our product candidates may be limited to those patients who are ineligible for or have failed prior treatments and may be small, and our projections regarding the size of the addressable market may be incorrect.***

Cancer therapies are sometimes characterized as first line, second line or third line, and the FDA often approves new therapies initially only for last line use. When blood cancers are detected, they are treated with first line of therapy with the intention of curing the cancer. This generally consists of chemotherapy, radiation, antibody drugs, tumor-targeted small molecules, or a combination of these. In addition, sometimes a bone marrow transplantation can be added to the first line therapy after the combination chemotherapy is given. If the patient's cancer relapses, then they are given a second line or third line therapy, which can consist of more chemotherapy, radiation, antibody drugs, tumor-targeted small molecules, or a combination of these, or bone marrow transplant. Generally, the higher the line of therapy, the lower the chance of a cure. With third or higher line, the goal of the therapy in the treatment of lymphoma and myeloma is to control the growth of the tumor and extend the life of the patient, as a cure is unlikely to happen. Patients are generally referred to clinical trials in these situations.

While we are initially developing LCAR-B38M/JNJ-4528 as a last line therapy for patients with MM, there is no guarantee that it, or any of our product candidates, even if approved, would be approved for earlier line of therapy. In addition, we may have to conduct additional large randomized clinical trials prior to or post gaining approval for the earlier line of therapy.

Our projections of both the number of people who have the cancers we are targeting, as well as the size of the patient population subset of people with these cancers in a position to receive first, second, third and fourth

line therapy and who have the potential to benefit from treatment with our product candidates, are based on our beliefs and estimates. These estimates have been derived from a variety of sources, including scientific literature, surveys of clinics, patient foundations, or market research and may prove to be incorrect. Further, new studies may change the estimated incidence or prevalence of these cancers. The number of patients may turn out to be fewer than expected. Additionally, the potentially addressable patient population for our product candidates may be limited or may not be amenable to treatment with our product candidates. For instance, in our planned Phase 1 clinical trial for LB1901, we will seek to enroll patients with relapsed or refractory TCL, a rare and heterogeneous form of NHL. Even if we obtain significant market share for our product candidates, because the potential target populations are small, we may never achieve significant revenue without obtaining regulatory approval for additional indications or as part of earlier lines of therapy.

***Adverse side effects or other safety risks associated with our product candidates could delay or preclude approval, cause us to suspend or discontinue clinical trials, cause us to abandon product candidates, limit the commercial profile of an approved label or result in significant negative consequences following any potential marketing approval.***

In clinical trials conducted by other companies involving CAR-T cells, the most prominent acute toxicities included symptoms thought to be associated with CRS, such as fever, low blood pressure and kidney dysfunction. Some patients also experienced toxicity of the central nervous system, or neurotoxicity, such as confusion, tremor, cranial nerve dysfunction, seizures and speech impairment. Adverse events with the worst grades and attributed to CAR-T cells were severe and life threatening in some patients. The life threatening events were related to kidney dysfunction and neurotoxicity. Severe and life threatening toxicities occurred mostly in the first two weeks after cell infusion and generally resolved within three weeks, but several patients died in clinical trials involving CAR-T cells, including in our clinical trials. In our LEGEND-2 clinical trial, CRS was observed in over 90 percent of patients. Low grade CRS, experienced by 82 percent of patients, was managed with standard therapies and resolved. One patient died of a CAR-T related toxicity as a result of CRS and tumor lysis syndrome. A second patient died from a potential pulmonary embolism and acute coronary syndrome, which was considered unrelated to treatment by the investigator. In the Phase 1b portion of our CARTITUDE-1 clinical trial, as of April 29, 2020, CRS was reported in 93 percent of patients. There were three deaths during the Phase 1b portion of CARTITUDE-1: one due to CRS, one due to acute myeloid leukemia, which was considered unrelated to treatment by the investigator, and one due to progressive disease.

Our clinical trials include cancer patients who are very sick and whose health is deteriorating, and we expect that additional clinical trials of our other product candidates will include similar patients with deteriorating health. It is possible that some of these patients may experience similar adverse side effects as were observed in clinical trials conducted by other companies and academic institutions involving CAR-T cells, and that additional patients may die during our clinical trials for various reasons, including as a result of receiving our product candidates, because the patient's disease is too advanced, or because the patient experiences medical problems that may not be related to our product candidate. Even if the deaths are not related to our product candidate, the deaths could affect perceptions regarding the safety of our product candidate.

Patient deaths and severe side effects caused by our product candidates, or by products or product candidates of other companies that are thought to have similarities with our product candidates, could result in the delay, suspension, clinical hold or termination of clinical trials by us, ethics committee, the FDA, the NMPA, the EMA, the PMDA or other regulatory authorities for a number of reasons. If we elect or are required to delay, suspend or terminate any clinical trial of any product candidates that we develop, the commercial prospects of such product candidates will be harmed and our ability to generate product revenue from any of these product candidates would be delayed or eliminated. Serious adverse events observed in clinical trials could hinder or prevent market acceptance of the product candidate at issue. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

Additionally, if one or more of our product candidates receives marketing approval, and we or others later identify undesirable side effects caused by such products, including during any long-term follow-up observation

period recommended or required for patients who receive treatment using our products, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw approvals of such product;
- regulatory authorities may require additional warnings on the label;
- we may be required to create a Risk Evaluation and Mitigation Strategy, or REMS, or similar risk management plan, which could include a medication guide outlining the risks of such side effects for distribution to patients, a communication plan for healthcare providers and/or other elements to assure safe use;
- we could be sued and held liable for harm caused to patients; and
- our reputation may suffer.

Any of the foregoing could prevent us from achieving or maintaining market acceptance of the particular product candidate, if approved, and could significantly harm our business, results of operations and prospects.

***If the clinical trials of any of our product candidates fail to demonstrate safety and efficacy to the satisfaction of the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authorities, or do not otherwise produce favorable results, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.***

We may not commercialize, market, promote or sell any product candidate without obtaining marketing approval from the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authority, and we may never receive such approvals. It is impossible to predict accurately when or if any of our product candidates will prove effective or safe in humans and will receive regulatory approval. Before obtaining marketing approval from regulatory authorities for the commercial sale of any of our product candidates, we must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials that our product candidates are both safe and effective for use in each proposed indication. Clinical trials are expensive, difficult to design and implement, can take many years to complete and are uncertain as to outcome. A failure of one or more clinical trials can occur at any stage of clinical development.

We may experience numerous unforeseen events prior to, during or as a result of clinical trials that could delay or prevent our ability to receive marketing approval or commercialize any of our product candidates, including:

- the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authority may disagree as to the number, design or implementation of our clinical trials, or may not interpret the results from clinical trials as we do;
- regulators or institutional review boards may not authorize us or our investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- we may not reach agreement on acceptable terms with prospective clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different clinical trial sites;
- clinical trials of our product candidates may produce negative or inconclusive results;
- we may decide, or regulators may require us, to conduct additional clinical trials or abandon product development programs;
- the number of patients required for clinical trials of our product candidates may be larger than we anticipate, enrollment in these clinical trials may be slower than we anticipate, participants may drop out of these clinical trials at a higher rate than we anticipate or we may fail to recruit eligible patients to participate in a trial;

- our third-party contractors may fail to comply with regulatory requirements or meet their contractual obligations to us in a timely manner, or at all;
- regulators may issue a clinical hold, or regulators or institutional review boards may require that we or our investigators suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants are being exposed to unacceptable health risks;
- the cost of clinical trials of our product candidates may be greater than we anticipate;
- the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authorities may fail to approve our manufacturing processes or facilities;
- the supply or quality of our product candidates or other materials necessary to conduct clinical trials of our product candidates may be insufficient or inadequate;
- our product candidates may have undesirable side effects or other unexpected characteristics, particularly given their novel, first-in-human application, such as cytokine-induced toxicity and T cell aplasia, causing us or our investigators, regulators or institutional review boards to suspend or terminate the clinical trials; and
- the approval policies or regulations of the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

To the extent that the results of the trials are not satisfactory for the FDA, the NMPA, the EMA, the PMDA or regulatory authorities in other countries or jurisdictions to approve our BLA, MAA, new drug application, or NDA, or other comparable applications, the commercialization of our product candidates may be significantly delayed, or we may be required to expend significant additional resources, which may not be available to us, to conduct additional trials in support of potential approval of our product candidates.

***We may not be able to successfully create our own manufacturing infrastructure for supply of our requirements of programmed CAR-T cell product candidates for use in clinical trials and for commercial sale.***

We currently have manufacturing facilities in China and the United States supplying clinical materials for our trials. We intend to expand the capacities at these sites as we begin to commercialize our products. We are also in the process of establishing manufacturing capability in Europe, which will provide a regional product supply as well as add to our global manufacturing ability. We will be conducting the manufacturing of LCAR B38M/JNJ-4528 globally.

Our manufacturing and commercialization strategy is based on establishing a fully integrated vein-to-vein product delivery cycle. Over time, we expect to establish regional or zonal manufacturing hubs to service major markets to meet projected needs for commercial sale quantities. However, we are still in the process of constructing manufacturing facilities that will allow us to meet commercial sale quantities.

We expect to expand our cell manufacturing capacity in 2022 by taking occupancy of a specialized manufacturing facility in Zhenjiang, China. Our long-term plan is to establish additional manufacturing capacity in the United States and in Europe. The implementation of this plan is subject to many risks. For example, the establishment of a cell-therapy manufacturing facility is a complex endeavor requiring knowledgeable individuals. Expanding our internal manufacturing infrastructure will rely upon finding personnel with an appropriate background and training to staff and operate the facility. Should we be unable to find these individuals, we may need to rely on external contractors or train additional personnel to fill the needed roles. There are a small number of individuals with experience in cell therapy and the competition for these individuals is high.

We expect that operating our own commercial cell manufacturing facilities will provide us with enhanced control of material supply for both clinical trials and the commercial market, enable the more rapid

implementation of process changes, and allow for better long-term cost margins. However, we have limited experience as a company in designing and operating a commercial manufacturing facility and may never be successful in developing our own manufacturing capability. We may establish additional manufacturing sites as we expand our commercial footprint to multiple geographies, which may lead to regulatory delays or prove costly. Even if we are successful, our manufacturing operations could be affected by cost-overruns, unexpected delays, equipment failures, labor shortages, natural disasters, power failures and numerous other factors, or we may not be successful in establishing sufficient capacity to produce our product candidates in sufficient quantities to meet the requirements for the potential launch or to meet potential future demand, all of which could prevent us from realizing the intended benefits of our manufacturing strategy and have a material adverse effect on our business.

***We may not be successful in achieving cost of goods at commercial scale that provide for an attractive margin.***

We believe that our current, robust manufacturing processes are fit for commercial scale and we anticipate they will enable commercial supply at an economical cost. However, we have not yet established manufacturing capacity at sufficient commercial scale and may underestimate the cost and time required to do so, or overestimate cost reductions from economies of scale that can be realized with our manufacturing processes. We may ultimately be unable to manage the cost of goods for our product candidates to levels that will allow for a margin in line with our expectations and return on investment if and when those product candidates are commercialized.

***Our product candidates are biologics and the manufacture of our product candidates is complex and we may encounter difficulties in production, particularly with respect to process development or scaling-out of our manufacturing capabilities. If we encounter such difficulties, our ability to provide supply of our product candidates for clinical trials or our products for patients, if approved, could be delayed or stopped.***

We have developed a robust process for manufacturing CAR-T cells with desired quality, and we have improved the viral transduction process to help eliminate processing inconsistencies. We believe that our current processes are suitable for commercialization. While we have established a process which we believe is scalable for commercial production, each manufacturing process must be validated through the performance of process validation runs to guarantee that the facility, personnel, equipment, and process work as designed. We have not yet manufactured or processed most of our product candidates on a commercial scale and may not be able to do so for any of our product candidates.

We, like other manufacturers of biologic products, may encounter difficulties in production, particularly in scaling up or out, validating the production process, and assuring high reliability of the manufacturing process. These problems include delays or breakdowns in logistics and shipping, difficulties with production costs and yields, quality control, and product testing, operator error, lack of availability of qualified personnel, as well as failure to comply with strictly enforced federal, state and foreign regulations.

Furthermore, if microbial, viral or other contaminations are discovered in our supply of product candidates or in the manufacturing facilities, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination. We cannot assure you that any of these or other issues relating to the manufacture of our product candidates will not occur in the future. Any delay or interruption in the supply of clinical trial supplies could delay the completion of clinical trials, increase the costs associated with maintaining clinical trial programs and, depending upon the period of delay, require us to begin new clinical trials at additional expense or terminate clinical trials completely.

The manufacture and delivery of CAR-T cell therapies to patients involves complex, integrated processes, including harvesting T cells from patients, programming the T cells *ex vivo*, multiplying the CAR-T cells to obtain the desired dose, and ultimately infusing the CAR-T cells back into a patient’s body. As a result of the complexities, the cost to manufacture biologics in general, and our CAR-T cell product candidates in particular,

is generally higher than traditional small molecule chemical compounds, and the manufacturing process is more variable and is more difficult and costly to reproduce. In addition, our manufacturing process will be susceptible to product loss or failure due to logistical issues associated with the collection of white blood cells from the patient, shipping such patient material to the manufacturing site, storing and processing such patient material, shipping the patient material with the CAR-T cells back to the patient, and infusing the patient with the final product. Other manufacturing issues include the differences in patient starting materials, inconsistency in cell growth, variability in product characteristics, interruptions in the manufacturing process, equipment or reagent failure, improper installation or operation of equipment, and vendor or operator error. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects, and other supply disruptions. If we lose, destroy or otherwise impair the patient materials at any point in the vein-to-vein supply chain, the manufacturing process for that patient may need to be restarted and the resulting delay may adversely affect that patient's outcome due to the risk of disease progression. In addition, because our product candidates are manufactured for each particular patient, we will be required to maintain a chain of identity with respect to materials as they move from the patient to the manufacturing facility, through the manufacturing process, and back to the patient. Maintaining such a chain of identity is difficult and complex, and failure to do so could result in adverse patient outcomes, loss of product, or regulatory action including withdrawal of our products from the market. Further, as product candidates are developed through preclinical to late stage clinical trials toward approval and commercialization, it is common that various aspects of the development program, such as manufacturing methods, are altered along the way in an effort to optimize processes and results. Such changes carry the risk that they will not achieve these intended objectives, and any of these changes could cause our product candidates to perform differently and affect the results of planned clinical trials or other future clinical trials.

Our manufacturing facilities also require commissioning and validation activities to demonstrate that they operate as designed, and are subject to government inspections by the FDA, the NMPA, the EMA, the PMDA and other comparable regulatory authorities. If we are unable to reliably produce products to specifications acceptable to the regulatory authorities, we may not obtain or maintain the approvals we need to manufacture our products. Further, our facilities may fail to pass government inspections prior to or after the commercial launch of our product candidates, which would cause significant delays and additional costs required to remediate any deficiencies identified by the regulatory authorities. Any of these challenges could delay completion of clinical trials, require bridging clinical trials or the repetition of one or more clinical trials, increase clinical trial costs, delay approval of our product candidate, impair commercialization efforts, increase our cost of goods, and have an adverse effect on our business, financial condition, results of operations and growth prospects.

***The process for treating cancer patients using T cell therapy is subject to human and systemic risks.***

The "vein-to-vein" cycle for treating cancer patients using T cell therapy typically takes approximately four to six weeks and involves a large number of steps and human participants. First, the patient's lymphocytes are isolated by apheresis at the clinical site and shipped to the manufacturing site. Under current good manufacturing practices, or cGMP, conditions at the manufacturing site, the patient's lymphocytes are thawed and washed, and then enriched for CD3-positive T cells using specialized reagents. After overnight culture and T cell activation, the T cells are transduced using lentiviral vector transduction technology to introduce the CAR genetic construct into the enriched T cell population. At the completion of T cell transduction, the T cells are expanded for several days, harvested, formulated into the final drug product and then cryopreserved for delivery to patients. In both the United States and China, samples of the final product are subjected to several release tests which must fulfill specified criteria for the drug product to be released for infusion. These include sterility, identity, purity, potency and other tests. We are subject to stringent regulatory and quality standards in the course of a T cell therapy treatment process. We cannot assure you that our quality control and assurance efforts will be successful or that the risk of human or systemic errors in these processes can be eliminated.

***Prior treatments can alter the cancer and negatively impact chances for achieving clinical activity with our CAR-T cells.***

Patients with hematological cancers typically receive highly toxic chemotherapy as their initial treatments that can impact the viability of the T cells collected from the patient and may contribute to highly variable responses to CAR-T cell therapies. Patients could also have received prior therapies that target the same target antigen on the cancer cells as our intended programmed CAR-T cell product candidate and thereby these patients may have cancer cells with low or no expression of the target. As a result, our CAR-T cell product candidates may not recognize the cancer cell and may fail to achieve clinical activity. Our lead product candidate, LCAR-B38M/JNJ-4528, may face this challenge. For example, MM patients could have received a BCMA-targeting antibody drug conjugate BCMA-ADC like GSK2857916, BCMA targeting T cell engagers like AMG-420 (Amgen) and CC-93269 (Bristol-Myers Squibb), or similar products or product candidates prior to receiving LCAR-B38M/JNJ-4528. If any of our product candidates do not achieve a sufficient level of clinical activity, we may discontinue the development of that product candidate, which could have an adverse effect on the value of our ADSs.

***We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or have a greater likelihood of success.***

Because we have limited financial and management resources, we focus on research programs and product candidates that we identify for specific indications. As a result, we may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

## Risks Related to our Business Operations

***As a company partly based outside of the United States, our business is subject to economic, political, regulatory and other risks associated with international operations.***

As a company with substantial operations in China, our business is subject to risks associated with conducting business outside the United States. Many of our suppliers and clinical trial relationships are located outside the United States. Accordingly, our future results could be harmed by a variety of factors, including:

- economic weakness, including inflation, or political instability in particular non-U.S. economies and markets;
- differing and changing regulatory requirements for product approvals;
- differing jurisdictions could present different issues for securing, maintaining or obtaining freedom to operate in such jurisdictions;
- potentially reduced protection for intellectual property rights;
- difficulties in compliance with different, complex and changing laws, regulations and court systems of multiple jurisdictions and compliance with a wide variety of foreign laws, treaties and regulations;
- changes in non-U.S. regulations and customs, tariffs and trade barriers;
- changes in non-U.S. currency exchange rates of the Renminbi, or RMB, U.S. dollar, euro and currency controls;

- changes in a specific country's or region's political or economic environment;
- trade protection measures, import or export licensing requirements or other restrictive actions by governments;
- differing reimbursement regimes and price controls in certain non-U.S. markets;
- negative consequences from changes in tax laws;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad, including, for example, the variable tax treatment in different jurisdictions of options granted under our Share Option Scheme or Restricted Share Unit Incentive Plan;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- litigation or administrative actions resulting from claims against us by current or former employees or consultants individually or as part of class actions, including claims of wrongful terminations, discrimination, misclassification or other violations of labor law or other alleged conduct;
- difficulties associated with staffing and managing international operations, including differing labor relations;
- 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, health epidemics, or natural disasters including earthquakes, typhoons, floods and fires.

See "—Risks Related to Doing Business in China" for additional risks related to our operations in China.

***We will need to grow the size of our organization, and we may experience difficulties in managing this growth.***

As of December 31, 2019, we had 645 full-time employees. As our development and commercialization plans and strategies to expand and develop, and as we transition into operating as a public company, we expect to need additional managerial, operational, financial and other personnel, including personnel to support our product development and planned future commercialization efforts. Future growth will impose significant added responsibilities on members of management, including:

- identifying, recruiting, integrating, maintaining and motivating additional employees;
- managing our internal development efforts effectively, including the clinical, FDA, NMPA, EMA and PMDA review processes for our product candidates; and
- improving our operational, financial and management controls, reporting systems and procedures.

There are a small number of individuals with experience in cell therapy and the competition for these individuals is high. Our future financial performance and our ability to commercialize our product candidates will depend, in part, on our ability to effectively manage any future growth, and our management may also have to divert a disproportionate amount of its attention away from day-to-day activities in order to devote a substantial amount of time to managing these growth activities.

If we are not able to effectively expand our organization by hiring new employees, we may not be able to successfully implement the tasks necessary to further develop and commercialize our product candidates and, accordingly, may not achieve our research, development and commercialization goals.

In addition to expanding our organization, we are increasing the size of our facilities and building out our development and manufacturing capabilities, which requires significant capital expenditures. If these capital expenditures are higher than expected, it may adversely affect our financial condition and capital resources. In addition, if the increase in the size of our facilities is delayed, it may limit our ability to rapidly expand the size of our organization in order to meet our corporate goals.

***Our future success depends on our ability to retain key members of senior management and to attract, retain and motivate qualified personnel.***

Our ability to compete in the highly competitive biopharmaceutical industry depends upon our ability to attract and retain highly qualified management, research and development, clinical, financial and business development personnel. We are highly dependent on our management, scientific and medical personnel, including Dr. Yuan Xu, our Chief Executive Officer, and Dr. Frank Fan, our Chief Scientific Officer and one of our founders. Although we intend to enter into new employment arrangements with the members of our senior management after the closing of this offering, each of them may currently terminate their employment with us at any time and will continue to be able to do so after the closing of this offering. We do not maintain "key person" insurance for any of our employees.

Recruiting and retaining qualified scientific and clinical personnel and, if we progress the development of any of our product candidates, commercialization, manufacturing and sales and marketing personnel, will be critical to our success. The loss of the services of members of our senior management or other key employees could impede the achievement of our research, development and commercialization objectives and seriously harm our ability to successfully implement our business strategy. Furthermore, replacing members of our senior management and key employees may be difficult and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to successfully develop, gain regulatory approval of and commercialize our product candidates. Our success also depends on our ability to continue to attract, retain and motivate highly skilled junior, mid-level and senior managers, as well as junior, mid-level and senior scientific and medical personnel. Competition to hire from this limited candidate 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 biotechnology companies for similar personnel. We also experience competition for the hiring of scientific and clinical personnel from universities and research institutions. In addition, we rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our research and development and commercialization strategy. Our consultants and advisors may have commitments under consulting or advisory contracts with other entities that may limit their availability to us. If we are unable to continue to attract and retain high-quality personnel, our ability to pursue our growth strategy will be limited.

***If we engage in future acquisitions or strategic collaborations, this may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.***

From time to time, we may evaluate various acquisitions and strategic collaborations, including licensing or acquiring complementary products, intellectual property rights, technologies or businesses, as we may deem appropriate to carry out our business plan. Any potential acquisition or strategic collaboration may entail numerous risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing programs and initiatives in pursuing such a strategic partnership, merger or acquisition;
- retention of key employees, the loss of key personnel and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing products or product candidates and regulatory approvals; and
- our inability to generate revenue from acquired technology sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

Additionally, if we undertake acquisitions, we may issue dilutive securities, assume or incur debt obligations, incur large onetime expenses and acquire intangible assets that could result in significant future amortization expenses. Moreover, we may not be able to locate suitable acquisition opportunities and this inability could impair our ability to grow or obtain access to technology or products that may be important to the development of our business.

***Our internal information technology systems, or those of our third-party vendors, collaborators or other contractors or consultants, may fail or suffer security breaches, which could result in a significant disruption of our product development programs, give rise to significant liability, subject us to costly and protracted litigation, cause significant reputational harm and our ability to operate our business effectively.***

We are increasingly dependent upon information technology systems, infrastructure, and data to operate our business. In the ordinary course of business, we collect, store, and transmit confidential information (including but not limited to intellectual property, proprietary business information, and personal information). It is critical that we do so in a secure manner to maintain the confidentiality and integrity of such information. We also have outsourced elements of our operations to third parties, and as a result we manage a number of third-party vendors and other contractors and consultants who have access to our confidential information.

Our internal information technology systems and those of our current and any future third-party vendors, collaborators and other contractors or consultants may be vulnerable to a variety of disruptive elements, including cyber-attacks by malicious third parties (including the deployment of computer viruses, harmful malware, ransomware, denial-of-service attacks, social engineering, and other means to affect service reliability and threaten the confidentiality, integrity, and availability of information), unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. In particular, the risk of a security breach or disruption, particularly through cyber-attacks or cyber intrusion, including by computer hackers, foreign governments, and cyber terrorists, has generally increased as the number, intensity, and sophistication of attempted attacks and intrusions from around the world have increased. We may not be able to anticipate all types of security threats, and we may not be able to implement preventive measures effective against all such security threats. The techniques used by cyber criminals change frequently, may not be recognized until launched, and can originate from a wide variety of sources, including outside groups such as external service providers, organized crime affiliates, terrorist organizations, or hostile foreign governments or agencies. While we have not experienced any significant system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations or a loss of, or damage to, our data or applications, or those of our third-party vendors and other collaborators, contractors and consultants, it could result in a disruption of our development programs and our business operations, whether due to a loss of our trade secrets or other proprietary information, significant delays or setbacks in our research, or other similar disruptions. For example, the loss of clinical trial data from completed or future clinical trials could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur significant liability, our competitive position could be harmed, our reputation could be damaged, and the further development and commercialization of our product candidates could be delayed. In addition, any such event that leads to unauthorized access, use, or disclosure of personal information, including personal information regarding our customers or employees, could compel us to comply with federal and/or state breach notification laws and foreign law equivalents, subject us to mandatory corrective action, and otherwise subject us to liability under laws and regulations that protect the privacy and security of personal information. The costs related to significant security breaches or disruptions could be material and exceed the limits of the cybersecurity insurance we maintain against such risks. If the information technology systems of our third-party vendors and other collaborators, contractors and consultants become subject to disruptions or security breaches, we may be exposed to material liability and have insufficient recourse against such third parties and we may have to expend significant resources to mitigate the impact of such an event, and to develop and implement protections to prevent future events of this nature from occurring.

***We are or may become subject to a variety of privacy and data security laws, policies and contractual obligations, and our failure or failure of our third-party vendors, collaborators, contractors or consultants to comply with them could harm our business.***

We maintain and process, and our third-party vendors, collaborators, contractors and consultants maintain and process on our behalf, sensitive information, including confidential business and personal information, including health information in connection with our preclinical and clinical studies and our employees, and are subject to laws and regulations governing the privacy and security of such information. Failure by us, our third-party vendors, collaborators, contractors and consultants to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

In May 2018, a new privacy regime, the General Data Protection Regulation, or the GDPR, took effect in the European Economic Area, or the EEA, into which we may expand our business. The GDPR governs the collection, use, disclosure, transfer or other processing of personal data of European persons. Among other things, the GDPR imposes requirements regarding the security of personal data and notification of data processing obligations to the competent national data processing authorities, changes the lawful bases on which personal data can be processed, expands the definition of personal data and requires changes to informed consent practices, as well as more detailed notices for clinical trial subjects and investigators. In addition, the GDPR increases the scrutiny of transfers of personal data from clinical trial sites located in the EEA to the United States and other jurisdictions that the European Commission does not recognize as having "adequate" data protection laws, and imposes substantial fines for breaches and violations (up to the greater of €20 million or 4% of our consolidated annual worldwide gross revenue). The GDPR also confers a private right of action on data subjects and consumer associations to lodge complaints with supervisory authorities, seek judicial remedies and obtain compensation for damages resulting from violations of the GDPR. Further, while the United Kingdom enacted the Data Protection Act 2018 in May 2018 that supplements the GDPR and has publicly announced that it will continue to regulate the protection of personal data in the same way post-Brexit, Brexit has created uncertainty with regard to the future of regulation of data protection in the United Kingdom. Some countries also are considering or have passed legislation requiring local storage and processing of data, or similar requirements, which could increase the cost and complexity of delivering our products and services.

In the United States, there are numerous federal and state privacy and data security laws and regulations governing the collection, use, disclosure and protection of personal information, including federal and state health information privacy laws, federal and state security breach notification laws, and federal and state consumer protection laws. Each of these constantly evolving laws can be subject to varying interpretations. For example, regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996, or HIPAA, establish privacy and security standards that limit the use and disclosure of individually identifiable health information, or protected health information, and require the implementation of administrative, physical and technological safeguards to protect the privacy of protected health information and ensure the confidentiality, integrity and availability of electronic protected health information. Determining whether protected health information has been handled in compliance with applicable privacy standards and our contractual obligations can be complex and may be subject to changing interpretation. The U.S. Department of Health and Human Services, or HHS, has the discretion to impose penalties without attempting to first resolve violations. HHS enforcement activity can result in financial liability and reputational harm, and responses to such enforcement activity can consume significant internal resources.

In addition, states are constantly adopting new laws or amending existing laws, requiring attention to frequently changing regulatory requirements. For example, California enacted the California Consumer Privacy Act, or the CCPA, on June 28, 2018, which took effect on January 1, 2020 and has been dubbed the first "GDPR-like" law in the United States. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing and receive detailed information about how

their personal information is used by requiring covered companies to provide new disclosures to California consumers (as that term is broadly defined and can include any of our current or future employees who may be California residents) and provide such residents new ways to opt-out of certain sales of personal information. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase data breach litigation. As we expand our operations and trials (both preclinical or clinical), the CCPA may increase our compliance costs and potential liability. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States. Other states are beginning to pass similar laws.

Many statutory requirements, both in the United States and abroad, include obligations for companies to notify individuals of security breaches involving certain personal information, which could result from breaches experienced by us or our third-party service providers. For example, laws in all 50 U.S. states and the District of Columbia require businesses to provide notice to consumers whose personal information has been disclosed as a result of a data breach. These laws are not consistent, and compliance in the event of a widespread data breach is difficult and may be costly. Moreover, states have been frequently amending existing laws, requiring attention to changing regulatory requirements. We also may be contractually required to notify customers or other counterparties of a security breach. Any contractual protections we may have from our third-party service providers, contractors or consultants may not be sufficient to adequately protect us from any such liabilities and losses, and we may be unable to enforce any such contractual protections.

We expect that there will continue to be new proposed laws and regulations concerning data privacy and security, and we cannot yet determine the impact such future laws, regulations and standards may have on our business. New laws, amendments to or re-interpretations of existing laws, regulations, standards and other obligations may require us to incur additional costs and restrict our business operations. Because the interpretation and application of health-related and data protection laws, regulations, standards and other obligations are still uncertain, and often contradictory and in flux, it is possible that the scope and requirements of these laws may be interpreted and applied in a manner that is inconsistent with our practices and our efforts to comply with the evolving data protection rules may be unsuccessful. If so, this could result in government-imposed fines or orders requiring that we change our practices, which could adversely affect our business. In addition, these privacy regulations may differ from country to country, and may vary based on whether testing is performed in the United States or in the local country and our operations or business practices may not comply with these regulations in each country.

Compliance with these and any other applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules. If we or our third-party vendors, collaborators, contractors and consultants fail to comply with any such laws or regulations, we may face regulatory investigations, significant fines and penalties, reputational damage or be required to change our business practices, all of which could adversely affect our business, financial condition and results of operations.

***The COVID-19 coronavirus could adversely impact our business, including our clinical trials.***

In December 2019, a novel strain of coronavirus, COVID-19, was reported to have surfaced in Wuhan, China. Since then, the COVID-19 coronavirus has spread globally, including to the United States, Europe and Japan, which are countries in which we have planned or ongoing clinical trials. The outbreak and government measures taken in response have also had a significant impact, both direct and indirect, on businesses, as worker shortages have occurred; supply chains have been disrupted; facilities and production have been suspended; and demand for certain goods and services, such as medical services and supplies, has spiked. As a result, we may experience disruptions that could severely impact our business and clinical trials, including:

- delays or difficulties in enrolling patients in our clinical trials;
- delays or difficulties in clinical site initiation, including difficulties in recruiting clinical site investigators and clinical site staff;

- diversion of healthcare resources away from the conduct of clinical trials, including the diversion of hospitals serving as our clinical trial sites and hospital staff supporting the conduct of our clinical trials;
- interruption of key clinical trial activities, such as clinical trial site monitoring, due to limitations on travel imposed or recommended by federal or state governments, employers and others; and
- limitations in employee resources that would otherwise be focused on the conduct of our clinical trials, including because of sickness of employees or their families or the desire of employees to avoid contact with large groups of people.

For our clinical trials that are being conducted at sites outside the United States, particularly in countries which are experiencing heightened impact from the COVID-19 coronavirus, in addition to the risks listed above, we may also experience the following adverse impacts:

- delays in receiving approval from local regulatory authorities to initiate our planned clinical trials;
- delays in clinical sites receiving the supplies and materials needed to conduct our clinical trials;
- interruption in global shipping that may affect the transport of clinical trial materials;
- changes in local regulations as part of a response to the COVID-19 coronavirus outbreak which may require us to change the ways in which our clinical trials are conducted, which may result in unexpected costs, or to discontinue the clinical trials altogether. For instance, the protocols for certain of our clinical trials have been amended to allow local evaluations for patients who could not access the main hospital in which such trial is being conducted;
- delays in necessary interactions with local regulators, ethics committees and other important agencies and contractors due to limitations in employee resources or forced furlough of government employees; and
- refusal of the FDA to accept data from clinical trials in these affected geographies.

The extent to which the COVID-19 coronavirus may impact our business and clinical trials is highly uncertain and cannot be predicted with confidence, such as the ultimate geographic spread of the disease, the duration of the outbreak and social distancing regulations, travel restrictions, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

***Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.***

Our operations, and those of our vendors and suppliers, could be subject to earthquakes, power shortages, telecommunications failures, water shortages, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics and other natural or man-made disasters or business interruptions, for which we are predominantly self-insured. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses. We currently rely on third-party suppliers to produce and process our product candidates on a patient-by-patient basis. Our ability to obtain clinical supplies of our product candidates could be disrupted if the operations of these suppliers are affected by a man-made or natural disaster or other business interruption.

## Risks Related to Our Dependence on Third Parties

***We depend upon our existing collaboration partner, Janssen, and other third parties, and may depend upon future collaboration partners to commit to the research, development, manufacturing and marketing of our product candidates.***

We have a significant collaboration with Janssen for the development and commercialization of LCAR-B38M/JNJ-4528. We may enter into additional collaborations for our other product candidates or technologies in

development. We cannot control the timing or quantity of resources that our existing or future collaborators will dedicate to research, preclinical and clinical development, manufacturing or marketing of our products. Our collaborators may not perform their obligations according to our expectations or standards of quality. Our collaborators could terminate our existing agreements for a number of reasons, including material breach of agreement and unforeseen material safety event. If the Janssen Agreement were to be terminated, we could encounter significant delays in developing LCAR-B38M/JNJ-4528, lose the opportunity to earn any future revenue we expected to generate under the agreement, incur unforeseen costs, and suffer damage to the reputation of our products, product candidates and as a company generally.

We have only limited experience in filing and supporting the applications necessary to gain marketing approvals and may rely on third-party contract research organizations, or CROs, to assist us in this process. In addition, to optimize the launch and market penetration of certain of our future product candidates, we may enter into distribution and marketing agreements with pharmaceutical industry leaders. For these future potentially partnered product candidates, we would not market our products alone once they have obtained marketing authorization. The risks inherent in entry into these contracts are as follows:

- the negotiation and execution of these agreements is a long process that may not result in an agreement being signed or that can delay the development or commercialization of the product candidate concerned;
- these agreements are subject to cancellation or nonrenewal by our collaborators, or may not be fully complied with by our collaborators;
- in the case of a license granted by us, we lose control of the development of the product candidate licensed;
- in such cases we would have only limited control over the means and resources allocated by our partner for the commercialization of our product; and
- collaborators may not properly obtain, maintain, enforce, or defend our intellectual property or proprietary rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our proprietary information or expose us to potential litigation.

Should any of these risks materialize, or should we fail to find suitable collaborators, this could have a material adverse effect on our business, prospects, financial condition and results of operations.

***The revenue generated from the Janssen Agreement has contributed and is expected to contribute a large portion of our revenue for the foreseeable future.***

We have entered into the Janssen Agreement in respect of the development of LCAR-B38M/JNJ-4528. We received an upfront payment of $350.0 million from Janssen in 2018, and to date, we have received four milestone payments from Janssen totaling $110.0 million. Janssen may not execute its obligations as planned or may refuse to honor their commitments under the Janssen Agreement. The non-performance of Janssen, early termination of the Janssen Agreement, or our inability to find new or replacement partners may negatively impact our revenue and research and development activities and funding therefor. Should any of these risks materialize, this would have an adverse effect on our business, prospects, financial condition and results of operations.

***If we or Janssen do not achieve our product development or commercialization objectives in the time frames we expect, we may not receive milestone or royalty payments, and we may not be able to conduct our operations as planned.***

We have received and expect to continue to receive payments from Janssen when we satisfy certain pre-specified milestones in the Janssen Agreement. We currently depend to a large degree on these milestone payments from Janssen in order to fund our operations. We may enter into new collaboration agreements that

also provide for milestone payments. The milestone payments in the Janssen Agreement are generally dependent on the accomplishment of various clinical, regulatory, sales and other product development objectives. The successful or timely achievement of many of these milestones is outside of our control, in part because some of these activities are being or will be conducted by Janssen. If we or Janssen fail to achieve the applicable milestones, we will not receive such milestone payments. A failure to receive any such milestone payment may cause us to:

- delay, reduce or terminate certain research and development programs or otherwise find ways to reduce short-term expenses that may not be in our long-term best interest;
- raise funds through additional equity or convertible debt financings that could be dilutive to our shareholders and holders of our ordinary shares and ADSs;
- obtain funds through collaboration agreements that may require us to assign rights to technologies or products that we would have otherwise retained;
- sign new collaboration or license agreements that may be less favorable than those we would have obtained under different circumstances; and
- consider strategic transactions or engaging in a joint venture with a third party.

Any potential royalty payments are also dependent on the successful product development and commercialization of our drug candidates, which may never occur. Our failure to receive milestone or royalty payments and the occurrence of any of the events above may have a material adverse impact on our business, prospects, financial condition and results of operations.

***We rely on GenScript to provide various services.***

We rely on the services provided by GenScript pursuant to the agreements described in "Certain Relationships and Related Party Transactions—Transactions with GenScript." We do not expect personnel and support staff who provide services to us under these agreements will have as their primary responsibility the management and administration of our business or act exclusively for us. In addition, GenScript may prioritize its own needs ahead of the services GenScript has agreed to provide us, or GenScript employees who conduct services for us may prioritize GenScript's interests over our interests. As a result, such individuals will not allocate all of their time and resources to us.

If GenScript fails to perform its obligations in accordance with the terms of these agreements, it could be difficult for us to operate our business, including compliance with SEC reporting requirements. Any failure by GenScript to effectively manage the services that they provide to us could harm our business, financial condition and results of operations. In addition, the termination of our relationships with GenScript could make it difficult for us to operate our business. For instance, GenScript may terminate our human resources services agreement with them with one-month written notice.

Additionally, over time we will need to transition from receiving the services that GenScript is currently providing to performing such activities internally. If we do not have adequate financial resources or personnel and systems in place at the time that we assume responsibilities for such services, we may not be successful in effectively or efficiently transitioning these services from GenScript, which could disrupt our business and have a material adverse effect on our financial condition and results of operations. Even if we are able to successfully transition these services, they may be more expensive or less efficient than the services we are receiving from GenScript during the transition period.

***We have entered, and may in the future enter into, partnership agreements with third parties for the development and commercialization of our product candidates, which may adversely affect our ability to generate revenue.***

We have entered into and may seek to enter into additional collaborations or partnerships with third parties for the development and potential commercialization of our product candidates. Should we seek to collaborate with a third party with respect to a prospective development program, we may not be able to locate a suitable partner or to enter into an agreement on commercially reasonable terms or at all. Even if we succeed in securing partners for the development and commercialization of our product candidates, such as the arrangement we have entered into related to the development and commercialization of LCAR-B38M/JNJ-4528 with Janssen, we have limited control over the time and resources that our partners may dedicate to the development and commercialization of our product candidates. These partnerships pose a number of risks, including the following:

- partners may not have sufficient resources or decide not to devote the necessary resources due to internal constraints such as budget limitations, lack of human resources or a change in strategic focus;
- partners may believe our intellectual property is not valid or is unenforceable or the product candidate infringes on the intellectual property rights of others;
- partners may dispute their responsibility to conduct development and commercialization activities pursuant to the applicable collaboration, including the payment of related costs or the division of any revenue;
- partners may decide to pursue a competitive product developed outside of the collaboration arrangement;
- partners may not be able to obtain, or believe they cannot obtain, the necessary regulatory approvals; or
- partners may delay the development or commercialization of our product candidates in favor of developing or commercializing another party's product candidate.

Thus, partnership agreements may not lead to development, regulatory approval or successful commercialization of product candidates in the most efficient manner or at all. Some partnership agreements are terminable without cause on short notice. Once a partnership agreement is signed, it may not lead to regulatory approval and commercialization of a product candidate. We also face competition in seeking out partners. If we are unable to secure new collaborations that achieve the collaborator's objectives and meet our expectations, we may be unable to advance our product candidates and may not generate meaningful revenue.

***We rely, and expect to continue to rely, on independent investigators and other third parties to conduct the preclinical and clinical trials for our product candidates, and those third parties may not perform satisfactorily, including failing to meet deadlines for the completion of such trials or failing to comply with applicable regulatory requirements.***

We depend and will continue to depend upon independent investigators and collaborators, such as universities, medical institutions, and strategic partners to conduct our preclinical and clinical trials. Agreements with such third parties might terminate for a variety of reasons, including a failure to perform by the third parties. If we need to enter into alternative arrangements, our product development activities would be delayed.

Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibilities. For example, we will remain responsible for ensuring that each of our clinical trials is conducted in accordance with the general investigational plan and protocols for the trial. Moreover, the FDA requires us to comply with regulatory standards, commonly referred to as good laboratory practices and good clinical practices for conducting, recording and reporting the results of preclinical and clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial participants are protected. Similar regulatory requirements apply outside the United

States, including the International Council for Harmonisation of Technical Requirements for the Registration of Pharmaceuticals for Human Use, or ICH. We are also required to register certain ongoing clinical trials and post the results of certain completed clinical trials on a government-sponsored database within specified time frames. Failure to do so by us or third parties can result in FDA refusal to approve applications based on the clinical data, enforcement actions, adverse publicity and civil and criminal sanctions.

Furthermore, these third parties may also have relationships with other entities, some of which may be our competitors. If these third parties do not successfully carry out their contractual duties, meet expected deadlines or conduct our clinical trials in accordance with regulatory requirements or our stated protocols, we will not be able to obtain, or may be delayed in obtaining, marketing approvals for our product candidates and will not be able to, or may be delayed in our efforts to, successfully commercialize our product candidates.

In addition, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and may receive cash or equity compensation in connection with such services. If these relationships and any related compensation result in perceived or actual conflicts of interest, or the FDA concludes that the financial relationship may have affected the interpretation of the trial, the integrity of the data generated at the applicable clinical trial site may be questioned and the utility of the clinical trial itself may be jeopardized, which could result in the delay or rejection by the FDA. Any such delay or rejection could prevent us from commercializing our clinical-stage product candidates or any future product candidates.

***Cell-based therapies rely on the availability of reagents, specialized equipment, and other specialty materials, which may not be available to us on acceptable terms or at all. For some of these reagents, equipment, and materials, we rely or may rely on sole source vendors or a limited number of vendors, which could impair our ability to manufacture and supply our products.***

Manufacturing our product candidates will require many reagents, which are substances used in our manufacturing processes to bring about chemical or biological reactions, and other specialty materials and equipment, some of which are manufactured or supplied by small companies with limited resources and experience to support commercial biologics production. We currently depend on a limited number of vendors for access to facilities and supply of certain materials and equipment used in the manufacture of our product candidates. For example, we currently use facilities and equipment at external contract manufacturing organizations, or CMOs, as well as supply sources internal to the collaboration for vector supply. Our use of CMOs increases the risk of delays in production or insufficient supplies as we transfer our manufacturing technology to these CMOs and as they gain experience with our supply requirements. In addition, we purchase equipment and reagents critical for the manufacture of our product candidates from Hemacare, Miltenyi, Leukapheresis Collection Center and other suppliers on a purchase order basis. Some of our suppliers may not have the capacity to support commercial products manufactured under cGMP by biopharmaceutical firms or may otherwise be ill-equipped to support our needs. We also do not have supply contracts with many of these suppliers, and may not be able to obtain supply contracts with them on acceptable terms or at all. Accordingly, we may not be able to obtain key materials and equipment to support clinical or commercial manufacturing.

For some of these reagents, equipment, and materials, we rely and may in the future rely on sole source vendors or a limited number of vendors. An inability to continue to source product from any of these suppliers, which could be due to regulatory actions or requirements affecting the supplier, adverse financial or other strategic developments experienced by a supplier, labor disputes or shortages, unexpected demands, or quality issues, could adversely affect our ability to satisfy demand for our product candidates, which could adversely and materially affect our product sales and operating results or our ability to conduct clinical trials, either of which could significantly harm our business.

As we continue to develop and scale our manufacturing process, we may need to obtain rights to and supplies of certain materials and equipment to be used as part of that process. We may not be able to obtain rights

to such materials on commercially reasonable terms, or at all, and if we are unable to alter our process in a commercially viable manner to avoid the use of such materials or find a suitable substitute, it would have a material adverse effect on our business.

## Risks Related to Regulatory Approval of Our Product Candidates and Other Legal Compliance Matters

***Even if we complete the necessary preclinical studies and clinical trials, the regulatory approval process is expensive, time-consuming and uncertain and may prevent us from obtaining approvals for the commercialization of some or all of our product candidates. As a result, we cannot predict when or if, and in which territories, we will obtain marketing approval to commercialize a product candidate.***

Our product candidates and the activities associated with their development and commercialization, including their design, research, testing, manufacture, safety, efficacy, quality control, recordkeeping, labeling, packaging, storage, approval, advertising, promotion, sale, distribution, import, export, and reporting of safety and other post-market information, are subject to comprehensive regulation by the FDA, the NMPA, the EMA, the PMDA and other comparable regulatory authorities in other jurisdictions. Failure to obtain marketing approval for a product candidate will prevent us from commercializing the product candidate. We have not received approval to market any of our product candidates from regulatory authorities in any jurisdiction. We have only limited experience in filing and supporting the applications necessary to gain marketing approvals and may rely on third-party CROs to assist us in this process. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. Our product candidates may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude our obtaining marketing approval or prevent or limit commercial use. If any of our product candidates receives marketing approval, the accompanying label may limit its approved use, which could limit sales of the product.

The process of obtaining marketing approvals, both in the United States and abroad, is expensive and may take many years, if approval is obtained at all, and can vary substantially based upon a variety of factors, including the type, complexity and novelty of the product candidates involved. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. The FDA, the NMPA, the EMA, the PMDA or other regulatory authorities may determine that our product candidates are not safe and effective, only moderately effective or have undesirable or unintended side effects, toxicities or other characteristics that preclude our obtaining marketing approval or prevent or limit commercial use. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

In addition, changes in marketing approval policies during the development period, changes in or the enactment of additional statutes or regulations, or changes in regulatory review for each submitted product application, may cause delays in the approval or rejection of an application. Regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that our data is insufficient for approval and require additional preclinical, clinical or other studies. In addition, varying interpretations of the data obtained from preclinical and clinical testing could delay, limit or prevent marketing approval of a product candidate. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable. Any marketing approval we ultimately obtain may be limited or subject to restrictions or post-approval commitments that render the approved product not commercially viable.

If we experience delays in obtaining approval or if we fail to obtain approval of our product candidates, the commercial prospects for our product candidates may be harmed and our ability to generate revenue will be impaired.

In order to market and sell our products in China, the European Union, Japan and any other international jurisdictions, we must obtain separate marketing approvals and comply with numerous and varying regulatory requirements. The approval procedure varies among countries and can involve additional testing. The time required to obtain approval may differ substantially from that required to obtain approval from the FDA. The regulatory approval process outside the United States generally includes all of the risks associated with obtaining approval from the FDA. In addition, in many countries outside the United States, it is required that the product be approved for reimbursement before the product can be approved for sale in that country. We may not obtain approvals from regulatory authorities outside the United States on a timely basis, if at all. Approval by the FDA does not ensure approval by regulatory authorities in other countries or jurisdictions, and approval by one regulatory authority outside the United States does not ensure approval by regulatory authorities in other countries or jurisdictions or by the FDA. However, failure to obtain approval in one jurisdiction may impact our ability to obtain approval elsewhere. We may not be able to file for marketing approvals and may not receive necessary approvals to commercialize our products in any market.

***Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not mean that we will be successful in obtaining regulatory approval of our product candidates in other jurisdictions.***

Obtaining and maintaining regulatory approval of our product candidates in one jurisdiction does not guarantee that we will be able to obtain or maintain regulatory approval in any other jurisdiction, but a failure or delay in obtaining regulatory approval in one jurisdiction may have a negative effect on the regulatory approval process in others. For example, even if the FDA grants marketing approval of a product candidate, comparable regulatory authorities in other jurisdictions must also approve the manufacturing, marketing and promotion of the product candidate in those countries. Approval procedures vary among jurisdictions and can involve requirements and administrative review periods different from those in the United States, including additional preclinical studies or clinical trials as clinical studies conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that we intend to charge for our products is also subject to approval.

Obtaining foreign regulatory approvals and compliance with foreign regulatory requirements could result in significant delays, difficulties and costs for us and could delay or prevent the introduction of our products in certain countries. If we fail to comply with the regulatory requirements in international markets and/or to receive applicable marketing approvals, our target market will be reduced and our ability to realize the full market potential of our product candidates will be harmed.

***Even if we obtain marketing approvals for our product candidates, the terms of approvals and ongoing regulation of our products may limit how we manufacture and market our products and compliance with such requirements may involve substantial resources, which could materially impair our ability to generate revenue.***

Even if marketing approval of a product candidate is granted, an approved product and its manufacturer and marketer are subject to ongoing review and extensive regulatory requirements for manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion, sampling, and recordkeeping, including the potential requirements to implement a REMS program or to conduct costly post-marketing studies or clinical trials and surveillance to monitor the safety or efficacy of the product. We must also comply with requirements concerning advertising and promotion for any of our product candidates for which we obtain marketing approval. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved

labeling. Thus, we will not be able to promote any products we develop for indications or uses for which they are not approved. In addition, manufacturers of approved products and those manufacturers' facilities are required to comply with extensive regulatory requirements of the FDA, the NMPA, the EMA, the PMDA and other regulatory authorities, including ensuring that quality control and manufacturing procedures conform to cGMP and other comparable regulations and standards, which include requirements relating to quality control and quality assurance as well as the corresponding maintenance of records and documentation and reporting requirements. We or our suppliers could be subject to periodic unannounced inspections by the FDA, the NMPA, the EMA, the PMDA or other regulatory authorities to monitor and ensure compliance with cGMP.

Accordingly, assuming we receive marketing approval for one or more of our product candidates, we and our suppliers will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. If we are not able to comply with post-approval regulatory requirements, we could have the marketing approvals for our products withdrawn by regulatory authorities and our ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability.

Thus, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

***Any product candidate for which we obtain marketing approval could be subject to post-marketing restrictions or recall or withdrawal from the market, and we may be subject to penalties if we fail to comply with regulatory requirements or if we experience unanticipated problems with our product candidates, when and if any of them are approved.***

The FDA and other federal and state agencies, including the U.S. Department of Justice, or DOJ, closely regulate compliance with all requirements governing prescription drug products, including requirements pertaining to marketing and promotion of products in accordance with the provisions of the approved labeling and manufacturing of products in accordance with cGMP requirements. The FDA and DOJ impose stringent restrictions on manufacturers' communications regarding off-label use and if we do not market our products for their approved indications, or if other of our marketing claims are deemed false or misleading, we may be subject to enforcement action. Violations of such requirements may lead to investigations alleging violations of the Food, Drug and Cosmetic Act and other statutes, including the False Claims Act and other federal and state health care fraud and abuse laws as well as state consumer protection laws.

Our failure to comply with all regulatory requirements, and later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, may yield various results, including:

- litigation involving patients taking our products;
- restrictions on such products, manufacturers or manufacturing processes;
- restrictions on the labeling or marketing of a product;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical trials;
- warning or untitled letters;
- withdrawal of the products from the market;
- refusal to approve pending applications or supplements to approved applications that we submit;
- recall of products;
- fines, restitution or disgorgement of profits or revenue;

- suspension or withdrawal of marketing approvals;
- suspension of any ongoing clinical trials;
- damage to relationships with any potential collaborators;
- unfavorable press coverage and damage to our reputation;
- refusal to permit the import or export of our products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

Noncompliance by us or any future collaborator with regulatory requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties. Similarly, failure to comply with regulatory requirements regarding the protection of personal information can also lead to significant penalties and sanctions.

Noncompliance with EU requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, also can result in significant financial penalties. Similarly, failure to comply with the European Union's requirements regarding the protection of personal information can also lead to significant penalties and sanctions.

If any of these events occurs, our ability to sell such product may be impaired, and we may incur substantial additional expense to comply with regulatory requirements, which could adversely affect our business, financial condition and results of operations.

***Our employees, independent contractors, principal investigators, consultants, commercial partners and vendors may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.***

We are exposed to the risk of employee fraud or other misconduct or failure to comply with applicable regulatory requirements. Misconduct by employees and independent contractors, such as principal investigators, consultants, commercial partners, and vendors, could include failures to comply with regulations of the FDA, the NMPA, the EMA, the PMDA and other comparable regulatory authorities, to provide accurate information to such regulators, to comply with manufacturing standards we have established, to comply with healthcare fraud and abuse laws, to report financial information or data accurately or to disclose unauthorized activities to us. In particular, sales, marketing and other business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of business activities, including, but not limited to, research, manufacturing, distribution, pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee and independent contractor misconduct could also involve the improper use of individually identifiable information, including, without limitation, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation.

In addition, federal procurement laws impose substantial penalties for misconduct in connection with government contracts and require certain contractors to maintain a code of business ethics and conduct. It is not always possible to identify and deter employee and independent contractor misconduct, and any precautions we take to detect and prevent improper activities 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 be in compliance with such laws. If any such actions are instituted against us, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgement of profits, imprisonment, possible exclusion from participation

in Medicare, Medicaid and other federal healthcare programs, or other government supported healthcare in other jurisdictions, contractual damages, reputational harm, diminished profits and future earnings, additional reporting or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of noncompliance with the law and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate.

***Our business operations and current and 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, health information privacy and security and other healthcare laws and regulations, which could expose us to substantial penalties.***

Healthcare providers, physicians and third-party payors in the United States and elsewhere will play a primary role in the recommendation and prescription of any product candidates for which we obtain marketing approval. Our current and future arrangements with healthcare professionals, principal investigators, consultants, customers and third-party payors may expose us to broadly applicable healthcare laws, including, without limitation, the U.S. federal Anti-Kickback Statute and the U.S. federal False Claims Act, that may constrain the business or financial arrangements and relationships through which we sell, market and distribute any product candidates for which we obtain marketing approval. In addition, we may be subject to physician payment transparency laws and privacy and security regulation by the U.S. federal government and by the states and foreign jurisdictions in which we conduct our business. The applicable federal, state and foreign healthcare laws that may affect our ability to operate include the following:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, lease, order or recommendation of, any good, facility, item or service, for which payment may be made, in whole or in part, under federal and state healthcare programs such as Medicare and Medicaid. The term “remuneration” has been broadly interpreted to include anything of value. This statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on the one hand and prescribers, purchasers and formulary managers on the other hand. Although there are a number of statutory exceptions and regulatory safe harbors protecting certain common activities from prosecution or other regulatory sanctions, the exceptions and safe harbors are drawn narrowly, and practices that involve remuneration that are alleged to be intended to induce prescribing, purchases or recommendations may be subject to scrutiny if they do not qualify for an exception or safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the federal Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all its facts and circumstances. Several courts have interpreted the statute’s intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the federal Anti-Kickback Statute has been violated;
- U.S. federal civil and criminal false claims laws, including the federal False Claims Act, which can be enforced through civil whistleblower or qui tam actions, and civil monetary penalty laws, which, among other things, impose criminal and civil penalties, against individuals or entities for, among other things, knowingly presenting, or causing to be presented, to the federal government, including the Medicare and Medicaid programs, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. Pharmaceutical and other healthcare companies have been prosecuted under these laws for, among other things, allegedly inflating drug prices they report to pricing services, which in turn were used by the government to set Medicare and Medicaid reimbursement rates, and for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. In addition, certain marketing practices, including off-label promotion, may also violate false

claims laws. Further, pharmaceutical manufacturers can be held liable under the False Claims Act even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. Criminal prosecution is also possible for making or presenting a false, fictitious or fraudulent claim to the federal government;

- HIPAA, which contains new federal criminal statutes that prohibit knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or obtain, by means of false or fraudulent pretenses, representations or promises, any of the money or property owned by, or under the custody or control of, any healthcare benefit program, regardless of whether the payor is public or private, knowingly and willfully embezzling or stealing from a healthcare benefit program, willfully obstructing a criminal investigation of a healthcare offense and knowingly and willfully falsifying, concealing or covering up by any trick or device a material fact or making any materially false statements in connection with the delivery of, or payment for, healthcare benefits, items or services relating to healthcare matters;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and their respective implementing regulations, which impose obligations on "covered entities," including certain healthcare providers, health plans, and healthcare clearinghouses, as well as their respective "business associates" that create, receive, maintain or transmit individually identifiable health information for or on behalf of a covered entity, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. Additionally, HITECH also contains four new tiers of civil monetary penalties; amends HIPAA to make civil and criminal penalties directly applicable to business associates and gave state attorneys general new authority to file civil actions for damages or injunctions in U.S. federal courts to enforce the federal HIPAA laws and to seek attorneys' fees and costs associated with pursuing federal civil actions;
- the U.S. federal Food, Drug and Cosmetic Act, which prohibits, among other things, the adulteration or misbranding of drugs, biologics and medical devices;
- the U.S. federal Physician Payments Sunshine Act, created under Section 6002 of the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the ACA, and its implementing regulations, created annual reporting requirements for certain manufacturers of drugs, devices, biologicals and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions), to report information related for certain payments and "transfers of value" provided to physicians (defined to include doctors, dentists, optometrists, podiatrists and chiropractors) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and
- analogous state laws and regulations and foreign laws, 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; state and foreign laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government or to adopt compliance programs as prescribed by state laws and regulations, or that otherwise restrict payments that may be made to healthcare providers; state and foreign laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures or drug pricing; state and local laws that require the registration of pharmaceutical sales representatives; and state and foreign laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Further, the ACA, among other things, amended the intent requirement of the federal Anti-Kickback Statute and certain criminal statutes governing healthcare fraud. A person or entity no longer needs to have actual

knowledge of the statute or specific intent to violate it. In addition, the ACA provided that 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 False Claims Act.

Because of the breadth of these laws and the narrowness of their exceptions and safe harbors, it is possible that our business activities can be subject to challenge under one or more of such laws. The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry.

Efforts to ensure that our internal operations and future business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. 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 civil, criminal and administrative penalties, including, without limitation, damages, monetary fines, imprisonment, disgorgement of profits, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, additional reporting or oversight obligations if we become subject to a corporate integrity agreement or other agreement to resolve allegations of noncompliance with the law and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and pursue our strategy. If any of the physicians or other healthcare providers or entities with whom we expect to do business, including future collaborators, are found not to be in compliance with applicable laws, they may be subject to significant criminal, civil or administrative sanctions, including exclusions from participation in government healthcare programs, which could also affect our business.

***Our product candidates are subject to government price controls in certain jurisdictions that may affect our revenue.***

There has been heightened governmental scrutiny in the United States, China, the European Union, Japan and other jurisdictions of pharmaceutical pricing practices in light of the rising cost of prescription drugs. In the United States, such scrutiny has resulted in several recent Congressional inquiries and proposed and enacted federal legislation 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 products. At the federal level, Congressional leadership and the Trump administration have each indicated that they will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly enacted legislation and implemented regulations designed to control pharmaceutical and biological 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. Outside of the United States, particularly in the European Union, the pricing of prescription pharmaceuticals is subject to governmental control. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain coverage and reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost-effectiveness of our product candidate to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our business could be harmed.

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

In the United States 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 product candidates for which we obtain marketing approval. For a detailed discussion of healthcare reform initiatives of importance to the pharmaceutical industry, see the section titled "Business—Government Regulation—United States Regulation—Healthcare Reform."

For example, the ACA was enacted in the United States in March 2010 with the stated goals of containing healthcare costs, improving quality and expanding access to healthcare, and includes measures to change healthcare delivery, increase the number of individuals with insurance, ensure access to certain basic healthcare services, and contain the rising cost of care. Since January 2017, President Trump has signed two executive orders and other directives designed to delay, circumvent, or loosen certain requirements mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. While Congress has not passed repeal legislation, two bills affecting the implementation of certain taxes under the ACA have been signed into law. H.R. 1: An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018, or the Tax Cuts and Jobs Act of 2017, includes a provision repealing, effective January 1, 2019, the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." Additionally, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax.

On December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the Tax Cuts and Jobs Act. Further, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. It is unclear how this decision, future decisions, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA.

Further, the Bipartisan Budget Act of 2018, among other things, amended the ACA, effective January 1, 2019, to increase from 50% to 70% the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans, commonly referred to as the "donut hole." Congress may consider other legislation to repeal or replace elements of the ACA. These executive orders and legislative actions are expected to result in increased health insurance premiums and reduce the number of people with health insurance in the United States, and have other effects that adversely affect U.S. health insurance markets and the ability of patients to have access to therapies that our product candidates can provide.

In addition, other federal health reform measures have been proposed and adopted in the United States. For example, as a result of the Budget Control Act of 2011, providers are subject to Medicare payment reductions of 2% per fiscal year through 2029 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 ended the use of the statutory formula, also referred to as the Sustainable Growth Rate, for clinician payment and established a quality payment incentive program, also referred to as the Quality Payment Program. This program provides clinicians with two ways to participate, including through the Advanced Alternative Payment Models, or APMs, and the Merit-based Incentive Payment System, or MIPS. In November 2019, CMS issued a final rule finalizing the changes to the Quality Payment Program. At this time, it is unclear how the introduction of the quality payment program will impact overall physician reimbursement under the Medicare program. 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 United States of pharmaceutical pricing practices in light of the rising cost of prescription drugs and biologics. 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 programs, and reform government program reimbursement methodologies for products. At the federal level, the Trump administration's budget proposal for fiscal year 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. Additionally, the Trump administration released a "Blueprint" to lower drug prices and reduce out-of-pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out-of-pocket costs of drug products paid by consumers. The HHS has solicited feedback on some of these measures and, at the same time, has implemented others under its existing authority. For example, in May 2019, the Centers for Medicare & Medicaid Services, or CMS, issued a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning January 1, 2020, This final rule codified CMS's policy change that was effective January 1, 2019. Although a number of these and other measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological 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.

The combination of healthcare cost containment measures, increased health insurance costs, reduction of the number of people with health insurance coverage, as well as future legislation and regulations focused on reducing healthcare costs by reducing the cost of or reimbursement and access to pharmaceutical products, may limit or delay our ability to generate revenue, attain profitability, or commercialize our products.

***We are subject to U.S. and certain foreign export and import controls, sanctions, embargoes, anti-corruption laws, and anti-money laundering laws and regulations. Compliance with these legal standards could impair our ability to compete in domestic and international markets. We can face criminal liability and other serious consequences for violations, which can harm our business.***

We are subject to export control and import laws and regulations, including the U.S. Export Administration Regulations, U.S. Customs regulations, various economic and trade sanctions regulations administered by the U.S. Treasury Department's Office of Foreign Assets Controls, the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, and other state and national anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption laws are interpreted broadly and prohibit companies and their employees, agents, contractors, and other collaborators from authorizing, promising, offering, or providing, directly or indirectly, improper payments or anything else of value to recipients in the public or private sector. We may engage third parties to sell our products outside the United States, to conduct clinical trials, and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals. We have direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. We can be held liable for the corrupt or other illegal activities of our employees, agents, contractors, and other collaborators, even if we do not explicitly authorize or have actual knowledge of such activities. Any violations of the laws and regulations described above may result in substantial civil and criminal fines and penalties, imprisonment, the loss of export or import privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences.

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

We are subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials

and wastes. Our operations involve the use of hazardous materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations. In addition, in connection with the construction of certain research and development facilities in China, we have not completed all required fire prevention and safety-related procedures and filings in a timely manner, which could subject us to fines and other administrative penalties.

Although we maintain insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. We do not maintain insurance for environmental liability or toxic tort claims that may be asserted against us in connection with our storage or disposal of biological or hazardous materials.

In addition, we may incur substantial costs in order 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. Our failure to comply with these laws and regulations also may result in substantial fines, penalties or other sanctions.

## Risks Related to the Commercialization of Our Product Candidates

***If we are unable to establish sales, marketing and distribution capabilities for our product candidates, or enter into sales, marketing and distribution agreements with third parties, we may not be successful in commercializing our product candidates, if and when they are approved.***

We currently plan to work to build our global commercialization capabilities internally over time such that we are able to commercialize any product candidate for which we may obtain regulatory approval. However, other than the assistance required to be provided by Janssen under the Janssen Agreement, we currently have limited sales, marketing or distribution capabilities and have no experience in marketing or distributing pharmaceutical products. To achieve commercial success for any product candidate for which we may obtain marketing approval, we will need to expand our sales and marketing organization and establish logistics and distribution processes to commercialize and deliver our product candidates to patients and healthcare providers. The development of sales, marketing and distribution capabilities will require substantial resources, will be time-consuming and could delay any product launch.

If we are unable or decide not to establish internal sales, marketing and distribution capabilities, we would have to pursue collaborative arrangements regarding the sales and marketing of our products. However, we may not be successful in entering into arrangements with third parties to sell, market and distribute our product candidates or may be unable to do so on terms that are favorable to us, or if we are able to do so, that they would be effective and successful in commercializing our products. Our product revenue and our profitability, if any, would likely to be lower than if we were to sell, market and distribute any product candidates that we develop ourselves. In addition, we would have limited control over such third parties, and any of them may fail to devote the necessary resources and attention to sell and market our product candidates effectively.

If we do not establish sales, marketing and distribution capabilities successfully, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates in the United States or overseas.

***We operate in a rapidly changing industry and face significant competition, which may result in others discovering, developing or commercializing products before or more successfully than we do.***

The development and commercialization of new biopharmaceutical products is highly competitive and subject to rapid and significant technological advancements. We face competition from major multi-national

pharmaceutical companies, biotechnology companies and specialty pharmaceutical companies with respect to our current and future product candidates that we may develop and commercialize in the future. There are a number of large pharmaceutical and biotechnology companies that currently market and sell products or are pursuing the development of product candidates for the treatment of cancer. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Potential competitors also include academic institutions, government agencies and other public and private research organizations. Due to their promising clinical therapeutic effect in clinical exploratory trials, engineered T cell therapies, redirected T cell therapies in general and antibody-drug conjugates are being pursued by multiple biotechnology and pharmaceutical companies. Our competitors may succeed in developing, acquiring or licensing technologies and products that are more effective, more effectively marketed and sold or less costly than any product candidates that we may develop, which could render our product candidates noncompetitive and obsolete.

Our potential CAR-T cell therapy competitors include companies developing cell therapies targeting BCMA for the treatment of MM, including Allogene, Autolus, bluebird, Bristol-Myers Squibb, Carsgen, Innovent, Poseida Therapeutics, Novartis and Precision Biosciences. Our potential competitors also include additional companies developing BCMA-targeted therapies for the treatment of MM, including Amgen, Regeneron, GSK and Pfizer. In addition, we may compete with cell therapies companies that are focused on development in Asia.

Our competitors with development-stage programs may obtain marketing approval from the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authorities for their product candidates more rapidly than we do, and they could establish a strong market position before we are able to enter the market.

Many of our competitors, either alone or with their strategic collaborators, have substantially greater financial, technical and human resources than we do. Accordingly, our competitors may be more successful than we are in obtaining approval for treatments and achieving widespread market acceptance, which may render our treatments obsolete or noncompetitive. Mergers and acquisitions in the biotechnology and pharmaceutical industries may result in even more resources being concentrated among a smaller number of our competitors. These competitors also compete with us in recruiting and retaining qualified scientific and management personnel and establishing clinical study sites and patient registration for clinical studies, as well as in acquiring technologies complementary to, or necessary for, our programs. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies.

Our commercial opportunity could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive or better reimbursed than any products that we may commercialize. Our competitors also may obtain FDA, NMPA, EMA, PMDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position for either the product or a specific indication before we are able to enter the market.

***Even if any of our product candidates receives marketing approval, it may fail to achieve the degree of market acceptance by physicians, patients, third-party payors and others in the medical community necessary for commercial success.***

Even if we obtain approvals from the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory agencies and are able to initiate commercialization of our clinical-stage product candidates or any other product candidates we develop, the product candidate may not achieve market acceptance among physicians, patients, hospitals, including pharmacy directors, and third-party payors and, ultimately, may not be commercially successful. The degree of market acceptance of our product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the clinical indications for which our product candidates are approved;

- physicians, hospitals, cancer treatment centers, and patients considering our product candidates as a safe and effective treatment;
- hospitals and cancer treatment centers establishing the infrastructure required for the administration of redirected CAR-T cell therapies;
- the potential and perceived advantages of our product candidates over alternative treatments;
- the prevalence and severity of any side effects;
- product labeling or product insert requirements of the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authorities;
- limitations or warnings contained in the labeling approved by the FDA, the NMPA, the EMA, the PMDA or other comparable regulatory authorities;
- the timing of market introduction of our product candidates as well as competitive products;
- the cost of treatment in relation to alternative treatments;
- the amount of upfront costs or training required for physicians to administer our product candidates;
- the availability of coverage, adequate reimbursement, and pricing by third-party payors and government authorities;
- the willingness of patients to pay out-of-pocket in the absence of comprehensive coverage and reimbursement by third-party payors and government authorities;
- relative convenience and ease of administration, including as compared to alternative treatments and competitive therapies; and
- the effectiveness of our sales and marketing efforts and distribution support.

Our efforts to educate physicians, patients, third-party payors and others in the medical community on the benefits of our products, if approved, may require significant resources and may never be successful. Such efforts may require more resources than are typically required due to the complexity and uniqueness of our product candidates. Because we expect sales of our product candidates, if approved, to generate substantially all of our product revenue for the foreseeable future, the failure of our product candidates to find market acceptance would harm our business and could require us to seek additional financing.

In addition, although we are not utilizing embryonic stem cells or replication competent vectors, adverse publicity due to the ethical and social controversies surrounding the therapeutic use of such technologies, and reported side effects from any clinical trials using these technologies or the failure of such trials to demonstrate that these therapies are safe and effective, may limit market acceptance of our product candidates. If our product candidates are approved but fail to achieve market acceptance among physicians, patients, hospitals, cancer treatment centers or others in the medical community, we will not be able to generate significant revenue.

Even if our products 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 products, are more cost effective or render our products obsolete.

***Coverage and adequate reimbursement may not be available for our current or any future product candidates, which could make it difficult for us to sell profitably, if approved.***

Market acceptance and sales of any product candidates that we commercialize, if approved, will depend in part on the extent to which reimbursement for these products and related treatments will be available from third-party payors, including government health administration authorities, managed care organizations and private health insurers. Third-party payors decide which therapies they will pay for and establish reimbursement levels.

Third-party payors in the United States often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided for any product candidates that we develop will be made on a payor-by-payor basis. One payor's determination to provide coverage for a drug does not assure that other payors will also provide coverage and adequate reimbursement for the drug. Additionally, a third-party payor's decision to provide coverage for a therapy does not imply that an adequate reimbursement rate will be approved. Third-party payors are increasingly challenging the price, examining the medical necessity and reviewing the cost-effectiveness of medical products, therapies and services, in addition to questioning their safety and efficacy. These pressures are further compounded by significant controversies and intense political debate and publicity about prices for pharmaceuticals that some consider excessive, including government regulatory efforts, funding restrictions, legislative proposals, policy interpretations, investigations and legal proceedings regarding pharmaceutical pricing practices. Global pressures on pricing may negatively impact, in parallel, both our product pricing and our market access. We may incur significant costs to conduct expensive pharmaco-economic studies in order to demonstrate the medical necessity and cost-effectiveness of our product candidates, in addition to the costs required to obtain FDA approvals. Our product candidates may not be considered medically necessary or cost-effective.

Each payor determines whether or not it will provide coverage for a therapy, what amount it will pay the manufacturer for the therapy, and on what tier of its list of covered drugs, or formulary, it will be placed. The position on a payor's formulary, generally determines the co-payment that a patient will need to make to obtain the therapy and can strongly influence the adoption of such therapy by patients and physicians. Patients who are prescribed treatments for their conditions and providers prescribing such services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our products, and providers are unlikely to prescribe our products, unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our products and their administration. Therefore, coverage and adequate reimbursement is critical to new medical product acceptance.

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medications. We cannot be sure that coverage and reimbursement will be available for any drug that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Even if favorable coverage and reimbursement status is attained for one or more product candidates for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future. Inadequate coverage and reimbursement may impact the demand for, or the price of, any drug for which we obtain marketing approval. If coverage and adequate reimbursement are not available, or are available only to limited levels, we may not be able to successfully commercialize our current and any future product candidates that we develop.

In China, the Ministry of Human Resources and Social Security of China or provincial or local human resources and social security authorities, together with other government authorities, review the inclusion or removal of drugs from the China's National Drug Catalog for Basic Medical Insurance, Work-related Injury Insurance and Maternity Insurance, or the National Reimbursement Drug List, or the NRDL, or provincial or local medical insurance catalogues for the National Medical Insurance Program, or the PRDL, regularly, and the tier under which a drug will be classified, both of which affect the amounts reimbursable to program participants for their purchases of those drugs. There can be no assurance that any of our future approved drug candidates will be included in the NRDL or the PRDL. Products included in the NRDL or the PRDL are typically generic and essential drugs. Innovative drugs similar to our drug candidates have historically been more limited on their inclusion in the NRDL or the PRDL due to the affordability of the government's Basic Medical Insurance. If we were to successfully launch commercial sales of our products in China but fail in our efforts to have our products included in the NRDL or PRDL, our revenue from commercial sales in China will be highly dependent on patient self-payment, which can make our products less competitive. Additionally, even if the Ministry of Human Resources and Social Security of the PRC or any of its local counterparts accepts our application for the inclusion of products in the NRDL or PRDL, our potential revenue from the sales of these products in China

could still decrease as a result of the significantly lowered prices we may be required to charge for our products to be included in the NRDL or PRDL.

We cannot be sure that coverage and reimbursement in the United States, China, the European Union, Japan or elsewhere will be available for any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future.

***Product liability lawsuits against us could cause us to incur substantial liabilities and to limit commercialization of any products that we may develop.***

We face an inherent risk of product liability exposure related to the testing of our product candidates in human clinical trials and will face an even greater risk if we commercially sell any products that we may develop. If we cannot successfully defend ourselves against claims that our product candidates or products caused injuries, we will incur substantial liabilities. Regardless of merit or eventual outcome, liability claims may result in:

- reduced resources of our management to pursue our business strategy;
- decreased demand for any product candidates or products that we may develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants;
- initiation of investigations by regulators;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- significant costs to defend the resulting litigation;
- substantial monetary awards paid to clinical trial participants or patients;
- loss of revenue; and
- the inability to commercialize any products that we may develop.

We currently hold $5.0 million in product liability insurance coverage in the aggregate, with a per incident limit of $5.0 million, which may not be adequate to cover all liabilities that we may incur. We may need to increase our insurance coverage as we expand our clinical trials or if we commence commercialization of our product candidates. Insurance coverage is increasingly expensive. We may not be able to maintain insurance coverage at a reasonable cost or in an amount adequate to satisfy any liability that may arise.

## Risks Related to Our Intellectual Property

***If we are unable to obtain and maintain patent protection for our technologies and product candidates, or if the scope of the patent protection obtained is not sufficiently broad, our competitors could develop and commercialize technology and biologics similar or identical to ours, and our ability to successfully commercialize our technology and product candidates may be impaired.***

Our success depends, in large part, on our ability to obtain and maintain patent protection in the United States, China, the European Union, Japan and other countries with respect to our product candidates and technology. We seek to protect our proprietary position by filing patent applications related to our technology and product candidates in the major pharmaceutical markets, including the United States, China, major countries in Europe and Japan. However, we do not own any issued patents covering our clinical and preclinical products and our patent portfolio for such products is currently comprised only of applications. If we are unable to obtain or maintain patent protection with respect to our proprietary product candidates and technology or do not otherwise adequately protect our intellectual property, competitors may be able to use our technologies and erode or negate any competitive advantage that we may have, which could harm our business and ability to achieve profitability.

To protect our proprietary positions, we file patent applications in the United States and other countries related to our novel technologies and product candidates that are important to our business. The patent application and prosecution process is expensive, complex and time-consuming. We may not be able to file and prosecute all necessary or desirable patent applications in all potential jurisdictions at a reasonable cost or in a timely manner. We may also fail to identify patentable aspects of our research and development before it is too late to obtain patent protection. It is possible that defects of form in the preparation or filing of our patents or patent applications may exist, or may arise in the future, such as with respect to proper priority claims, inventorship, claim scope or patent term adjustments. If any current or future licensors or licensees are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised and we might not be able to prevent third parties from making, using and selling competing products. If there are material defects in the form or preparation of our patents or patent applications, such patents or applications may be invalid and unenforceable. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how. Any of these outcomes could impair our ability to prevent competition from third parties.

Prosecution of our patent portfolio is at a very early stage. Much of our patent portfolio consists of pending priority applications that are not examined and pending applications under the Patent Cooperation Treaty, or PCT. Neither priority applications nor PCT applications can themselves give rise to issued patents. Rather, protection for the inventions disclosed in these applications must be further pursued by applicable deadlines via applications that are subject to examination. As applicable deadlines for the priority and PCT applications become due, we will need to decide whether and in which countries or jurisdictions to pursue patent protection for the various inventions claimed in these applications, and we will only have the opportunity to pursue and obtain patents in those jurisdictions where we pursue protection.

It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. The patent applications that we own may fail to result in issued patents with claims that cover our current and future product candidates in the United States or in other foreign countries. Our patent applications cannot be enforced against third parties practicing the technology claimed in such applications unless, and until, a patent issues from such applications, and then only to the extent the issued claims cover the technology.

If the patent applications we hold with respect to our development programs and product candidates fail to issue, if their breadth or strength of protection is threatened, or if they fail to provide meaningful exclusivity for our current and future product candidates, it could threaten our ability to commercialize our product candidates. Any such outcome could have a negative effect on our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain. Changes in either the patent laws or interpretation of the patent laws in the United States and other countries may diminish the value of our patents or narrow the scope of our patent protection. In addition, the protections offered by laws of different countries vary. No consistent policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents has emerged to date in the United States or in many foreign jurisdictions. In addition, the determination of patent rights with respect to pharmaceutical compounds and technologies commonly involves complex legal and factual questions, which has in recent years been the subject of much litigation. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain. Furthermore, recent changes in patent laws in the United States, may affect the scope, strength, validity and enforceability of our patent rights or the nature of proceedings that may be brought by or against us related to our patent rights. Additionally, the U.S. Supreme Court has ruled on several patent cases in recent years either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the U.S. federal courts, and the U.S. Patent and Trademark Office, or USPTO, the laws and regulations governing patents could change in unpredictable ways that could weaken our ability to obtain patents or to enforce any patents that we might obtain in the future.

We may not be aware of all third-party intellectual property rights potentially relating to our current and future product candidates. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the United States and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot be certain that we were the first to make the inventions claimed in our patents or pending patent applications, or that we were the first to file for patent protection of such inventions. Similarly, should we own or in-license any patents or patent applications in the future, we may not be certain that we or the applicable licensor were the first to file for patent protection for the inventions claimed in such patents or patent applications. As a result, the issuance, scope, validity and commercial value of our patent rights cannot be predicted with any certainty. Moreover, we may be subject to a third-party pre-issuance submission of prior art to the USPTO or become involved in opposition, derivation, reexamination, post-grant, inter partes review or interference proceedings, in the United States or elsewhere, challenging our patent rights or the patent rights of others. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, hold unenforceable or invalidate, our patent rights, allow third parties to commercialize our technology or product candidates and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third-party patent rights, which could significantly harm our business and results of operations. Such proceedings also may result in substantial cost and require significant time from our scientists and management, even if the eventual outcome is favorable to us.

Our pending and future patent applications may not result in patents being issued that protect our technology or product candidates, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Even if our patent applications issue as patents, they may not issue in a form that will provide us with any meaningful protection against competing products or processes sufficient to achieve our business objectives, prevent competitors from competing with us or otherwise provide us with any competitive advantage. Our competitors may be able to circumvent our patents, should they issue, by developing similar or alternative technologies or products in a non-infringing manner. Our competitors may seek approval to market their own products similar to or otherwise competitive with our products. In these circumstances, we may need to defend and/or assert our patents, including by filing lawsuits alleging patent infringement. In any of these types of proceedings, a court or other agency with jurisdiction may find our patents invalid and/or unenforceable.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. In addition, given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. Any of the foregoing could have a material adverse effect on our business.

***Third parties may initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could significantly harm our business.***

Our commercial success depends, in part, on our ability and the ability of our collaborators to develop, manufacture, market and sell our product candidates and use our proprietary and modular CAR-T cell technology without infringing, misappropriating or otherwise violating the intellectual property and other proprietary rights of third parties. Numerous third-party U.S. and non-U.S. issued patents exist in the area of biotechnology, including relating to the modification of T cells and the production of CAR-T cells, and including patents held by our competitors.

Third parties, including our competitors, may allege that our product candidates, including LCAR-B38M/JNJ-4528, infringe certain of these patents. While we believe that we would have valid defenses against any assertion of such patents against us, such defenses may be unsuccessful. If any of our products is found to infringe any of these patents, we could be required to obtain a license from the respective patent owners, or, if

applicable, their licensees, to continue developing, manufacturing, marketing, selling and commercializing such products. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving the licensor and other third parties the right to use the same technologies licensed to us, and it could require us to make substantial licensing, royalty and other payments. We also could be forced, including by court order, to permanently cease development, manufacturing, marketing and commercializing the applicable products. In addition, we could be found liable for significant monetary damages, including treble damages and attorneys' fees, if we are found to have willingly infringed any such patent. Even if we were ultimately to prevail, any litigation could require us to divert substantial financial and management resources that we would otherwise be able to devote to our business.

There is a substantial amount of intellectual property litigation in the biotechnology and pharmaceutical industries, and we may become party to, or threatened with, litigation or other adversarial proceedings regarding intellectual property rights with respect to our technology or product candidates, including interference proceedings before the USPTO. Intellectual property disputes arise in a number of areas including with respect to patents, use of other proprietary rights and the contractual terms of license arrangements. Third parties may assert claims against us based on existing or future intellectual property rights and claims may also come from competitors against whom our own patent portfolio may have no deterrent effect. The outcome of intellectual property litigation is subject to uncertainties that cannot be adequately quantified in advance. Other parties may allege that our product candidates or the use of our technologies infringes patent claims or other intellectual property rights held by them or that we are employing their proprietary technology without authorization. As we continue to develop and, if approved, commercialize our current and future product candidates, competitors may claim that our technology infringes, misappropriates or otherwise violates their intellectual property rights as part of business strategies designed to impede our successful commercialization. There are and may in the future be additional third-party patents or patent applications with claims to, for example, materials, compositions, formulations, methods of manufacture or methods for treatment related to the use or manufacture of any one or more of our product candidates. Moreover, we may fail to identify relevant third-party patents or patent applications, or we may incorrectly conclude that the claims of an issued patent are invalid or are not infringed by our activities. Because patent applications can take many years to issue, third parties may have currently pending patent applications which may later result in issued patents that any of our product candidates may infringe, or which such third parties claim to be infringed by our technologies.

Even if we believe third-party intellectual property claims are without merit, there is no assurance that a court would find in our favor on questions of infringement, validity and enforceability. If we are found to infringe a third party's intellectual property rights, we could be forced, including by court order, to cease developing, manufacturing or commercializing the infringing product candidate or product. Alternatively, we may be required or may choose to obtain a license from such third party in order to use the infringing technology and continue developing, manufacturing or marketing the otherwise infringing product candidate. However, we may not be able to obtain any required license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could require us to make substantial licensing and royalty payments and it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations. Claims that we have misappropriated the confidential information or trade secrets of third parties could have a similar negative effect on our business. Even if successful, the defense of any claim of infringement or misappropriation is time-consuming, expensive and diverts the attention of our management from our ongoing business operations. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our ADSs. Any of the foregoing could have a material adverse effect on our business.

***We may need to license intellectual property from third parties, and such licenses may not be available or may not be available on commercially reasonable terms.***

A third party may hold intellectual property rights, including patent rights, that are important or necessary to the development or manufacture of our product candidates. It may be necessary for us to use the patented or proprietary technology of third parties to commercialize our product candidates, in which case we would be required to obtain a license from these third parties. Such a license may not be available on commercially reasonable terms, or at all, and we could be forced to accept unfavorable contractual terms. If we are unable to obtain such licenses on commercially reasonable terms, our business could be harmed.

***We may become involved in lawsuits to protect or enforce our patents and other intellectual property, which could be expensive, time-consuming and unsuccessful.***

Competitors may infringe our patents, if issued, trademarks, copyrights or other intellectual property. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time-consuming and divert the time and attention of our management and scientific personnel. Any claims we assert against perceived infringers could provoke these parties to assert counterclaims against us alleging that we infringed their patents, trademarks, copyrights or other intellectual property. In addition, in a patent infringement proceeding, there is a risk that a court will decide that a patent of ours is invalid or unenforceable, in whole or in part, and that we do not have the right to stop the other party from using the invention at issue. There is also a risk that, even if the validity of such patents is upheld, the court will construe the patent's claims narrowly or decide that we do not have the right to stop the other party from using the invention at issue on the grounds that our patents do not cover the invention. An adverse outcome in a litigation or proceeding involving our patents could limit our ability to assert our patents against those parties or other competitors, and may curtail or preclude our ability to exclude third parties from making and selling similar or competitive products. Similarly, if we assert trademark infringement claims, a court may determine that the marks we have asserted are invalid or unenforceable, or that the party against whom we have asserted trademark infringement has superior rights to the marks in question. In this case, we could ultimately be forced to cease use of such trademarks.

In any infringement litigation, any award of monetary damages we receive may not be commercially valuable. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during litigation. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our ADSs. Moreover, there can be no assurance that we will have sufficient financial or other resources to file and pursue such infringement claims, which typically last for years before they are concluded. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their greater financial resources and more mature and developed intellectual property portfolios. Even if we ultimately prevail in such claims, the monetary cost of such litigation and the diversion of the attention of our management and scientific personnel for significant periods of time during such litigation could outweigh any benefit we receive as a result of the proceedings. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing, misappropriating or successfully challenging our intellectual property rights. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a negative impact on our ability to compete in the marketplace.

***Changes in U.S. and Chinese patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.***

Changes in either the patent laws or interpretation of the patent laws in the United States could increase the uncertainties and costs surrounding the prosecution of patent applications and the enforcement or defense of issued patents and may affect the scope, strength and enforceability of our patent rights or the nature of

proceedings that may be brought by or against us related to our patent rights. Assuming that other requirements for patentability are met, prior to March 2013, in the United States, the first to invent the claimed invention was entitled to the patent, while outside the United States, the first to file a patent application was entitled to the patent. After March 2013, under the Leahy-Smith America Invents Act, or the America Invents Act, enacted in September 2011, the United States transitioned to a first inventor to file system in which, assuming that other requirements for patentability are met, the first inventor to file a patent application will be entitled to the patent on an invention regardless of whether a third party was the first to invent the claimed invention. The America Invents Act also includes a number of significant changes that affect the way patent applications will be prosecuted and also may affect patent litigation. These include allowing third-party submission of prior art to the USPTO during patent prosecution and additional procedures to attack the validity of a patent by USPTO administered post-grant proceedings, including post-grant review, *inter partes* review, and derivation proceedings. However, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents, all of which could have a material adverse effect on our business, financial condition, results of operations, and prospects.

In China, intellectual property laws are constantly evolving, with efforts being made to improve intellectual property protection in China. For example, a Draft Amendment to the PRC Patent Law was released in January 2019 and proposes to introduce patent extensions to eligible innovative drug patents. If adopted, the patents owned by third parties may be extended, which may in turn affect our ability to commercialize our products (if approved) without facing infringement risks. The adoption of this draft amendment may enable the patent owner to submit applications for a patent term extension. The length of any such extension is uncertain. If we are required to delay commercialization for an extended period of time, technological advances may develop and new products may be launched, which may render our product non-competitive. We also cannot guarantee that other changes to Chinese intellectual property laws would not have a negative impact on our intellectual property protection.

***Even if we are able to obtain patent protection for our product candidates, the life of such protection, if any, is limited, and third parties could develop and commercialize products and technologies similar or identical to ours and compete directly with us after the expiration of our patent rights, if any, and our ability to successfully commercialize any product or technology would be materially adversely affected.***

The life of a patent and the protection it affords is limited. For example, in the United States, if all maintenance fees are timely paid, the natural expiration of a patent is generally 20 years from its earliest U.S. non-provisional filing date. Even if we successfully obtain patent protection for an approved drug candidate, it may face competition from generic or biosimilar medications. Manufacturers of generic or biosimilar drugs may challenge the scope, validity or enforceability of our patents 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, which would materially adversely affect any potential sales of that product.

Given the amount of time required for the development, testing and regulatory review of new drug candidates, patents protecting such drug candidates might expire before or shortly after such drug candidates are commercialized. As a result, our patents and patent applications may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours. Even if we believe that we are eligible for certain patent term extensions, there can be no assurance that the applicable authorities, including the FDA and the USPTO in the United States, and any equivalent regulatory authority in other countries, will agree with our assessment of whether such extensions are available, and such authorities may refuse to grant extensions to our patents, or may grant more limited extensions than we request. The pending patent applications, if issued, for our drug candidates are expected to expire on various dates as described in “Business—Intellectual Property.” Upon the expiration of our patents that may issue from our pending patent applications, we will not be able to assert such patent rights against potential competitors, which would materially adversely affect our business, financial condition, results of operations and prospects.

***Our product candidates may face competition sooner than anticipated from biosimilar products.***

Even if we are successful in achieving regulatory approval to commercialize a product candidate faster than our competitors, our product candidates may face competition from biosimilar products. In the United States, our product candidates are regulated by the FDA as biologic products and we intend to seek approval for these product candidates pursuant to the BLA pathway. The Biologics Price Competition and Innovation Act of 2009, or BPCIA, created an abbreviated pathway for the approval of biosimilar and interchangeable biologic products. The abbreviated regulatory pathway establishes legal authority for the FDA to review and approve biosimilar biologics, including the possible designation of a biosimilar as "interchangeable" based on its similarity to an existing brand product. Under the BPCIA, an application for a biosimilar product cannot be approved by the FDA until 12 years after the original branded product was approved under a BLA. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty. While it is uncertain when such processes intended to implement BPCIA may be fully adopted by the FDA, any such processes could have a material adverse effect on the future commercial prospects for our product candidates.

There is a risk that any exclusivity we may be afforded if any of our product candidates are approved as a biologic product under a BLA could be shortened due to congressional action or otherwise, or that the FDA will not consider our product candidates to be reference products for competing products, potentially creating the opportunity for generic or biosimilar competition sooner than anticipated. Moreover, the extent to which a biosimilar product, once approved, will be substituted for any one of our reference products in a way that is similar to traditional generic substitution for non-biologic products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. In addition, a competitor could decide to forego the biosimilar approval path and submit a full BLA after completing its own preclinical studies and clinical trials. In such cases, any exclusivity to which we may be eligible under the BPCIA would not prevent the competitor from marketing its product as soon as it is approved.

In Europe, the European Commission has granted marketing authorizations for several biosimilar products pursuant to a set of general and product class-specific guidelines for biosimilar approvals issued over the past few years. In Europe, a competitor may reference data supporting approval of an innovative biological product, but will not be able to market it until 10 years after the time of approval of the innovative product. This 10-year marketing exclusivity period may be extended to 11 years if, during the first eight of those 10 years, the marketing authorization holder obtains an approval for one or more new therapeutic indications that bring significant clinical benefits compared with existing therapies. In addition, companies may be developing biosimilar products in other countries that could compete with our products, if approved.

If competitors are able to obtain marketing approval for biosimilars referencing our product candidates, if approved, such products may become subject to competition from such biosimilars, with the attendant competitive pressure and potential adverse consequences. Such competitive products may be able to immediately compete with us in each indication for which our product candidates may have received approval.

***We may be subject to claims by third parties asserting that we or our employees, consultants or advisors have misappropriated, wrongfully used or disclosed their trade secrets or other intellectual property, or claiming ownership of what we regard as our own intellectual property.***

Many of our employees, consultants and advisors are currently or were previously employed at universities or other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and advisors do not use the proprietary information or know-how of third parties in their work for us, we may be subject to claims that we or these individuals have inadvertently or otherwise used intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. We may also in the future be subject to claims that we have caused such individual to breach the terms of his or her non-competition or non-solicitation agreement. Litigation may be necessary to defend against these potential claims.

In addition, while it is our policy to require our employees and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, such employees and contractors may breach the agreement and claim the developed intellectual property as their own.

Our assignment agreements may not be self-executing or may be breached, and we may be forced to bring claims against third parties or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property. Such claims could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. A court could prohibit us from using technologies or features that are essential to our product candidates if such technologies or features are found to incorporate or be derived from the trade secrets or other proprietary information of the former employers. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and could be a distraction to management. In addition, any litigation or threat thereof may adversely affect our ability to hire employees or contract with independent service providers. Moreover, a loss of key personnel or their work product could hamper or prevent our ability to commercialize our products.

***We may be subject to claims challenging the inventorship or ownership of our patent rights and other intellectual property.***

We generally enter into confidentiality and intellectual property assignment agreements with our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors. However, these agreements may not be honored and may not effectively assign intellectual property rights to us. For example, disputes may arise from conflicting obligations of consultants or others who are involved in developing our technology and product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

***Any trademarks we may obtain may be infringed or successfully challenged, resulting in harm to our business.***

We expect to rely on trademarks as one means to distinguish any of our product candidates that are approved for marketing from the products of our competitors. We have not yet selected trademarks for our product candidates and have not yet begun the process of applying to register trademarks for our product candidates. Once we select trademarks and apply to register them, our trademark applications may not be approved. Third parties may oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. Our competitors may infringe our trademarks and we may not have adequate resources to enforce our trademarks.

In addition, any proprietary name we propose to use with our clinical-stage product candidates or any other product candidate in the United States must be approved by the FDA, regardless of whether we have registered it, or applied to register it, as a trademark. The FDA typically conducts a review of proposed product names, including an evaluation of the potential for confusion with other product names. If the FDA objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable proprietary product name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA.

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

In addition to seeking patent and trademark protection for our technology and product candidates, we also rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position. Trade secrets and know-how can be difficult to protect. We seek to protect our trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, corporate collaborators, outside scientific collaborators, CROs, contract manufacturers, consultants, advisors and other third parties. We also enter into confidentiality and invention or patent assignment agreements with our employees and consultants. We cannot guarantee that we have entered into such agreements with each party that may have or have had access to our trade secrets or proprietary technology and processes. Despite these efforts, any of these parties may breach the agreements and disclose our proprietary information, including our trade secrets. Monitoring unauthorized uses and disclosures of our intellectual property is difficult, and we do not know whether the steps we have taken to protect our intellectual property will be effective. In addition, we may not be able to obtain adequate remedies for any such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. In addition, some courts inside and outside the United States are less willing or unwilling to protect trade secrets.

Moreover, our competitors or other third parties may independently develop knowledge, methods and know-how equivalent to our trade secrets. Competitors or other third parties could purchase our products and replicate some or all of the competitive advantages we derive from our development efforts for technologies on which we do not have patent protection. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third parties, we would have no right to prevent them, or those to whom they communicate it, from using that technology or information to compete with us. If any of our trade secrets were to be disclosed to or independently developed by a competitor or other third parties, our competitive position would be harmed.

***We may not be able to protect our intellectual property rights throughout the world.***

Filing, prosecuting and defending patents on product candidates in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States could be less extensive than those in the United States. In some cases, we may not be able to obtain patent protection for certain technology outside the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States, even in jurisdictions where we do pursue patent protection. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, even in jurisdictions where we do pursue patent protection or from selling or importing products made using our inventions in and into the United States or other jurisdictions.

Competitors may use our technologies in jurisdictions where we have not pursued and obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our product candidates and preclinical programs and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents, if pursued and obtained, or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our

efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

***Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.***

Periodic maintenance and annuity fees on any issued patent are due to be paid to the USPTO and patent agencies outside the United States in several stages over the lifetime of the patent. The USPTO and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process. 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 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. Non-compliance events that could result in abandonment or lapse of a patent or patent application include failure to respond to official actions within prescribed time limits, non-payment of fees and failure to properly legalize and submit formal documents. If we fail to maintain the patents and patent applications covering our products or product candidates, our competitors might be able to enter the market, which would harm our business.

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

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations and may not adequately protect our business or permit us to maintain our competitive advantage. For example:

- others may be able to make products that are similar to any product candidates we may develop or utilize similar technology but that are not covered by the claims of the patents that we may own or license now or in the future;
- we, or any future license partners or collaborators, might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or license now or in the future;
- we, or any future license partners or collaborators, might not have been the first to file patent applications covering certain of our or their inventions;
- others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights;
- it is possible that our pending patent applications or those that we may own in the future will not lead to issued patents;
- issued patents that we hold rights to 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 patent rights and then use the information learned from such activities to develop competitive products for sale in our major commercial markets;
- we may not develop additional proprietary technologies that are patentable; and
- we may choose not to file a patent in order to maintain 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.

## Risks Related to Doing Business in China

***The pharmaceutical industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our drugs.***

A material portion of our research and development operations and manufacturing facilities are in China, which we believe confers clinical, commercial and regulatory advantages. The pharmaceutical industry in China is subject to comprehensive government regulation and supervision, encompassing the approval, registration, manufacturing, packaging, licensing and marketing of new drugs. See "Business—Government Regulation—PRC Regulation" for a discussion of the regulatory requirements that are applicable to our current and planned business activities in China. For example, under PRC law, before we enter into a clinical trial agreement with a PRC partner, the parties are required to obtain an approval for projects of international collaboration in respect of human genetic resources in order to collect any biological samples that contain the genetic material of Chinese human subjects. The relevant PRC partners in some of our collaboration projects have not obtained such approval in a timely manner. The failure to obtain such approval could cause relevant collaboration projects to be suspended by governing authorities, may result in fines and also may constitute a breach under our agreements with certain CROs. Furthermore, under relevant PRC laws, a license for use of laboratory animals is required for performing experimentation on animals. Any failure of fully comply with such requirement may result in the invalidation of our experimental data. In recent years, the regulatory framework in China regarding the pharmaceutical industry has undergone significant changes, and we expect that it will continue to undergo significant changes. Any such changes or amendments may result in increased compliance costs on our business or cause delays in or prevent the successful development or commercialization of our drug candidates in China and reduce the current benefits we believe are available to us from developing and manufacturing drugs in China. PRC authorities have become increasingly vigilant in enforcing laws in the pharmaceutical industry and any failure by us or our partners to maintain compliance with applicable laws and regulations or obtain and maintain required licenses and permits may result in the suspension or termination of our business activities in China. We believe our strategy and approach are aligned with the PRC government's regulatory policies, but we cannot ensure that our strategy and approach will continue to be aligned.

***The Chinese economy differs from the economies of most developed countries in many respects, including a higher level of government involvement, the ongoing development of a market-oriented economy, a higher level of control over foreign exchange, and a less efficient allocation of resources.***

While the PRC economy has experienced significant growth since the late 1970s, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. These measures are intended to benefit the overall PRC economy, but may also have a negative effect on us. For example, our business, financial condition and results of operations could be adversely affected by PRC government control over capital investments or changes in regulations that are applicable to us.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. Although the PRC government has implemented measures since the late 1970s that emphasize the utilization of market forces for economic reform, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

***The PRC legal system contains uncertainties, which could limit the legal protections available to you and to us.***

In 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past four decades has significantly enhanced the protections afforded to various forms of foreign investment in China. Our PRC subsidiary is subject to laws and regulations applicable to foreign-invested enterprises in China. In particular, they are subject to PRC laws, rules and regulations governing foreign companies' ownership and operation of pharmaceutical businesses. Such laws and regulations are subject to change, and their interpretation and enforcement involve uncertainties, which could limit the legal protections available to us and our investors. In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement of such laws, or the preemption of local regulations by PRC laws, rules and regulations.

Moreover, China has a civil law system based on written statutes, which, unlike common law systems, is a system in which decided judicial cases have little precedential value. Furthermore, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes. The relative inexperience of China's judiciary in many cases creates additional uncertainty as to the outcome of litigation. In addition, enforcement of existing laws or contracts based on existing laws may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement within China. All such uncertainties could materially and adversely affect our business, financial condition and results of operations.

***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. It may also be difficult for overseas regulators or you to conduct investigations or collect evidence within China.***

We are an exempted company incorporated under the laws of the Cayman Islands. We conduct a material portion of our operations in China and a material portion of our assets are located in China. In addition, many of our senior executive officers and directors reside within China for a significant portion of the time and some of them are PRC nationals. 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. 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 or any state.

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 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.

It may also be difficult for you or overseas regulators to conduct investigations or collect evidence within China. For example, in China, there are significant legal and other obstacles to obtaining information, documents and materials needed for regulatory investigations or litigation outside China or otherwise with respect to foreign entities. 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 regulatory cooperation with the securities regulatory authorities in the Unities States may not be efficient in

the absence of 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. Accordingly, without the consent of the competent PRC securities regulators and relevant authorities, no entity or individual may provide the documents and materials relating to securities business activities to overseas parties. While detailed interpretation of or implementing rules under Article 177 have yet to be promulgated, the inability for 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 be restricted from transferring our scientific data abroad.***

On March 17, 2018, the General Office of the PRC State Council promulgated the Measures for the Management of Scientific Data, or the Scientific Data Measures, which provide a broad definition of scientific data and relevant rules for the management of scientific data. According to the Scientific Data Measures, 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 PRC 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. Currently, as the term "state secret" is not clearly defined, there is no assurance that we can always obtain relevant approvals for sending scientific data (such as the results of our pre-clinical studies or clinical trials conducted within China) abroad, or to our foreign partners in China.

If we are unable to obtain the necessary approvals in a timely manner, or at all, our research and development of drug candidates may be hindered, which may materially and adversely affect our business, results of operations, financial conditions and prospects. If relevant government authorities consider the transmission of our scientific data to be in violation of the requirements under the Scientific Data Measures, we may be subject to specific administrative penalties imposed by those government authorities.

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

The U.S. government has recently made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies, including imposing several rounds of tariffs affecting certain products manufactured in China. In March 2018, U.S. President Donald J. Trump announced the imposition of tariffs on steel and aluminum entering the United States and in June 2018 announced further tariffs targeting goods imported from China. Recently both China and the United States have each imposed tariffs indicating the potential for further trade barriers. It is unknown whether and to what extent new tariffs (or 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 government policies on international trade, such as capital controls or tariffs, may affect the demand for our drug products, the competitive position of our drug products, the hiring of scientists and other research and development personnel, and import or export of raw materials in relation to drug development, or prevent us from selling our drug products in certain countries. If any new tariffs, legislation and/or regulations are implemented, or if existing trade agreements are renegotiated or, in particular, if the U.S. government takes retaliatory trade actions due to the recent U.S.-China trade tension, such changes could have an adverse effect on our business, financial condition and results of operations.

***Dividends we receive from our subsidiaries located in the PRC may be subject to PRC withholding tax, which could materially and adversely affect the amount of dividends, if any, we may pay our shareholders.***

The PRC Enterprise Income Tax Law classifies enterprises as resident enterprises and non-resident enterprises. The PRC Enterprise Income Tax Law provides that an income tax rate of 20% may be applicable to dividends payable to non-resident investors, which (i) do not have an establishment or place of business in the PRC, or (ii) have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The State Council of the PRC reduced such rate to 10% through the implementation regulations of the PRC Enterprise Income Tax Law. Further, pursuant to the Double Tax Avoidance Arrangement between

Hong Kong and Mainland China, or the Double Tax Avoidance Arrangement, and the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties issued in February 2009 by the State Administration of Taxation of the PRC, or the SAT, if a Hong Kong resident enterprise owns more than 25% of the equity interest in a company in China at all times during the 12-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on dividends is reduced to 5% provided that certain other conditions and requirements under the Double Tax Avoidance Arrangement and other applicable PRC laws are satisfied at the discretion of relevant PRC tax authority.

If our British Virgin Island subsidiary and our Hong Kong subsidiary are considered as non-resident enterprises and our Hong Kong subsidiary is considered as a Hong Kong resident enterprise under the Double Tax Avoidance Arrangement and is determined by the competent PRC tax authority to have satisfied relevant conditions and requirements, then the dividends paid to our Hong Kong subsidiary by its PRC subsidiary may be subject to the reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. In addition, based on the Announcement of the State Administration of Taxation on Issues Relating to Beneficial Owner in Tax Treaties, effective from April 1, 2018, under certain conditions a company cannot be defined as a beneficial owner under the treaty and thus are not entitled to the abovementioned reduced income tax rate of 5% under the Double Tax Avoidance Arrangement. If we are required under the PRC Enterprise Income Tax Law to pay income tax for any dividends we receive from our subsidiaries in China, or if our Hong Kong subsidiary is determined by PRC government authority as receiving benefits from reduced income tax rate due to a structure or arrangement that is primarily tax-driven, it would materially and adversely affect the amount of dividends, if any, we may pay to our shareholders.

***If we are classified as a "resident enterprise" of China under the PRC Enterprise Income Tax Law, we and our non-PRC shareholders could be subject to unfavorable tax consequences, and our business, financial condition and results of operations could be materially and adversely affected.***

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside the PRC with "de facto management body" within the PRC is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. 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 2009, 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" text 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 and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of board members with voting rights or senior executives habitually reside in the PRC.

We believe that we are not a PRC resident enterprise for PRC tax purposes. 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." If the PRC tax authorities determine that we are a

PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders, including our ADS holders, may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or ordinary shares, 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 our 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. Any PRC tax liability may be reduced by an applicable tax treaty. However, 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. Any such tax may reduce the returns on your investment in our ADSs or ordinary shares.

In addition to the uncertainty as to the application of the "resident enterprise" classification, we cannot assure you that the PRC government will not amend or revise the taxation laws, rules and regulations to impose stricter tax requirements or higher tax rates. Any of such changes could materially and adversely affect our financial condition and results of operations.

***Governmental control of currency conversion may affect the value of your investment.***

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 subsidiary 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 the PRC State Administration of Foreign Exchange, or 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.

***Fluctuation in exchange rates could have a negative effect on our results of operations and the value of your investment.***

The value of the RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions in China and by China's foreign exchange policies. Since June 2010, the RMB has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund, or IMF, completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, the RMB is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the euro, the Japanese yen and the British pound. Since the fourth quarter of 2016, the RMB has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. With the development of the foreign exchange market and progress toward interest rate liberalization and RMB internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the RMB will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the RMB and the U.S. dollar in the future.

Significant revaluation of the RMB may have a negative effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from this offering into RMB for our operations, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, if we decide to convert our RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. As of the date of this prospectus, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency or to convert foreign currency into RMB.

***PRC regulations relating to offshore investment activities by PRC residents and enterprises may increase our administrative burden and restrict our overseas and cross-border investment activity. If our PRC resident and enterprise shareholders fail to make any required applications and filings under such regulations, we may be unable to distribute profits to such shareholders and may become subject to liability under PRC law.***

In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, which replaces the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Financing and Round-tripping Investment via Overseas Special Purpose, or SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and PRC corporate entities, to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any change of basic information or material events. If any PRC resident shareholder of such SPV fails to make the required registration or to update the registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiaries in China. In February 2015, SAFE promulgated a Notice on Further Simplifying and Improving Foreign Exchange Administration Policy on Direct Investment, or SAFE Notice 13. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, shall be filed with qualified banks instead of SAFE. Qualified banks should examine the applications and accept registrations under the supervision of SAFE.

We may not be aware of the identities of all of our beneficial owners who are PRC residents. To our knowledge, some of our beneficial owners have not complied with SAFE registration requirements under SAFE Circular 37 and subsequent implementation rules on time or at all, sometimes due to reasons beyond their control. However, we do not have control over our beneficial owners and cannot compel them to comply with SAFE Circular 37 and subsequent implementation rules. Therefore, we cannot assure you that any required registration under SAFE Circular 37 and any amendment will be completed in a timely manner, or at all. The failure of our beneficial owners who are PRC residents to register or amend their foreign exchange registrations pursuant to SAFE Circular 37 and subsequent implementation rules, or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 37 and subsequent implementation rules, may subject such beneficial owners or our PRC subsidiary to fines and

legal sanctions. Failure to register or comply with relevant requirements may also limit our ability to contribute additional capital to our PRC subsidiary and limit our PRC subsidiary's ability to distribute dividends to us. These risks may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, as these foreign exchange and outbound investment related regulations and their interpretation and implementation have been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border investments and transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency-denominated borrowings, which may adversely affect our financial condition and results of operations. We cannot assure you that we have complied or will be able to comply with all applicable foreign exchange and outbound investment related regulations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

***PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from making loans or additional capital contributions to our PRC operating subsidiary.***

As an offshore holding company of our PRC operating subsidiary, we may make loans or additional capital contributions to our PRC subsidiary, subject to satisfaction of applicable governmental registration and approval requirements.

Any loans we extend to our PRC subsidiary, which is treated as a foreign-invested enterprise under PRC law, cannot exceed the statutory limit and must be registered with the local counterpart of the SAFE.

We may also decide to finance our PRC subsidiary by means of capital contributions. According to the relevant PRC regulations on foreign-invested enterprises in China, these capital contributions are subject to registration with State Administration for Market Regulation or its local counterparts. In addition, the PRC government also restricts the convertibility of foreign currencies into RMB and use of the proceeds. On March 30, 2015, SAFE promulgated the Notice on Reforming the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises, or SAFE Circular 19, which took effect and replaced certain previous SAFE regulations from June 1, 2015. SAFE further promulgated the Circular on Reforming and Regulating Policies on the Management of Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, effective on June 9, 2016, which, among other things, amends certain provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the RMB capital converted from foreign currency denominated registered capital of a foreign-invested company is regulated such that RMB capital may not be used for business beyond its business scope or to provide loans to persons other than affiliates unless otherwise permitted under its business scope. Violations of the applicable circulars and rules may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. These circulars may limit our ability and speed to transfer the net proceeds from this offering and the concurrent private placement to our PRC subsidiary. On October 23, 2019, SAFE promulgated the Circular to Further Facilitating Cross-border Trade and Investment, or SAFE Circular 28, which took effect on the same day. SAFE Circular 28 cancels restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. If a non-investing foreign-funded enterprise makes domestic equity investment with capital funds obtained from foreign exchange settlement, the investee shall undergo registration formalities for accepting domestic reinvestment and open the "capital account - account for settled foreign exchange to be paid" to receive the corresponding funds according to relevant provisions. Despite the restrictions and procedural requirements under these SAFE circulars, our PRC subsidiary may use RMB funds converted from foreign currency registered capital to carry out any activities within their normal course of business and business scope, including to fund operational needs, and to make equity investments in domestic companies.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we have completed or will be able to complete the necessary government registrations, meet the relevant government requirements or obtain the necessary government approvals on a timely basis, or at all, with respect to existing or future loans to our PRC subsidiary or future capital contributions by us to our PRC subsidiary. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we expect to receive from this offering and the concurrent private placement to fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

***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. In February 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, or the Stock Option Rules, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plan or Stock Option Plans of Overseas Publicly Listed Companies issued by SAFE in March 2007. Pursuant to the Stock Option Rules, 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 the Stock Option 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.

***We may be required to obtain prior approval from the China Securities Regulatory Commission for the listing and trading of the ADSs on Nasdaq.***

On August 8, 2006, six PRC regulatory agencies, including the China Securities Regulatory Commission, or the CSRC, promulgated the Provisions on the Merger or Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, which became effective on September 8, 2006 and was amended on June 22, 2009. This regulation, among other things, requires offshore SPVs formed for the purpose of an overseas listing and controlled by PRC companies or individuals, to obtain the CSRC approval prior to listing their securities on an overseas stock exchange. The application of this regulation remains unclear. Our PRC legal counsel has advised us that, based on their understanding of the current PRC laws, the CSRC approval is not required under the M&A Rules in the context of this offering because the ownership structure of our PRC subsidiary was established by direct investment instead of through acquisition of equity interests or assets of any PRC domestic company by foreign entities as defined under the M&A Rules.

However, we have been advised by our PRC legal counsel that there are uncertainties regarding the interpretation and application of the PRC laws and regulations, and there can be no assurance that the PRC government will ultimately take a view that is not contrary to the above opinion of our PRC legal counsel. If it is determined that the CSRC approval is required for this offering, we may face sanctions by the CSRC or other

PRC regulatory agencies for failure to seek the CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC although, to our knowledge, no definitive rules or interpretations have been issued to determine or quantify such fines or penalties, delays or restrictions on the repatriation of the proceeds from this offering and the concurrent private placement into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our PRC subsidiary, or other actions that may have a material adverse effect on our business and the trading price of the ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable to us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

***The M&A Rules and certain other PRC regulations establish complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.***

The M&A Rules and relevant 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. The M&A Rules require that the Ministry of Commerce, or the MOFCOM, 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 have or may have an impact on the 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. The approval from MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies.

The Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress, or NPC, which became effective in August 2008, requires that when a concentration of undertakings occurs and reaches statutory thresholds, the undertakings concerned shall file a prior notification with MOFCOM. Without the clearance from MOFCOM, no concentration of undertakings shall be implemented and effected. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the MOFCOM when the threshold under the Provisions on Thresholds for Prior Notification of Concentrations of Undertakings, or the Prior Notification Rules, issued by the State Council in August 2008 is triggered. If such prior notification is not obtained, MOFCOM may order the concentration to cease its operations, dispose of shares or assets, transfer the business of the concentration within a time limit, take any other necessary measures to restore the situation as it was before the concentration, and may impose administrative fines.

In addition, the Implementing Rules Concerning Security Review on the Mergers and Acquisitions by Foreign Investors of Domestic Enterprises, issued by the MOFCOM in August 2011, specify that mergers and acquisitions by foreign investors involved in "an industry related to national security" are subject to strict review by the MOFCOM, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement. In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the abovementioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions.

We cannot preclude the possibility that the MOFCOM or other government agencies may publish explanations contrary to our understanding or broaden the scope of such security reviews in the future, in which case our future acquisitions in the PRC, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited. Our ability to expand our business or maintain or expand our market share through future acquisitions would as such be materially and adversely affected.

***We and our shareholders face uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises, assets attributed to a PRC establishment of a non-PRC company or immovable properties located in China owned by non-PRC companies.***

In February 2015, SAT issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or SAT Public Notice 7. SAT Public Notice 7 extends its tax jurisdiction to transactions involving transfer of other taxable assets through offshore transfer of a foreign intermediate holding company. In addition, SAT Public Notice 7 provides clear criteria for assessment of reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. SAT Public Notice 7 also brings challenges to both foreign transferor and transferee (or other person who is obligated to pay for the transfer) of taxable assets. In October 2017, SAT issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Bulletin 37, which came into effect on December 1, 2017. The Bulletin 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax. Where a non-resident enterprise transfers taxable assets indirectly by disposing of the equity interests of an overseas holding company, which is an indirect transfer, the non-resident enterprise as either transferor or transferee, or the PRC entity that directly owns the taxable assets, may report such Indirect Transfer to the relevant tax authority. 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 other than transfer of shares of ADSs acquired and sold on public markets 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. Both the transferor and the transferee may be subject to penalties under PRC tax laws if the transferee fails to withhold the taxes and the transferor fails to pay the taxes.

We face uncertainties as to the reporting and other implications of certain past and future transactions that involve PRC taxable assets, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. Our company may be subject to filing obligations or taxed if our company is the transferor in such transactions, and may be subject to withholding obligations if our company is the transferee in such transactions, under SAT Public Notice 7 or Bulletin 37, or both.

***The audit report included in this prospectus is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, our investors are deprived of the benefits of such inspection.***

Our independent registered public accounting firm that issues the audit report included in our prospectus filed with the SEC, as auditors of companies that are traded publicly in the United States and a firm registered with the PCAOB is required by the laws of the United States to undergo regular inspections by the PCAOB to assess its compliance with the laws of the United States and professional standards. Because our auditors are located in the PRC, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditors are not currently inspected by the PCAOB. On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. The joint statement reflects a heightened interest in this issue that U.S. regulators have focused on in recent years. On April 21, 2020, SEC Chairman Jay Clayton and PCAOB Chairman William D. Duhnke III, along with other senior SEC staff, released a joint statement highlighting the risks associated with investing in companies that are based in or have substantial operations in emerging markets, including China, reiterating past SEC and PCAOB statements on matters including the difficulty associated with inspecting accounting firms and audit work papers in China, higher risks of fraud in emerging markets and the difficulty of bringing and enforcing SEC, DOJ and other U.S. regulatory actions, including in instances of fraud, in emerging markets generally. However, it remains unclear whether the SEC and PCAOB will take any further actions to address the issue.

Inspections of other firms that the PCAOB has conducted outside of China have identified deficiencies in those firms' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditor's audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.

The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our auditor's audit procedures or quality control procedures as compared to auditors outside China that are subject to PCAOB inspections. Investors may lose confidence in our reported financial information and procedures and the quality of our financial statements.

As part of a continued regulatory focus in the United States on access to audit and other information currently protected by national law, in particular China's, in June 2019, a bipartisan group of lawmakers introduced bills in both houses of the U.S. Congress, which, if passed, would require the SEC to maintain a list of issuers for which the PCAOB is not able to inspect or investigate an auditor report issued by a foreign public accounting firm. On May 20, 2020, the U.S. Senate approved the Holding Foreign Companies Accountable Act, or the HFCA Act, which includes requirements for the SEC to identify issuers whose audit reports are prepared by auditors that the PCAOB is unable to inspect or investigate because of restrictions imposed by non-U.S. authorities. The HFCA Act would also require public companies on this SEC list to certify that they are not owned or controlled by a foreign government and make certain additional disclosures in their SEC filings. In addition, for issuers on the SEC list for three consecutive years, the SEC would be required to prohibit the securities of these companies from being traded on a U.S. national securities exchange, such as The Nasdaq Global Market, or in U.S. over-the-counter markets. Both pieces of proposed legislation would require issuers on the SEC list to make certain disclosures on foreign ownership and control of the issuer. Enactment of one or more of these bills or other efforts to increase U.S. regulatory access to audit information could cause investor uncertainty for affected issuers, including us, and the market price of the ADSs could be adversely affected. In addition, enactment of these legislations may result in prohibitions on the trading of the ADSs on The Nasdaq Global Market or other U.S. exchange if our auditors fail to be inspected by the PCAOB for three consecutive years. It is unclear if these proposed legislations would be enacted. Furthermore, there has been recent media reports on deliberations within the U.S. government regarding potentially limiting or restricting China-based companies from accessing U.S. capital markets. If any such deliberations were to materialize, the resulting legislation may have material and adverse impact on our stock performance.

***If additional remedial measures are imposed on the "big four" PRC-based accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging such firms' failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could fail to timely file future financial statements in compliance with the requirements of the Securities Exchange Act of 1934, as amended.***

Starting in 2011 the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, were affected by a conflict between U.S. and Chinese law. Specifically, for certain U.S.-listed companies operating and audited in mainland China, the SEC and the PCAOB sought to obtain from the Chinese firms access to their audit work papers and related documents. The firms were, however, advised and directed that under China law they could not respond directly to the U.S. regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act against the Chinese accounting firms, (including our independent registered public accounting firm). A first instance trial of the proceedings in July 2013 in the SEC's internal administrative court resulted in an adverse judgment against the firms. The administrative law judge proposed penalties on the firms including a temporary suspension of their right to practice before the SEC,

although that proposed penalty was subject to the pending review of the SEC Commissioner. On February 6, 2015, prior to the SEC Commissioner's scheduled review, the firms reached a settlement with the SEC. Under the settlement, the SEC agreed that its future requests for the production of documents would normally be made to the CSRC. The firms would receive matching requests under Section 106 of the Sarbanes-Oxley Act, and are required to abide by a detailed set of procedures with respect to such requests, which in substance required them to facilitate production via the CSRC. If they fail to meet the specified criteria, the SEC retains the authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm's performance of certain audit work, commencement of a new proceeding against the firm, or in extreme cases, the resumption of the current proceeding against all four "big four" accounting firms.

***Our business may be significantly affected by the newly enacted Foreign Investment Law and the "negative list."***

On March 15, 2019, the NPC promulgated the Foreign Investment Law, which took effect on January 1, 2020 and replaced three existing laws regulating foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperative Joint Venture Law and the Wholly Foreign-owned Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law grants foreign invested entities the same treatment as PRC domestic entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the "negative list" published by the State Council. We are a Cayman Islands company and our PRC subsidiary, Nanjing Legend Biotech Co., Ltd., or Legend Nanjing, is currently considered to be a foreign invested entity.

The latest version of the "negative list," namely, the Special Management Measures (Negative List) for the Access of Foreign Investment (2019), which became effective on July 30, 2019, provides that foreign investment is prohibited in the development and application of human stem cell or gene diagnostic and therapeutic technologies. As of the date of this prospectus, there has been no official interpretation of the scope of "human stem cell or gene diagnostic and therapeutic technologies" and the application of this regulation remains unclear. Legend Nanjing is engaged in the research and development of CAR-T cell therapies. We believe the CAR-T cell therapies, as they are currently being researched and developed by Legend Nanjing, do not involve the use of human stem cells or genetic diagnosis and treatment, and as such should not fall into the category of "human stem cell or gene diagnostic and therapeutic technologies." Moreover, relevant governmental authorities also confirmed the research and development of CAR-T cell therapies currently engaged in by Legend Nanjing complies with the requirements of foreign investment industrial policies. We have been advised by our PRC legal counsel, JunHe LLP, that Legend Nanjing has complied with PRC laws and regulations in all material respects for, and obtained all material governmental approvals and permits from PRC regulatory agencies for, the research and development of CAR-T cell therapies. However, we have been advised by our PRC legal counsel that there are uncertainties regarding the interpretation and application of the PRC laws and regulations, and there can be no assurance that the PRC government will ultimately take a view that is not contrary to our view and the opinion of our PRC legal counsel above. If our CAR-T cell therapies or other technologies that are being researched and developed by Legend Nanjing are deemed by relevant PRC regulatory agencies as falling into the category of "human stem cell or gene diagnostic and therapeutic technologies," Legend Nanjing would be prohibited from engaging in the research or development of such technologies. In that event, we may have to stop investing in Legend Nanjing or consider restructuring Legend Nanjing as a PRC domestic entity and our variable interest entity. Legend Nanjing may also have to forfeit its income derived from the research and development of such technologies. Any of these occurrences may harm our business, prospects, financial condition and results of operations significantly.

***Our leased property interest may be defective and our right to lease the properties may be challenged, which could cause significant disruption to our business.***

In China, we lease certain premises used in our operations from third parties. Certain lessors have not provided us with valid ownership certificates or authorization of sublease for our leased properties. Under the

relevant PRC laws and regulations, if the lessors are unable to obtain certificates of title because such properties were built illegally or failed to pass the inspection or other reasons, such lease contracts may be recognized as void and, as a result, we may be required to vacate the relevant properties. In addition, if our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or the parties who have the right to lease the properties, and the terms of the new leases may be less favorable to us, or we may be required to vacate the relevant properties if the terms of the new leases are not reached.

Under PRC laws, all lease agreements are required to be registered with the local housing authorities. We have not registered certain of our lease agreements with the relevant government authorities. Failure to complete these required registrations may expose our landlords, lessors and us to potential monetary fines.

***Increases in labor costs and enforcement of stricter labor laws and regulations in the PRC may adversely affect our business and our profitability.***

China's overall economy and the average wage level in China have increased in recent years and are expected to continue to grow. The average wage level for our employees has also increased in recent years. We expect that our labor costs, including wages and employee benefits, will continue to increase.

In addition, we have been subject to stricter regulatory requirements in terms of entering into labor contracts with our employees and paying various statutory employee benefits, including pensions, housing funds, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance to designated government agencies for the benefit of our employees. We cannot assure you that we have complied or will be able to comply with all labor-related laws and regulations including those relating to obligations to make social insurance payments and contribute to the housing provident funds. We have not fully paid the housing provident funds for all of our employees as required by applicable PRC regulations. We may be required to make up the contributions for our employees, resulting in financial conditions and results of operations to be adversely affected. Furthermore, certain overseas employee of our PRC subsidiary has not obtained required work permit, which may subject our PRC subsidiary to fines and penalty.

## Risks Related to this Offering, Our Securities and Our Status as a Public Company

***An active trading market for our ADSs may not develop and you may not be able to resell your ADSs at or above the initial offering price, if at all.***

This offering constitutes the initial public offering of our ADSs, and no public market has previously existed for our ADSs. We have applied to list our ADSs on Nasdaq. Any delay in receiving approval for the listing from the Nasdaq and in the commencement of trading of our ADSs on the Nasdaq would impair the liquidity of the market for the ADSs and make it more difficult for holders to sell the ADSs. There can be no assurance that an active trading market for the ADSs will develop or be sustained after this offering is completed. The lack of an active trading market may also reduce the fair market value of the ADSs. The initial offering price was determined by negotiations among the lead underwriters and us. Among the factors considered in determining the initial public offering price were our future prospects and the prospects of our industry in general, our revenue, net income and certain other financial and operating information in recent periods, and the market prices of securities and certain financial and operating information of companies engaged in activities similar to ours. However, there can be no assurance that, following the completion of this offering, the ADSs will trade at a price equal to or greater than the initial public offering price.

***The trading price of our ADSs may be volatile, and you could lose all or part of your investment.***

The trading price of our ADSs following this offering is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control, including limited trading

volume. The stock market in general and the market for biopharmaceutical companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their ADSs at or above the price paid for the ADSs. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this prospectus, these factors include:

- 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 or developments in laws or regulations applicable to our product candidates and preclinical program;
- changes in the structure of healthcare payment systems;
- changes to our relationships with collaborators, manufacturers or suppliers;
- concerns regarding the safety of our product candidates or CAR-T cells in general;
- announcements concerning our competitors or the pharmaceutical industry in general;
- actual or anticipated fluctuations in our operating results;
- changes in financial estimates or recommendations by securities analysts;
- potential acquisitions, financing, collaborations or other corporate transactions;
- the results of our efforts to discover, develop, acquire or in-license additional product candidates;
- the trading volume of our ADSs on Nasdaq;
- sales of our 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;
- stock market price and volume fluctuations of comparable companies and, in particular, those that operate in the biopharmaceutical industry;
- investors' general perception of us and our business; and
- other events and factors, many of which are beyond our control.

These and other market and industry factors may cause the market price and demand for our ADSs to fluctuate substantially, regardless of our actual operating performance, which may limit or prevent investors from selling their ADSs at or above the price paid for the ADSs and may otherwise negatively affect the liquidity of our ADSs. In addition, the stock market in general, and biopharmaceutical companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies.

Some companies that have experienced volatility in the trading price of their shares have been the subject of securities class action litigation. Any lawsuit to which we are a party, with or without merit, may result in an unfavorable judgment. We also may decide to settle lawsuits on unfavorable terms.

Any such negative outcome could result in payments of substantial damages or fines, damage to our reputation or adverse changes to our business practices. Defending against litigation is costly and time-consuming, and could divert our management's attention and our resources. Furthermore, during the course of litigation, there could be negative public announcements of the results of hearings, motions or other interim proceedings or developments, which could have a negative effect on the market price of our ADSs.

***We will be a "controlled company" within the meaning of the applicable Nasdaq listing rules and, as a result, will qualify for exemptions from certain corporate governance requirements. If we rely on these exemptions, you will not have the same protections afforded to shareholders of companies that are subject to such requirements.***

Upon the closing of this offering and the concurrent private placement, GenScript will continue to control a majority of the voting power of our outstanding common shares. As a result, we will be a "controlled company" within the meaning of applicable Nasdaq listing rules. Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a "controlled company." For so long as we remain a "controlled company," we may elect not to comply with certain corporate governance requirements, including the requirements:

- that a majority of the board of directors consists of independent directors;
- for an annual performance evaluation of the nominating and corporate governance and compensation committees;
- that we have a nominating and corporate governance committee that is composed entirely of independent directors with a written charter;
- addressing the committee's purpose and responsibilities; and
- that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibility.

We intend to use these exemptions upon the closing of this offering and we may continue to use all or some of these exemptions in the future. As a result, you may not have the same protections afforded to shareholders of companies that are subject to all of the Nasdaq corporate governance requirements.

***GenScript will continue to own a significant percentage of our ordinary shares and will be able to exert significant control over matters subject to shareholder approval.***

GenScript is currently our majority shareholder, and after this offering is completed, we will continue to be controlled by GenScript. Upon the closing of this offering and the concurrent private placement, GenScript will beneficially own approximately 66% of the voting power of our outstanding share capital, or approximately 65% if the underwriters exercise their option to purchase 2,763,750 additional ADSs in full. Therefore, even after this offering, GenScript will have the ability to substantially influence us and exert significant control through this ownership position. For example, GenScript and its shareholders may be able to control elections of directors, issuance of equity, including to our employees under equity incentive plans, amendments of our organizational documents, or approval of any merger, amalgamation, sale of assets or other major corporate transaction. GenScript's interests may not always coincide with our corporate interests or the interests of other shareholders, and it may exercise its voting and other rights in a manner with which you may not agree or that may not be in the best interests of our other shareholders. Further, there may be changes to the management or ownership of GenScript that could impact GenScript's interests in a way that may not coincide with our corporate interests or the interests of other shareholders. So long as GenScript continues to own a significant amount of our equity, it will continue to be able to strongly influence and effectively control our decisions.

***Our organizational and ownership structure may create significant conflicts of interests.***

Our organizational and ownership structure involves a number of relationships that may give rise to certain conflicts of interest between us and minority holders of our ADSs, on the one hand, and GenScript and its

shareholders, on the other hand. Certain of our directors and employees have equity interests in GenScript and, accordingly, their interests may be aligned with GenScript's interests, which may not always coincide with our corporate interests or the interests of our other shareholders. Further, our other shareholders may not have visibility into the GenScript ownership of any of our directors or officers, which may change at any time through acquisition, disposition, dilution, or otherwise. Any change in our directors' or officers' GenScript ownership could impact the interests of those holders.

In addition, we are party to certain related party agreements with GenScript. GenScript and its shareholders, including certain of our directors and employees, may have interests which differ from our interests or those of the minority holders of our common shares. Any material transaction between us and GenScript or any other subsidiary of GenScript will be subject to a related party transaction policy we intend to adopt, which will require prior approval of such transaction by our audit committee. To the extent we fail to appropriately deal with any such conflicts of interests, it could negatively impact our reputation and ability to raise additional funds and the willingness of counterparties to do business with us, all of which could have an adverse effect on our business, financial condition, results of operations, and cash flows.

***If you purchase ADSs in this offering, you will suffer immediate dilution of your investment.***

The initial public offering price of our ADSs is substantially higher than the pro forma as adjusted net tangible book value per ADS. Therefore, if you purchase ADSs in this offering, you will pay a price per ADS that substantially exceeds our pro forma as adjusted net tangible book value per ADS after this offering. Based on the initial public offering price of $19.00 per ADS, you will experience immediate dilution of $16.46 per ADS, representing the difference between our pro forma as adjusted net tangible book value per ADS after this offering and the concurrent private placement and the initial public offering price per ADS. After this offering, we will also have outstanding options to purchase ordinary shares with exercise prices lower than the initial public offering price. To the extent these outstanding options are exercised, there will be further dilution to investors in this offering. For further information regarding the dilution resulting from this offering, see the section titled "Dilution" in this prospectus.

***A significant portion of our total outstanding shares are restricted from immediate resale, but may be sold into the market in the near future. This could cause the market price of our ADSs to drop significantly, even if our business is doing well.***

Sales of a substantial number of our ordinary shares or ADSs in the public market could occur at any time. If our shareholders sell, or the market perceives that our shareholders intend to sell, substantial amounts of our ordinary shares or ADSs in the public market following this offering, the market price of our ADSs could decline significantly.

Upon completion of this offering and the concurrent private placement, we will have outstanding 258,704,787 ordinary shares, including ordinary shares represented by ADSs, based on the number of shares outstanding as of March 31, 2020. Of these shares, the ADSs sold in this offering will be freely tradable immediately. Up to 1,400,300 ordinary shares underlying ADSs that GenScript intends to distribute to its shareholders to effect the assured entitlement distribution pursuant to the rules of the Hong Kong Stock Exchange may become freely tradable after the distribution compliance period pursuant to Regulation S under the Securities Act or pursuant to Rule 144 promulgated under the Securities Act. The remaining ordinary shares, including the ordinary shares GenScript intends to purchase in the concurrent private placement, will be available for sale in the public market beginning 180 days after the date of this prospectus following the expiration of lock-up agreements entered into by our shareholders in connection with the offering. The representatives of the underwriters may agree to release these shareholders from their lock-up agreements at any time and without notice, which would allow for earlier sales of shares in the public market. Sales of a substantial number of such shares upon expiration of the lock-up agreements, the perception that such sales may occur, or early release of restrictions in the lock-up agreements, could cause the market price of our ADSs to fall or make it more difficult for you to sell your ADSs at a time and price that you deem appropriate.

In addition, promptly following the completion of this offering, we intend to file one or more registration statements registering the issuance of approximately 31,000,000 ordinary shares (which may be in the form of ADSs) subject to options or other equity awards issued or reserved for future issuance under our equity incentive plans. Shares registered under these registration statements will be available for sale in the public market subject to vesting arrangements and exercise of options, the lock-up agreements described above and, in the case of our affiliates, the restrictions of Rule 144 under the Securities Act.

Additionally, after this offering, the holders of an aggregate of 20,591,629 of our ordinary shares, or their transferees, will have rights, subject to some conditions, to require us to file one or more registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other shareholders. If we were to register the resale of these shares, they could be freely sold in the public market. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our ADSs could decline.

***If we fail to implement and maintain effective internal controls over financial reporting, our ability to produce accurate financial statements on a timely basis could be impaired.***

Upon becoming a public company, we will be subject to reporting obligations under U.S. securities laws, including the Sarbanes-Oxley Act. Section 404(a) of the Sarbanes-Oxley Act, or Section 404(a), will require that, beginning with our second annual report following our initial public offering, management assess and report annually on the effectiveness of our internal controls over financial reporting and identify any material weaknesses in our internal controls over financial reporting. We expect our first Section 404(a) assessment will take place for our annual report for the fiscal year ending December 31, 2021. Although Section 404(b) of the Sarbanes-Oxley Act, or Section 404(b), requires our independent registered public accounting firm to issue an annual report that addresses the effectiveness of our internal controls over financial reporting, we have opted to rely on the exemptions provided in the JOBS Act, and consequently will not be required to comply with SEC rules that implement Section 404(b) until such time as we are no longer an emerging growth company.

The presence of material weaknesses could result in financial statement errors which, in turn, could lead to errors in our financial reports or delays in our financial reporting, which could require us to restate our operating results or result in our auditors issuing a qualified audit report. In order to establish and maintain effective disclosure controls and procedures and internal controls over financial reporting, we will need to expend significant resources and provide significant management oversight. Developing, implementing and testing changes to our internal controls may require specific compliance training of our directors and employees, entail substantial costs in order to modify our existing accounting systems, take a significant period of time to complete and divert management’s attention from other business concerns. These changes may not, however, be effective in establishing and maintaining adequate internal controls.

If either we are unable to conclude that we have effective internal controls over financial reporting or, at the appropriate time, our independent auditors are unwilling or unable to provide us with an unqualified report on the effectiveness of our internal controls over financial reporting as required by Section 404(b), investors may lose confidence in our operating results, the price of our ADSs could decline and we may be subject to litigation or regulatory enforcement actions. In addition, if we are unable to meet the requirements of Section 404, we may not be able to remain listed on the Nasdaq.

***We will have broad discretion in the use of proceeds from this offering and may invest or spend the proceeds in ways with which you do not agree and in ways that may not increase the value of your investment.***

Our management will have broad discretion in the application of our cash and cash equivalents, including the net proceeds from this offering and the concurrent private placement, and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our ADSs. The failure by our management to apply these funds effectively could result in financial losses that could have a negative

impact on our business, cause the price of our ADSs to decline and delay the development of our product candidates and preclinical program. Pending their use, we may invest our cash and cash equivalents, including the net proceeds from this offering and the concurrent private placement, in a manner that does not produce income or that loses value. See the section titled "Use of Proceeds" for additional information.

***Raising additional capital may cause dilution to our holders, including purchasers of our ADSs in this offering, restrict our operations or require us to relinquish rights to our technologies or product candidates.***

We expect that significant additional capital may be needed in the future to continue our planned operations, including conducting clinical trials, commercialization efforts, expanded research and development activities and costs associated with operating a public company. Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through any or a combination of securities offerings, debt financings, license and collaboration agreements and research grants. If we raise capital through securities offerings, such sales may also result in material dilution to our existing shareholders, and new investors could gain rights, preferences and privileges senior to the holders of our ADSs or ordinary shares, including ADSs sold in this offering.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect your rights as a shareholder. Debt financing and preferred equity financing, if available, could result in fixed payment obligations, and we may be required to accept terms that restrict our ability to incur additional indebtedness, force us to maintain specified liquidity or other ratios or restrict our ability to pay dividends or make acquisitions.

If we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. In addition, we could also be required to seek funds through arrangements with collaborators or others at an earlier stage than otherwise would be desirable. If we raise funds through research grants, we may be subject to certain requirements, which may limit our ability to use the funds or require us to share information from our research and development. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to a third party to develop and market product candidates that we would otherwise prefer to develop and market ourselves. Raising additional capital through any of these or other means could adversely affect our business and the holdings or rights of our shareholders, and may cause the market price of our ADSs to decline.

***Holders of our ADSs have fewer rights than our shareholders and must act through the depositary to exercise their rights.***

Holders of our ADSs do not have the same rights as our shareholders and may only exercise their voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement. Holders of the ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the ordinary shares represented by the ADSs. When a general meeting is convened, if you hold ADSs, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw the ordinary shares underlying your ADSs to allow you to vote with respect to any specific matter. We will make all commercially reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive voting materials in time to instruct the depositary to vote, and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. Furthermore, the depositary will not be liable for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you request. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders' meeting.

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

The deposit agreement governing the ADSs representing our shares provides that holders and beneficial owners of ADSs irrevocably waive the right to a trial by jury in any legal proceeding arising out of or relating to the deposit agreement, our shares or the ADSs or the transactions contemplated thereby, including claims under federal securities laws, against us or the depositary to the fullest extent permitted by applicable law. If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the deposit agreement with a jury trial. To our knowledge, the enforceability of a jury trial waiver under the federal securities laws has not been finally adjudicated by a federal court. However, we believe that a jury trial waiver provision is generally enforceable under the laws of the State of New York, which govern the deposit agreement, by a court of the State of New York or a federal court in New York, which have non-exclusive jurisdiction over matters arising under the deposit agreement, applying such law. In determining whether to enforce a jury trial waiver provision, New York courts and federal courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. We believe that this is the case with respect to the deposit agreement, our shares and the ADSs and the transactions contemplated thereby. In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim sounding in fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim (as opposed to a contract dispute), none of which we believe are applicable in the case of the deposit agreement, our shares or the ADSs or the transactions contemplated thereby. 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 depositary of compliance with any provision of the federal securities laws. If you or any other holder or beneficial owner of ADSs brings a claim against us or the depositary in connection with matters arising under the deposit agreement, our shares or the ADSs or the transactions contemplated thereby, 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 and / or the depositary. If a lawsuit is brought against us and/or the depositary 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 augur different results than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims, and the venue of the hearing.

***You may not receive distributions on our 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.***

Although we do not have any present plans to declare or pay any dividends on our ordinary shares after this offering, in the event we declare and pay any dividends, the depositary for the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of our ordinary shares your ADSs represent. However, in accordance with the limitations set forth in the deposit agreement, it may be unlawful or impractical to make a distribution available to holders of ADSs. We have no obligation to register under U.S. securities laws any offering of ADSs, ordinary shares or other securities received through such distributions. We also have no obligation to take any other action to permit distribution on the ADSs, ordinary shares, rights or anything else to holders of the ADSs. This means that you may not receive the distributions we make on our ordinary shares or any value from them if it is unlawful or impractical to make them available to you. These restrictions may have an adverse effect on the value of your ADSs.

***Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.***

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the

securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Also, under the deposit agreement, the depositary bank will not make rights available to you unless either both the rights and any related securities are registered under the Securities Act, or the distribution of them to ADS holders is exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. If the depositary does not distribute the rights, it may, under the deposit agreement, either sell them, if possible, or allow them to lapse. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

***Because we do not anticipate paying any cash dividends on our ADSs in the foreseeable future, capital appreciation, if any, will be your sole source of gains and you may never receive a return on your investment.***

We have never declared or paid a dividend on our ordinary shares in the past, and we currently intend to retain our future earnings, if any, to fund the development and growth of our business. Therefore, you should not rely on an investment in our ADSs to provide 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 out of the credit standing in our company's share premium account, and provided always that in no circumstances may a dividend be paid 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, subject to our memorandum and articles of association, 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, among other things, 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. As a result, capital appreciation, if any, on our ADSs will be your sole source of gains for the foreseeable future. Investors seeking cash dividends should not purchase our ADSs in this offering.

***If we are or become classified as a passive foreign investment company, our U.S. shareholders may suffer adverse tax consequences as a result.***

Generally, for any taxable year, if at least 75% of our gross income is passive income, or at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. For purposes of these tests, passive income includes dividends, interest gains from commodities and securities transactions, the excess of gains over losses from the disposition of assets which produce passive income (including amounts derived by reason of the temporary investment of funds raised in offerings of our shares) and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. If we are characterized as a PFIC, our U.S. shareholders may suffer adverse tax consequences, including having gains realized on the sale of our ordinary shares treated as ordinary income, rather than capital gain, the loss of the preferential rate applicable to dividends received on our ordinary shares by individuals who are U.S. holders, and having interest charges apply to distributions by us and gains from the sales of our shares.

Our status as a PFIC will depend on the nature and composition of our income and the nature, composition and value of our assets (which may be determined based on the fair market value of each asset, with the value of goodwill and going concern value determined in large part by reference to the market value of our common shares, which may be volatile). Our status may also depend, in part, on how quickly we utilize the cash proceeds from this offering and the concurrent private placement in our business. Based on our operating history and the projected composition of our income and valuation of our assets, including goodwill, we do not expect to be a PFIC for our taxable year ending December 31, 2020. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the IRS will agree with our conclusion and that the IRS would

not successfully challenge our position. Because the determination of whether we are a PFIC for any taxable year is a factual determination made annually after the end of each taxable year, there can be no assurance that we will or will not be considered a PFIC in any taxable year. Accordingly, our U.S. counsel expresses no opinion with respect to our PFIC status for our taxable year ending December 31, 2020, and also expresses no opinion with regard to our expectations regarding our PFIC status in the future.

The tax consequences that would apply if we have classified as a PFIC would also be different from those described above if a U.S. shareholder were able to make a valid qualified electing fund, or QEF, election. At this time, we do not expect to provide U.S. shareholders with the information necessary for a U.S. shareholder to make a QEF election. Prospective investors should assume that a QEF election will not be available.

***If a United States person is treated as owning at least 10% of our ordinary shares, including ordinary shares represented by ADSs, such holder may be subject to adverse U.S. federal income tax consequences.***

If a U.S. Holder (as defined below under "Material Income Tax Considerations—Material U.S. Federal Income Tax Considerations for U.S. Holders") is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our ordinary shares, including ordinary shares represented by ADSs, such U.S. Holder may be treated as a "United States shareholder" with respect to each "controlled foreign corporation" in our group (if any). Because our group includes at least one U.S. subsidiary, certain of our non-U.S. subsidiaries may be treated as controlled foreign corporations (regardless of whether Legend Biotech Corporation is treated as a controlled foreign corporation). A United States shareholder of a controlled foreign corporation may be required to annually report and include in its U.S. taxable income its pro rata share of "Subpart F income," "global intangible low-taxed income" and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. We cannot provide any assurances that we will assist investors in determining whether any of our non-U.S. subsidiaries, if any, are treated as a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to any of such controlled foreign corporations. Further, we cannot provide any assurances that we will furnish to any U.S. shareholder information that may be necessary to comply with the reporting and tax paying obligations discussed above. Failure to comply with these reporting obligations may subject you to significant monetary penalties and may prevent the statute of limitations with respect to your U.S. federal income tax return for the year for which reporting was due from starting. U.S. Holders should consult their tax advisors regarding the potential application of these rules to their investment in our ADSs.

***Future changes to tax laws could materially adversely affect our company and reduce net returns to our shareholders.***

The tax treatment of the company is subject to changes in tax laws, regulations and treaties, or the interpretation thereof, tax policy initiatives and reforms under consideration and the practices of tax authorities in jurisdictions in which we operate, as well as tax policy initiatives and reforms related to the Organisation for Economic Co-operation and Development's, Base Erosion and Profit Shifting, Project, the European Commission's state aid investigations and other initiatives. Such changes may include (but are not limited to) the taxation of operating income, investment income, dividends received or (in the specific context of withholding tax) dividends paid. We are unable to predict what tax reform may be proposed or enacted in the future or what effect such changes would have on our business, but such changes, to the extent they are brought into tax legislation, regulations, policies or practices, could affect our financial position and overall or effective tax rates in the future in countries where we have operations, reduce post-tax returns to our shareholders, and increase the complexity, burden and cost of tax compliance.

***Tax authorities may disagree with our positions and conclusions regarding certain tax positions, resulting in unanticipated costs, taxes or non-realization of expected benefits.***

A tax authority may disagree with tax positions that we have taken, which could result in increased tax liabilities. For example, the U.S. Internal Revenue Service or another tax authority could challenge our allocation

of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including amounts paid with respect to our intellectual property development. Similarly, a tax authority could assert that we are subject to tax in a jurisdiction where we believe we have not established a taxable connection, often referred to as a "permanent establishment" under international tax treaties, and such an assertion, if successful, could increase our expected tax liability in one or more jurisdictions. A tax authority may take the position that material income tax liabilities, interest and penalties are payable by us, in which case, we expect that we might contest such assessment. Contesting such an assessment may be lengthy and costly, and if we were unsuccessful in disputing the assessment, the implications could increase our anticipated effective tax rate, where applicable.

***We will incur significantly increased costs as a result of operating as a company whose ADSs are publicly traded in the United States, and our management will be required to devote substantial time to new compliance initiatives.***

As a public company in the United States, we will incur significant legal, accounting and other expenses that we did not incur previously. These expenses will likely be even more significant after we no longer qualify as an emerging growth company. The Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq and other applicable securities rules and regulations impose various requirements on public companies in the United States, including the establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our senior management and other personnel will need to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. For example, we expect that these rules and regulations may make it more difficult and more expensive for us to obtain director and officer liability insurance, which in turn could make it more difficult for us to attract and retain qualified senior management personnel or members for our board of directors.

However, these rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Pursuant to Section 404, we will be required to furnish a report by our senior management on our internal controls over financial reporting. However, while we remain an emerging growth company, we will not be required to include an attestation report on internal controls over financial reporting issued by our independent registered public accounting firm. To prepare for eventual compliance with Section 404, we will be engaged in a process to document and evaluate our internal controls over financial reporting, which is both costly and challenging. In this regard, we will need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal controls over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal controls over financial reporting. Despite our efforts, there is a risk that we will not be able to conclude, within the prescribed time frame or at all, that our internal controls over financial reporting is effective as required by Section 404.

***We are an "emerging growth company" and as a result of the reduced disclosure and governance requirements applicable to emerging growth companies, our ADSs may be less attractive to investors.***

We are an "emerging growth company" as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404, exemptions from the requirements of holding a

nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As an emerging growth company, we are required to report only two years of financial results and selected financial data compared to three and five years, respectively, for comparable data reported by other public companies. We may take advantage of these exemptions until we are no longer an emerging growth company. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the aggregate market value of our ordinary shares, including ordinary shares represented by ADSs, held by non-affiliates exceeds $700 million as of the end of our second fiscal quarter before that time, in which case we would no longer be an emerging growth company as of the following December 31st (the last day of our fiscal year). We cannot predict if investors will find our ADSs less attractive because we may rely on these exemptions. If some investors find our ADSs less attractive as a result, there may be a less active trading market for our ADSs and the price of our ADSs may be more volatile.

***We qualify as a foreign private issuer and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that permit less detailed and frequent reporting than that of a U.S. domestic public company.***

Upon the closing of this offering, we will report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (ii) 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; and (iii) 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. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year.

Foreign private issuers also are exempt from Regulation FD, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

If we lose our status as a foreign private issuer, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and Nasdaq rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time-consuming and costly. We also expect that if we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more difficult and expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors.

***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 Nasdaq corporate governance listing standards.***

We are entitled to rely on a provision in the Nasdaq's corporate governance rules that allows us to follow Cayman Island's corporate law with regard to certain corporate governance matters. This allows us to follow

certain corporate governance practices that differ in significant respects from the corporate governance requirements applicable to U.S. companies listed on the Nasdaq. The corporate governance practice in our home country, the Cayman Islands, does not require a majority of our board to consist of independent directors or the implementation of a nominating and corporate governance committee. Since a majority of our board of directors will not consist of independent directors as long as we rely on the foreign private issuer exemption, fewer board members will be exercising independent judgment and the level of board oversight on the management of our company may decrease as a result.

***Since shareholder rights under Cayman Islands law differ from those under U.S. law, you may have difficulty protecting your shareholder rights.***

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (as amended) of the Cayman Islands 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 responsibilities of our directors to us under 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 responsibilities 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, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records, other than the memorandum and articles of association and any special resolutions passed by such companies, and the registers of mortgages and charges of such companies. The Registrar of Companies of the Cayman Islands shall make available the list of the names of the current directors of the Company (and where applicable the current alternate directors of the Company) for inspection by any person upon payment of a fee by such person. 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. Currently, we do not plan to rely on home country practice with respect to any corporate governance matter. However, 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 Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see “Description of Share Capital—Differences in Corporate Law.”

***Provisions in our amended and restated memorandum and articles of association to be effective in connection with the closing of this offering may prevent or frustrate attempts by our shareholders to change our management and hinder efforts to acquire a controlling interest in us, and the market price of our ADSs may be lower as a result.***

There are provisions in our amended and restated memorandum and articles of association to be effective in connection with the closing of this offering that may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change of control was considered favorable by you and other shareholders. For example, our board of directors will have the authority to issue up to 1,000,000 shares of an additional class or classes of shares, which could include preference shares. The board of directors can fix the price, rights, preferences, privileges, and restrictions of the other classes of shares without any further vote or action by our shareholders. The issuance of such shares may delay or prevent a change of control transaction. As a result, the market price of our ADSs and the voting and other rights of our shareholders may be adversely affected. An issuance of other classes of shares may result in the loss of voting control to other shareholders.

Our charter documents will also contain other provisions that could have an anti-takeover effect, including:

- only one of our three classes of directors will be elected each year;
- shareholders will be entitled to remove directors only for cause;
- shareholders will not be permitted to take actions by written consent;
- shareholders must give advance notice to nominate directors or submit proposals for consideration at annual general meetings.

These provisions could discourage potential acquisition proposals and could delay or prevent a change of control transaction. They could also have the effect of discouraging others from making tender offers, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our ADSs.

***If equity research analysts do not publish research or reports, or publish unfavorable research or reports, about us, our business or our market, the price and trading volume of our ADSs could decline.***

The trading market for our ADSs will be influenced by the research and reports that equity research analysts publish about us and our business. We do not currently have and may never obtain research coverage by equity research analysts. Equity research analysts may elect not to provide research coverage of our ADSs after the completion of this offering, and such lack of research coverage may adversely affect the market price of our ADSs. In the event we do have equity research analyst coverage, we will not have any control over the analysts or the content and opinions included in their reports. The price of our ADSs could decline if one or more equity research analysts downgrade our ADSs or issue other unfavorable commentary or research about us. If one or more equity research analysts cease coverage of us or fail to publish reports on us regularly, demand for our ADSs could decrease, which in turn could cause the trading price or trading volume of our ADSs to decline.

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when deemed necessary or advisable by it in good faith in connection with the performance of its duties or at our reasonable written request, subject in all cases to compliance with applicable U.S. securities laws. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

***We may be subject to securities litigation, which is expensive and could divert management's attention.***

The market price of our ADSs may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business.

## 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:

- the ability of our clinical trials to demonstrate acceptable safety and efficacy of our product candidates, and other positive results;
- the timing, progress and results of preclinical studies and clinical trials for product candidates we may develop, including statements regarding the timing of initiation and completion of studies or trials and related preparatory work, the period during which the results of the trials will become available, and our research and development programs;
- the timing, scope and likelihood of regulatory filings and approvals, including final regulatory approval of our product candidates;
- our ability to achieve milestones under our collaboration with Janssen for LCAR-B38M/JNJ-4528;
- our ability to develop and advance our current product candidates and programs into, and successfully complete, clinical trials;
- our manufacturing, commercialization, and marketing capabilities and strategy;
- our plans relating to commercializing our product candidates, if approved, including the geographic areas of focus and sales strategy;
- the need to hire additional personnel and our ability to attract and retain such personnel;
- the size of the market opportunity for our product candidates, including our estimates of the number of patients who suffer from the diseases we are targeting;
- our expectations regarding the approval and use of our product candidates as first, second or subsequent lines of therapy or in combination with other drugs;
- our competitive position and the success of competing therapies that are or may become available;
- our estimates of the number of patients that we will enroll in our clinical trials;
- the beneficial characteristics, safety, efficacy and therapeutic effects of our product candidates;
- our ability to obtain and maintain regulatory approval of our product candidates;
- our plans relating to the further development of our product candidates, including additional indications we may pursue;
- our intellectual property position, including the scope of protection we are able to establish and maintain for intellectual property rights covering product candidates we may develop, including the

extensions of existing patent terms where available, the validity of intellectual property rights held by third parties, and our ability not to infringe, misappropriate or otherwise violate any third-party intellectual property rights;

- our continued reliance on third parties to conduct additional clinical trials of our product candidates, and for the manufacture of our product candidates for preclinical studies and clinical trials;
- our ability 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 product candidates;
- the pricing and reimbursement of our product candidates we may develop, if approved;
- the rate and degree of market acceptance and clinical utility of our product candidates we may develop;
- our estimates regarding expenses, future revenue, capital requirements and needs for additional financing;
- our financial performance;
- the period over which we estimate our existing cash and cash equivalents will be sufficient to fund our future operating expenses and capital expenditure requirements;
- the impact of laws and regulations;
- 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 “Prospectus Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Business,” 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.

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.

## MARKET, INDUSTRY AND OTHER DATA

This prospectus contains estimates, projections and other information concerning our industry, our business and the markets for our product candidates, including data regarding the estimated size of such markets and the incidence of certain medical conditions. 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. While we believe that the data we use from third parties are reliable, we have not separately verified this data. Further, while we believe that our internal research is reliable, such research has not been verified by any third party. You are cautioned not to give undue weight to any such information, projections and estimates.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $321.9 million, or approximately $370.7 million if the underwriters exercise their over-allotment option in full, after deducting the estimated underwriting discounts and commissions and the estimated offering expenses payable by us. These estimates are based upon an assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range shown on the front page of this prospectus. In addition, we expect to receive $12.0 million in the concurrent private placement to GenScript.

A $1.00 increase or decrease in the assumed initial public offering price of $19.00 per ADS would increase or decrease, as applicable, the net proceeds to us from this offering by $17.1 million, 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 offering expenses payable by us. An increase or decrease of 1.0 million in the number of ADSs we are offering would increase or decrease, as applicable, the net proceeds to us from this offering by $17.7 million, assuming the assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The principal purposes of this offering are to obtain additional capital to support our operations, establish a public market for our ADSs and facilitate our future access to the public capital markets.

We intend to use the net proceeds from this offering and the concurrent private placement, together with our existing cash and cash equivalents, as follows:

- approximately $160 million to $185 million to fund the clinical development of LCAR-B38M/JNJ-4528;
- approximately $60 million to $75 million to fund the construction of our manufacturing facilities;
- approximately $15 million to $20 million to fund the commercial launch, if approved, of LCAR-B38M/JNJ-4528; and
- the remaining amounts to fund the development of our pipeline programs, as well as for working capital and other general corporate purposes.

Based on our current operating plan, we believe that the net proceeds from this offering and the concurrent private placement, together with our existing cash and cash equivalents, will enable us to fund our planned operating expenses and capital expenditures through at least the next 12 months. The net proceeds from this offering and the concurrent private placement, together with our existing cash and cash equivalents, may be insufficient to fund any of our product candidates through regulatory approval, and we anticipate needing to raise additional capital to complete the development of and commercialize our product candidates. It is difficult to predict the cost and timing required to complete development and obtain regulatory approval of, and commercialize, our product candidates due to, among other factors, the relatively short history of our experience with initiating, conducting and completing clinical trials, obtaining regulatory approval and commercializing our product candidates, the rate of subject enrollment in our clinical trials, filing requirements with various regulatory agencies, clinical trial results and the actual costs of manufacturing and supplying our product candidates.

Our expected use of the net proceeds from this offering and the concurrent private placement represents our intentions based upon our current plans and business conditions. As of the date of this prospectus, we cannot predict with certainty all of the particular uses for the net proceeds to be received upon the completion of this offering and the concurrent private placement or the amounts that we will actually spend on the uses set forth above. We believe that opportunities may exist from time to time to expand our current business through licenses with or acquisitions of, or investments in, complementary businesses, products or technologies, and we may use a portion of the net proceeds for these purposes.

Our management will have broad discretion over the use of the net proceeds from this offering and the concurrent private placement. The amounts and timing of our expenditures will depend upon numerous factors, including the results of our research and development efforts, the timing, cost and success of preclinical studies and any ongoing clinical trials or clinical trials we may commence in the future, the timing of regulatory submissions, our ability to obtain additional financing, the amount of cash obtained through our existing collaborations and future collaborations, if any, and any unforeseen cash needs.

Pending any use described above, we intend to invest the net proceeds of this offering and the concurrent private placement in short- and intermediate-term interest-bearing obligations, investment-grade instruments, certificates of deposit or direct or guaranteed obligations of the U.S. government.

## DIVIDEND POLICY

Our board of directors has discretion on whether to distribute dividends, subject to the amended and restated memorandum and articles of association of our company and 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 board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or the credit standing in our company's share premium account, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business immediately following the date on which the distribution or dividend is paid. Even if we decide 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 of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

If we pay any dividends on our ordinary shares, we will pay those dividends, which are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to our ADS holders in proportion to the 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 cash and cash equivalents and capitalization as of March 31, 2020:

- on an actual basis;
- on a pro forma basis to reflect our issuance and sale of an aggregate of 1,283,367 Series A Preference Shares in April 2020 at a purchase price of $7.792 per share for aggregate gross proceeds of $10.0 million, and the conversion of such shares and an additional 19,308,262 Series A Preference Shares we issued and sold in March 2020 into an aggregate of 20,591,629 ordinary shares, which will occur immediately prior to the closing of this offering, without giving effect to (i) any potential conversion price adjustment relating to our Series A Preference Shares described in "Description of Share Capital" or (ii) the payment of dividends on our Series A Preference Shares, which have accumulated at a rate of 8% per annum of the original issue price of each Series A Preference Share (the "Series A Dividend"), to be settled in the form of approximately 297,600 ordinary shares in connection with the conversion of our Series A Preference Shares, based on the amount of the Series A Dividend of approximately $2.3 million that will have accrued as of June 4, 2020; and
- on a pro forma as adjusted basis to reflect (i) the pro forma adjustments set forth above; (ii) our issuance and sale of 18,425,000 ADSs by us in this offering at an assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us (assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs); and (iii) the issuance and sale of 1,263,158 ordinary shares in the concurrent private placement. The number of shares in (iii) has been calculated based on an assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus.

The pro forma as adjusted information set forth below is illustrative only and will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this information in conjunction with our financial statements and the related notes appearing elsewhere in this prospectus, as well as the sections of this prospectus titled "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

| | At March 31, 2020 | | |
|---|---|---|---|
| | Actual | Pro Forma | Pro Forma As Adjusted(1) |
| | (in thousands) | | |
| Cash and cash equivalents | $ 168,797 | $178,797 | $ 512,667 |
| Equity | | | |
| Share capital | 20 | 22 | 26 |
| (Deficits)/reserves | (166,351) | (5,903) | 327,963 |
| Total ordinary shareholders' (deficit)/equity | (166,331) | (5,881) | 327,989 |
| Total capitalization | $ (166,331) | $ (5,881) | $ 327,989 |

(1) Each $1.00 increase or decrease in the assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, as applicable, each of cash and cash equivalents, share capital, total ordinary shareholders' (deficit)/equity and total capitalization by $17.1 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 estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of ADSs we are offering. An increase or decrease of 1.0 million in the number of ADSs offered by us would increase or decrease, as applicable, each of cash and cash equivalents, share capital, total ordinary shareholders' (deficit)/equity and total capitalization by $17.7 million, assuming no change in the assumed initial public offering price and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The foregoing tables and calculations are based on the 200,000,000 ordinary shares outstanding as of March 31, 2020, and excludes:

- 18,013,000 ordinary shares issuable upon the exercise of options outstanding as of March 31, 2020, with a weighted average exercise price of $0.93 per ordinary share;
- 1,987,000 ordinary shares available for future issuance under our Share Option Scheme; and
- 11,000,000 ordinary shares available for future issuance under our Restricted Share Unit Incentive Plan.

## 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 and the concurrent private placement. 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 historical net tangible book value as of March 31, 2020 was $(166.8) million, or $(0.83) per ordinary share (equivalent to $(1.66) per ADS). Historical net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting historical 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 $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

Our pro forma net tangible book value as of March 31, 2020 was $(6.4) million, or $(0.03) per ordinary share (equivalent to $(0.06) per ADS). Pro forma net tangible book value represents the amount of our total tangible assets less our total liabilities, after giving effect to our issuance and sale of an aggregate of 1,283,367 Series A Preference Shares in April 2020 at a purchase price of $7.792 per share for aggregate gross proceeds of $10.0 million, and the conversion of such shares and an additional 19,308,262 Series A Preference Shares we issued and sold in March 2020 into an aggregate of 20,591,629 ordinary shares, which will occur immediately prior to the closing of this offering, without giving effect to (i) any potential conversion price adjustment relating to our Series A Preference Shares described in “Description of Share Capital” or (ii) the Series A Dividend, to be settled in the form of approximately 297,600 ordinary shares in connection with the conversion of our Series A Preference Shares, based on the accrued amount of the Series A Dividend of approximately $2.3 million as of June 4, 2020. Pro forma net tangible book value per share represents pro forma net tangible book value divided by the total number of ordinary shares outstanding as of March 31, 2020, after giving effect to the pro forma adjustments described above.

After giving effect to (i) the pro forma adjustments set forth above, (ii) our sale of the ADSs offered in this offering at the assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us (assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs), and (iii) our sale of 1,263,158 ordinary shares to GenScript in the concurrent private placement (the number of shares in (iii) has been calculated based on an assumed initial public offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus), our pro forma as adjusted net tangible book value as of March 31, 2020 would have been $327.5 million, or $1.27 per ordinary share (equivalent to $2.54 per ADS). This represents an immediate further pro forma increase in net tangible book value of $2.60 per ADS to our existing shareholders and an immediate dilution in net tangible book value of $16.46 per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

| | | |
|---|---|---|
| Assumed initial public offering price | | $19.00 |
| Historical net tangible book value per ADS as of March 31, 2020 | $ (1.66) | |
| Increase per ADS attributable to the issuance and sale of Series A Preference Shares and conversion of such shares into ordinary shares | 1.60 | |
| Pro forma net tangible book value per ADS as of March 31, 2020 | (0.06) | |
| Pro forma increase in net tangible value per ADS attributable to investors participating in this offering and the concurrent private placement | 2.60 | |
| Pro forma as adjusted net tangible book per ADS following this offering and the concurrent private placement | | 2.54 |
| Dilution per ADS to investors participating in this offering and the concurrent private placement | | $16.46 |

A $1.00 increase in the assumed initial public offering price of $19.00 per ADS would increase our pro forma as adjusted net tangible book value after giving effect to this offering and the concurrent private placement by $17.1 million, the pro forma as adjusted net tangible book value per ADS after giving effect to this offering and the concurrent private placement by $0.12 per ADS and the dilution in pro forma as adjusted net tangible book value per ADS to investors participating in this offering and the concurrent private placement by $0.88 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 the estimated underwriting discounts and commissions and estimated offering expenses payable by us. A $1.00 decrease in the assumed initial public offering price of $19.00 per ADS would decrease our pro forma as adjusted net tangible book value after giving effect to this offering and the concurrent private placement by $17.1 million, the pro forma as adjusted net tangible book value per ADS after giving effect to this offering and the concurrent private placement by $0.14 per ADS and the dilution in pro forma as adjusted net tangible book value per ADS to investors participating in this offering and the concurrent private placement by $0.86 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 the estimated underwriting discounts and commissions and estimated offering expenses payable by us. An increase of 1.0 million in the number of ADSs we are offering would increase our pro forma as adjusted net tangible book value as of March 31, 2020 after this offering and the concurrent private placement by $0.11 per ADS, and decrease dilution to investors in this offering and the concurrent private placement by $0.11 per ADS, assuming the assumed initial public offering price per ADS remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. A decrease of 1.0 million in the number of ADSs we are offering would decrease our pro forma as adjusted net tangible book value as of March 31, 2020 after this offering and the concurrent private placement by $0.13 per ADS, and would increase dilution to investors in this offering and the concurrent private placement by $0.13 per ADS, assuming the assumed initial public offering price per ADS remains the same, after deducting the estimated 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, 2020, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or ordinary shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters.

| | Ordinary Shares Purchased(1) | | Total Consideration | | Average Price Per Ordinary Share | Average Price Per ADS |
|---|---|---|---|---|---|---|
| | Number | Percent | Amount | Percent | | |
| Existing shareholders(2) | 221,854,787 | 86% | $176,377,843 | 34% | $ 0.80 | $ 1.60 |
| New investors(3) | 36,850,000 | 14% | $350,075,000 | 66% | $ 9.50 | $ 19.00 |
| Total | 258,704,787 | 100% | $526,452,843 | 100% | | |

(1) Including ordinary shares underlying ADSs.

(2) Figures include ordinary shares to be purchased in the concurrent private placement by GenScript (an existing shareholder).

(3) Figures include ordinary shares to be purchased in this offering.

If the underwriters exercise the over-allotment option in full, the number of ordinary shares held by existing shareholders would be reduced to 84% of the total number of ordinary shares outstanding after this offering, and the number of ordinary shares held by new investors participating in the offering would be increased to 16% the total number of ordinary shares outstanding after this offering (in each case, including ordinary shares underlying ADSs).

The foregoing tables and calculations are based on the 200,000,000 ordinary shares outstanding as of March 31, 2020, and excludes:

- 18,013,000 ordinary shares issuable upon the exercise of options outstanding as of March 31, 2020, with a weighted average exercise price of $0.93 per ordinary share;
- 1,987,000 ordinary shares available for future issuance under our Share Option Scheme; and
- 11,000,000 ordinary shares available for future issuance under our Restricted Share Unit Incentive Plan.

To the extent that any outstanding options are exercised or new options are issued under the equity benefit plans, or we issue additional ordinary shares or other securities convertible into or exercisable or exchangeable for ordinary shares in the future, there will be further dilution to investors participating in this offering and concurrent private placement.

## 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;
- tax neutrality;
- 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 constituent documents do 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.

Certain of our directors are nationals or residents of jurisdictions other than the United States and most 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.

Harney Westwood & Riegels, our counsel as to Cayman Islands law, has advised us that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are 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 (ii) 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 laws of any state in the United States.

Harney Westwood & Riegels has informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (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 money 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 liquidated sum for which such judgment has been given, provided such judgment (i) is final and conclusive, (ii) is not in respect of taxes, a fine or a penalty or similar fiscal or revenue obligations, and (iii) 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 U.S. courts under civil liability provisions of the U.S. federal securities law 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.

## SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present our selected consolidated financial data as of the dates and for the periods indicated. We have derived the consolidated statement of profit or loss data for the years ended December 31, 2018 and 2019 and the consolidated statement of financial position data as of December 31, 2018 and 2019 from our audited consolidated financial statements appearing at the end of this prospectus. Our consolidated financial statements are prepared and presented in accordance with IFRS, as issued by the IASB. IFRS differs in certain significant respects from U.S. GAAP. We have derived the selected consolidated statement of profit or loss data for the three months ended March 31, 2019 and 2020 and the selected consolidated statement of financial position data as of March 31, 2020 from the unaudited interim condensed consolidated financial statements included elsewhere in this prospectus. We have prepared the unaudited interim condensed consolidated financial statements on the same basis as the audited consolidated financial statements, and the unaudited financial data include, in our opinion, all adjustments, consisting only of normal recurring adjustments that we consider necessary for a fair presentation of our consolidated financial position and results of operations for these periods.

Our historical results are not necessarily indicative of results expected for future periods and our operating results for the three months ended March 31, 2020 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2020. You should read this 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.

**Selected consolidated statement of profit or loss data**

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2019 | 2020 |
| | (in thousands, except per share data) | | | |
| Revenue | $ 49,133 | $ 57,264 | $ 10,053 | $ 11,546 |
| Other income and gains | 13,901 | 7,125 | 2,852 | 2,531 |
| Research and development expenses | (60,637) | (161,943) | (21,289) | (48,003) |
| Administrative expenses | (2,769) | (6,752) | (1,105) | (3,430) |
| Selling and distribution expenses | (1,160) | (25,620) | (2,756) | (6,545) |
| Other expenses | (2) | (221) | (147) | (45) |
| Finance costs | (82) | (223) | (38) | (3,991) |
| Loss before tax | (1,616) | (130,370) | (12,430) | (47,937) |
| Income tax (expense)/credit | (1,168) | (2,602) | — | 3,709 |
| Loss for the period | $ (2,784) | $(132,972) | (12,430) | (44,228) |
| Attributable to: | | | | |
| Equity holders of the parent | $ (2,784) | $(132,972) | (12,430) | (44,228) |
| Loss per share attributable to ordinary equity holders of the parent | | | | |
| Basic | $ (0.01) | $ (0.66) | $ (0.06) | $ (0.22) |
| Diluted | $ (0.01) | $ (0.66) | $ (0.06) | $ (0.22) |
| Pro forma loss per share attributable to ordinary equity holders of the parent(1) | | | | |
| Basic | | | | $ (0.22) |
| Diluted | | | | $ (0.22) |

(1) See note 2.1 to our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus for an explanation of the method used to calculate the pro forma loss per share attributable to ordinary equity holders of the parent basic and diluted.

**Selected consolidated statement of financial position data**

| | As of December 31, | | As of March 31, |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| | | (in thousands) | |
| Cash and cash equivalents | $210,166 | $ 83,364 | $ 168,797 |
| Working capital(1) | 167,771 | 79,343 | 158,790 |
| Total assets | 429,047 | 287,715 | 364,935 |
| Total liabilities | 420,398 | 410,584 | 531,266 |
| Share capital | 20 | 20 | 20 |
| Total ordinary shareholders' equity/(deficit) | 8,649 | (122,869) | (166,331) |

(1) Working capital is defined as total current assets minus total current liabilities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our consolidated financial statements and the related notes and other financial information included 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 review the "Risk Factors" section 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 biopharmaceutical company engaged in the discovery and development of novel cell therapies for oncology and other indications. Our team of over 650 employees in the United States, China and Europe, our differentiated technology, global development and manufacturing strategy and expertise provide us with the ability to generate, test and manufacture next-generation cell therapies targeting indications with high unmet needs.

Our lead product candidate, LCAR-B38M/JNJ-4528, is a CAR-T cell therapy we are jointly developing with our strategic partner, Janssen, for the treatment of MM. LCAR-B38M refers to the product candidate being studied in China, and JNJ-4528 refers to the product candidate being studied in the rest of the world. Clinical results achieved to date demonstrate that LCAR-B38M/JNJ-4528 has the potential to deliver deep and durable anti-tumor responses in RRMM patients with a manageable safety profile.

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 product candidates approved for sale and have not generated any revenue from product sales. We have funded our operations to date primarily with capital contributions from GenScript, with proceeds from the sale of our Series A Preference Shares and from upfront and milestone payments from Janssen. From inception through March 31, 2020, we received $3.9 million in capital contributions, aggregate gross proceeds of $150.5 million from our sale of Series A Preference Shares and an aggregate of $460.0 million from Janssen under the Janssen Agreement. As of March 31, 2020, we had $244.4 million in cash and cash equivalents and time deposits. Subsequent to March 31, 2020, we received an additional $10.0 million from our sale of Series A Preference Shares in April 2020.

Since inception, we have incurred significant operating losses. Our net losses were $2.8 million and $133.0 million for the years ended December 31, 2018 and 2019, respectively. For the three months ended March 31, 2020, our net loss was $44.2 million. As of March 31, 2020, we had accumulated losses of $171.5 million. We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate that our expenses will increase significantly in connection with our ongoing activities, as we:

- continue our ongoing and planned research and development of our lead product candidate, LCAR-B38M/JNJ-4528, for the treatment of RRMM;
- continue our ongoing and planned clinical development for our other product candidates, including those we are developing for the treatment of AML, NHL, TCL, DLBCL, gastric cancer, ovarian cancer, pancreatic cancer and HIV;
- continue our ongoing and planned research and development activities;
- seek to discover and develop additional product candidates and further expand our clinical product pipeline;

- seek regulatory approvals for any product candidates that successfully complete clinical trials;
- continue to scale up internal and external manufacturing capacity with the aim of securing sufficient quantities to meet our capacity requirements for clinical trials and potential commercialization;
- establish sales, marketing and distribution infrastructure to commercialize any product candidate for which we may obtain regulatory approval;
- develop, maintain, expand and protect our intellectual property portfolio;
- acquire or in-license other product candidates and technologies;
- hire additional clinical, quality control and manufacturing personnel;
- add clinical, operational, financial and management information systems and personnel, including personnel to support our product development and planned future commercialization efforts;
- expand our operations globally; and
- incur additional legal, accounting, investor relations and other expenses associated with operating as a public company following the completion of this offering.

**Our Collaboration with Janssen**

In December 2017, we entered into a collaboration and license agreement with Janssen for the worldwide development and commercialization of LCAR-B38M/JNJ-4528.

Pursuant to the Janssen Agreement, we granted Janssen a worldwide, co-exclusive (with us) license to develop and commercialize LCAR-B38M/JNJ-4528. We and Janssen will collaborate to develop and commercialize LCAR-B38M/JNJ-4528 for the treatment of MM worldwide pursuant to a global development plan and global commercialization plan. Janssen will be responsible for conducting all clinical trials worldwide with participation by our team in the United States and Greater China for LCAR-B38M/JNJ-4528. We will be responsible for conducting regulatory activities, obtaining pricing approval and booking sales for Greater China, while Janssen will be responsible for conducting regulatory activities, obtaining pricing approval and booking sales for the rest of the world. We and Janssen will share development, production and commercialization costs and pre-tax profits or losses equally in all countries of the world except for Greater China, for which the cost-sharing and profit/loss split will be 70% for us and 30% for Janssen.

In consideration for the licenses and other rights granted to Janssen, Janssen has paid us an upfront fee of $350.0 million and milestone payments totaling $110.0 million for the achievement of four development milestone events to date. Additionally, we are eligible to receive further milestone payments up to $125.0 million for the achievement of specified manufacturing milestones and an additional $1,115 million for the achievement of specified future development, regulatory and net trade sales milestones.

**Components of Our Results of Operations**

***Revenue***

To date, we have not generated any revenue from product sales. Our revenue to date has primarily consisted of the upfront payments and milestone payments received pursuant to the Janssen Agreement. Our ability to generate product revenue and to become profitable will depend upon our ability to successfully develop, obtain regulatory approval and commercialize LCAR-B38M/JNJ-4528 and our other product candidates. Because of the numerous risks and uncertainties associated with product development and regulatory approval, we are unable to predict the amount, timing or whether we will be able to obtain product revenue.

***Operating Expenses***

***Research and Development Expenses***

Research and development expenses consist primarily of costs incurred in connection with our research activities and include:

- personnel expenses, including salaries, benefits and share-based compensation expense;
- costs of funding research performed by third parties;
- costs of purchasing lab supplies and non-capital equipment used in designing, developing and manufacturing preclinical study and clinical trial materials;
- consultant fees;
- expenses related to regulatory activities, including filing fees paid to regulatory agencies;
- facility costs including rent, depreciation and maintenance expenses; and
- fees for maintaining licenses under our third-party licensing agreements.

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 collaborators.

We typically use our employee, consultant and infrastructure resources across our development programs. We track outsourced development costs by allocating these costs to either our BCMA program or to all our other non-BCMA programs, but we do not allocate personnel costs, other internal costs or external consultant costs to specific product candidates or preclinical programs. For the years ended December 31, 2018 and 2019, our total research and development expenses were $44.9 million and $115.7 million, respectively, for our BCMA program and $15.7 million and $46.3 million, respectively, for all other non-BCMA programs. For the three months ended March 31, 2019 and 2020, our total research and development expenses were $13.7 million and $33.3 million, respectively, for our BCMA program and $7.6 million and $14.7 million, respectively, for all other non-BCMA programs.

From inception through March 31, 2020, we have incurred approximately $279.7 million in research and development expenses to research and advance the development of our product candidates and preclinical programs. We expect our research and development expenses will increase for the foreseeable future as we seek to advance our preclinical programs and product candidates. At this time, we cannot reasonably estimate or know the nature, timing and estimated costs of the efforts that will be necessary to complete the development of our product candidates. We are also unable to predict when, if ever, material net cash inflows will commence from sales of our product candidates. This is due to the numerous risks and uncertainties associated with developing such product candidates, including the uncertainty of:

- 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 product candidates, if approved, whether alone or in collaboration with others;
- obtaining and maintaining patent and trade secret protection and regulatory exclusivity for our product 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 product candidates would significantly change the costs, timing and viability associated with the development of that product candidate.

***Administrative Expenses***

Administrative expenses consist primarily of personnel expenses, including salaries, benefits and share-based compensation expense, for personnel in executive, finance, accounting, business development, legal and human resource functions. Administrative expenses also include corporate facility costs not otherwise included in research and development expenses, legal fees related to intellectual property and corporate matters and fees for accounting and consulting services.

We anticipate that our administrative expenses will increase in the future to support continued research and development activities, including our ongoing and planned research and development of our lead product candidate, LCAR-B38M/JNJ-4528, for the treatment of RRMM and the initiation and continuation of our preclinical and clinical trials for our other product candidates. We also anticipate that we will incur increased accounting, audit, legal, regulatory, compliance and director and officer insurance costs, as well as investor and public relations expenses, associated with operating as a public company.

***Selling and Distribution Expenses***

Selling and distribution expenses consist primarily of costs incurred in connection with our commercial function's activities and include salaries and related costs for personnel, including stock-based compensation, travel expenses, recruiting expenses, costs of sponsorships and consulting fees paid to external parties related to the development of LCAR-B38M/JNJ-4528.

***Other Income and Gains***

Other income and gains consists of finance income, fair value gains on financial assets at fair value change through profit or loss, government grants, foreign exchange gain and loss and rental income.

**Results of Operations**

***Comparison of Three Months Ended March 31, 2019 and 2020***

The following table summarizes our results of operations for the three months ended March 31, 2019 and 2020:

| | Three Months Ended March 31, | | Increase (Decrease) |
|---|---|---|---|
| | 2019 | 2020 | |
| | (in thousands) | | |
| **Consolidated Statement of Operations Data:** | | | |
| Revenue | $ 10,053 | $ 11,546 | $ 1,493 |
| Operating expenses: | | | |
| Research and development expenses | (21,289) | (48,003) | (26,714) |
| Administrative expenses | (1,105) | (3,430) | (2,325) |
| Selling and distribution expenses | (2,756) | (6,545) | (3,789) |
| Other income and gains | 2,852 | 2,531 | (321) |
| Other expenses | (147) | (45) | 102 |
| Finance costs | (38) | (3,991) | (3,953) |
| Loss before tax | (12,430) | (47,937) | (35,507) |
| Income tax credit | — | 3,709 | 3,709 |
| Net loss | $ (12,430) | $ (44,228) | $ (31,798) |

***Revenue***

Revenue for the three months ended March 31, 2019 was $10.1 million, compared to $11.5 million for the three months ended March 31, 2020. This increase of $1.5 million was primarily due to recognition of additional milestone payments from Janssen. Revenue for the three months ended March 31, 2019 and March 31, 2020 consisted of recognition of upfront and milestone payments received pursuant to the Janssen Agreement. We have not generated any revenue from product sales to date.

***Operating Expenses***

***Research and Development Expenses***

Research and development expenses for the three months ended March 31, 2019 were $21.3 million, compared to $48.0 million for the three months ended March 31, 2020. This increase of $26.7 million was primarily due to a higher number of clinical trials, a higher number of patients enrolled in those trials and a higher number of research and development product candidates in the three months ended March 31, 2020.

***Administrative Expenses***

Administrative expenses for the three months ended March 31, 2019 were $1.1 million, compared to $3.4 million for the three months ended March 31, 2020. This increase of $2.3 million was primarily due to our expansion of supporting administrative functions to aid continued research and development activities.

***Selling and Distribution Expenses***

Selling and distribution expenses for the three months ended March 31, 2019 were $2.8 million, compared to $6.5 million for the three months ended March 31, 2020. This increase of $3.8 million was primarily due to increased costs associated with commercial preparation activities for our BCMA program.

***Other Income and Gains***

Other income and gains for the three months ended March 31, 2019 was $2.9 million, compared to $2.5 million for the three months ended March 31, 2020. This decrease of $0.3 million was primarily due to lower finance income and lower foreign currency exchange gain, partially offset by an increase in government grants during the three months ended March 31, 2020.

***Income Tax Credit***

Income tax credit for the three months ended March 31, 2020 was $3.7 million. We did not have any income tax credit or expense during the three months ended March 31, 2019.

***Comparison of Years Ended December 31, 2018 and 2019***

The following table summarizes our results of operations for the years ended December 31, 2018 and 2019:

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2018 | 2019 | Increase (Decrease) |
| | (in thousands) | | |
| **Consolidated Statement of Operations Data:** | | | |
| Revenue | $ 49,133 | $ 57,264 | $ 8,131 |
| Operating expenses: | | | |
| Research and development expenses | (60,637) | (161,943) | (101,306) |
| Administrative expenses | (2,769) | (6,752) | (3,983) |
| Selling and distribution expenses | (1,160) | (25,620) | (24,460) |
| Other income and gains | 13,901 | 7,125 | (6,776) |
| Other expenses | (2) | (221) | (219) |
| Finance costs | (82) | (223) | (141) |
| Loss before tax | (1,616) | (130,370) | (128,754) |
| Income tax expense | (1,168) | (2,602) | (1,434) |
| Net loss | $ (2,784) | $ (132,972) | $(130,188) |

***Revenue***

Revenue for the year ended December 31, 2018 was $49.1 million, compared to $57.3 million for the year ended December 31, 2019. This increase of $8.2 million was primarily due to recognition of additional milestone payments from Janssen. Revenue for the year ended December 31, 2018 consisted of recognition of upfront and milestone payments received pursuant to the Janssen Agreement and $1.0 million in revenue earned from research and development services we provided to Nanjing Jinsirui Biotechnology Co., Ltd. in 2018. Revenue for the year ended December 31, 2019 consisted of recognition of upfront and milestone payments received pursuant to the Janssen Agreement. We have not generated any revenue from product sales to date.

***Operating Expenses***

***Research and Development Expenses***

Research and development expenses for the year ended December 31, 2018 were $60.6 million, compared to $161.9 million for the year ended December 31, 2019. This increase of $101.3 million was primarily due to a higher number of clinical trials and a higher number of patients enrolled in those trials in 2019.

***Administrative Expenses***

Administrative expenses for the year ended December 31, 2018 were $2.8 million, compared to $6.8 million for the year ended December 31, 2019. This increase of $4.0 million was primarily due to our expansion of supporting administrative functions to aid continued research and development activities in 2019.

***Selling and Distribution Expenses***

Selling and distribution expenses for the year ended December 31, 2018 were $1.2 million, compared to $25.6 million for the year ended December 31, 2019. This increase of $24.4 million was primarily due to increased costs in 2019 associated with commercial preparation activities for our BCMA program.

***Other Income and Gains***

Other income and gains for the year ended December 31, 2018 was $13.9 million, compared to $7.1 million for the year ended December 31, 2019. This decrease of $6.8 million was primarily due to lower foreign currency exchange gain during 2019.

***Income Tax Expense***

Income tax expense for the year ended December 31, 2018 was $1.2 million, compared to $2.6 million for the year ended December 31, 2019.

**Liquidity and Capital Resources**

***Sources of Liquidity***

Since our inception, we have incurred significant operating losses. We expect to incur significant expenses and operating losses for the foreseeable future as we advance the preclinical and clinical development of our research programs and product candidates. We expect that our research and development and general and administrative expenses will increase in connection with conducting additional clinical trials and preclinical studies for our current and future research programs and product candidates, contracting with CMOs to support clinical trials and preclinical studies, expanding our intellectual property portfolio, and providing general and administrative support for our operations. As a result, we will need additional capital to fund our operations, which we may obtain from additional equity or debt financings, collaborations, licensing arrangements or other sources.

We do not currently have any approved products and have never generated any revenue from product sales. To date, we have funded our operations to date primarily with capital contributions from GenScript, with proceeds from the sale of our Series A Preference Shares and from upfront and milestone payments from Janssen. From inception through March 31, 2020, we have received $3.9 million in capital contributions, aggregate gross proceeds of $150.5 million from our sale of Series A Preference Shares and an aggregate of $460.0 million from Janssen under the Janssen Agreement. As of March 31, 2020, we had $244.4 million in cash, cash equivalents and time deposits, and accumulated losses of $171.5 million. Subsequent to March 31, 2020, we received an additional $10.0 million from our sale of Series A Preference Shares in April 2020. We had no indebtedness as of March 31, 2020.

***Cash Flows***

The following table shows a summary of our cash flow:

| | Year Ended December 31, | | Three Months Ended March 31, | |
|---|---|---|---|---|
| | 2018 | 2019 | 2019 | 2020 |
| | (in thousands) | | | |
| Net cash from/(used in) operating activities | $ 307,682 | $ (83,065) | $ (4,259) | $ (45,796) |
| Net cash used in investing activities | (102,256) | (58,652) | (114,878) | (17,499) |
| Net cash from financing activities | 2,501 | 14,666 | 28,677 | 148,755 |
| Net increase/(decrease) in cash and cash equivalents | $ 207,927 | $(127,051) | $ (90,460) | $ 85,460 |

***Operating Activities***

Net cash provided by operating activities for the year ended December 31, 2018 was $307.7 million, consisting primarily of a net cash inflow from changes in operating assets and liabilities of $318.7 million, offset by our net loss before tax of $12.7 million adjusted for non-cash items. The changes in operating assets and liabilities were mainly driven by the upfront payment of $350.0 million received from Janssen.

Net cash used in operating activities for the year ended December 31, 2019 was $83.1 million, consisting primarily of our net loss before tax of $128.9 million adjusted for non-cash items, primarily due to continued spending in research and development activities, partially offset by milestone payments received from Janssen.

Net cash used in operating activities for the three months ended March 31, 2019 was $4.3 million, consisting primarily of net loss adjusted for non-cash items of $14.2 million, offset by a net cash inflow from changes in operating assets and liabilities of $8.2 million. The changes in operating assets and liabilities mainly include a decrease in trade receivables of $25.3 million due to receipt of a milestone payment, partially offset by a decrease of $11.6 million in contract liabilities and an increase of $4.1 million in prepayments, other receivables and other assets.

Net cash used in operating activities for the three months ended March 31, 2020 was $45.8 million, consisting primarily of net loss adjusted for non-cash items of $43.0 million and a net cash outflow from changes in operating assets and liabilities of $2.9 million. The changes in operating assets and liabilities mainly include a decrease in trade receivables of $30.0 million due to receipt of a milestone payment, partially offset by a decrease of $18.3 million in other payables and accruals and a decrease of $12.9 million in contract liabilities.

***Investing Activities***

Net cash used in investing activities for the year ended December 31, 2018 was $102.3 million, consisting primarily of net cash advances of $75.0 million to affiliates of GenScript and $21.0 million in purchases of property, plant and equipment.

Net cash used in investing activities for the year ended December 31, 2019 was $58.7 million, consisting primarily of purchases of property, plant and equipment of $38.6 million and purchases of short-term time deposits of $75.6 million, partially offset by collection of cash advances from related parties of $63.0 million.

Net cash used in investing activities for the three months ended March 31, 2019 was $114.9 million, consisting primarily of $100.0 million in purchase of time deposits and $19.4 million in purchases of property, plant and equipment.

Net cash used in investing activities for the three months ended March 31, 2020 was $17.5 million, consisting primarily of purchases of property, plant and equipment of $15.4 million and purchases of financial assets of $2.1 million.

***Financing Activities***

Net cash provided by financing activities in the year ended December 31, 2018 was $2.5 million, consisting primarily of cash advances from affiliates of GenScript of $35.9 million, partially offset by repayment of cash advances to affiliates of GenScript of $33.2 million.

Net cash provided by financing activities in the year ended December 31, 2019 was $14.7 million, consisting primarily of proceeds from cash advances from related parties of $38.9 million, partially offset by repayment of cash advances from related parties of $19.2 million.

Net cash provided by financing activities in the three months ended March 31, 2019 was $28.7 million, consisting primarily of cash advances from affiliates of GenScript of $28.7 million.

Net cash provided by financing activities in the three months ended March 31, 2020 was $148.8 million, consisting primarily of proceeds of $150.5 million from our sale of Series A Preference Shares in March 2020, partially offset by lease payments of $1.6 million.

***Funding Requirements***

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the research and development of, continue or initiate clinical trials of, and seek marketing approval for, our product candidates. In addition, if we obtain marketing approval for any of our product candidates, we expect to incur significant commercialization expenses related to program sales, marketing, manufacturing and distribution to the extent that such sales, marketing, manufacturing and distribution are not the responsibility of potential collaborators. Furthermore, following the completion of this offering, we expect to incur additional costs associated with operating as a public company. Accordingly, we will need to obtain substantial additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

We expect our existing cash and cash equivalents, together with the net proceeds from this offering and the concurrent private placement, will enable us to fund our operating expenses and capital expenditure requirements for at least the next 12 months. Our future capital requirements will depend on many factors, including:

- the scope, progress, results and costs of product discovery, preclinical studies and clinical trials;
- the scope, prioritization and number of our research and development programs;
- the costs, timing and outcome of regulatory review of our product candidates;
- our ability to establish and maintain collaborations on favorable terms, if at all;
- the achievement of milestones or occurrence of other developments that trigger payments under the Janssen Agreement and any other collaboration agreements we enter into;
- the extent to which we are obligated to reimburse, or entitled to reimbursement of, clinical trial costs under collaboration agreements, if any;
- 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 product candidates and technologies;
- the costs of securing manufacturing arrangements for commercial production; and
- the costs of establishing or contracting for sales and marketing capabilities if we obtain regulatory approvals to market our product candidates.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time-consuming, expensive and uncertain process that takes many years to complete, and we may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, our product candidates, if approved, may not achieve commercial success. Our commercial revenues, if any, will be derived from sales of product candidates that we do not expect to be commercially available for many years, if at all. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these securities may include liquidation or

other preferences that adversely affect your rights as a shareholder. Debt financing, if available, may involve agreements that include 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 product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

**Contractual Obligations & Commitments**

The following is our contractual obligations and commitments as of December 31, 2019:

| | Less than 1 Year | 1 to 3 Years | 3 to 5 Years | More than 5 Years | Total |
|---|---|---|---|---|---|
| | | | (in thousands) | | |
| Lease obligations[1] | $ 1,073 | $3,994 | $988 | $ 875 | $6,930 |
| Capital commitment | $ 2,844 | — | — | — | $2,844 |
| Total | $ 3,917 | $3,994 | $988 | $ 875 | $9,774 |

(1) Amounts presented in the table represent payments due under operating leases for facilities in New Jersey, Ireland and China that in the aggregate total of $6.9 million.

The commitment amounts in the table above are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions, and the approximate timing of the actions under the contracts. The table does not include obligations under agreements that we can cancel without a significant penalty.

We also enter into cancelable contracts in the normal course of business with CROs for clinical trials, preclinical studies, manufacturing and other services and products for operating purposes.

**Internal Control Over Financial Reporting**

During the audit of our financial statements for the year ended December 31, 2019, two material weaknesses were identified in our internal control over financial reporting. Under 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. The material weaknesses that have been identified relate to our lack of sufficient accounting and financial reporting personnel with requisite knowledge of and experience in application of IFRS and SEC rules, and lack of financial reporting policies and procedures that are commensurate with IFRS and SEC reporting and compliance requirements.

We are in the process of implementing a number of 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.

We, and our independent registered public accounting firm, were not required to perform an evaluation of our internal control over financial reporting as of December 31, 2018 and 2019 in accordance with the provisions of the Sarbanes-Oxley Act. Accordingly, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required by reporting requirements under Section 404 of the Sarbanes-Oxley Act after the completion of this offering.

**Off-Balance Sheet Arrangements**

We have not entered into any off-balance sheet arrangements.

**Critical Accounting Policies**

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 2.3 to our consolidated financial statements beginning on page F-1 of this prospectus for a description of our other significant accounting policies.

***Revenue Recognition***

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If we perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

***Contract liabilities***

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before we transfer the related goods or services. Contract liabilities are recognized as revenue when we perform under the contract (i.e., transfers control of the related goods or services to the customer).

***Upfront fees***

Upfront payment is allocated to the performance obligations based on our best estimate of their relative stand-alone selling prices. The upfront fees from Janssen of $350 million were included in the transaction price upon contract inception in 2017 and fully received by us in 2018.

***Milestone payments***

At the inception of each arrangement that includes milestone payments, we evaluate whether the milestones are considered probable of being achieved and estimate the amount to be included in the transaction price using the most likely amount method. If it is 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 our control, such as regulatory approvals, are not considered probable of being achieved until those approvals are received. We evaluate 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 probable that a significant reversal of cumulative revenue would not occur. At the end of each subsequent reporting period, we re-evaluate the probability of achievement of all milestones

subject to constraint and, if necessary, adjust our estimate of the overall transaction price. The milestone payments were allocated to the performance obligations based on our best estimate of their relative stand-alone selling prices unless the criteria under IFRS 15.85 are met, where the milestone payments are allocated entirely to the performance obligations which the milestone payments are specifically related to.

The initial two milestone payments from Janssen of $50.0 million were included in the transaction price upon contract inception in 2017. Subsequently in 2019, an additional two milestone payments of $60.0 million were included in the transaction price when the milestones triggered by dosing of a specified number of patients in the CARTITUDE-1 clinical trial were achieved. As of December 31, 2019, we were eligible to receive further milestone payments of up to $125.0 million for the achievement of specified manufacturing milestones and an additional $1,115.0 million, consisting of $105.0 million for the achievement of specified future development milestones, $800.0 million for the achievement of specified regulatory milestones and $210.0 million for the achievement of specified net trade sales milestones. We assessed that achievement of the remaining milestones is still highly uncertain and cannot be included in the transaction price. The milestone is achieved when the triggering event described in the agreement occurs.

***Licenses of intellectual property***

In assessing whether a license is distinct from the other promises, we consider factors such as the research, development, manufacturing and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. In addition, we consider whether the counterparty can benefit from a license for its intended purpose without the receipt of the remaining promise(s) by considering whether the value of the license is dependent on the unsatisfied promise(s), whether there are other vendors that could provide the remaining promise(s), and whether it is separately identifiable from the remaining promise(s). We evaluate the nature of a promise to grant a license in order to determine whether the promise is satisfied over time or at a point in time. We evaluated that the licenses are separate performance obligations which represent a right to use our license as it exists at the point in time that the license is granted. Revenue from licenses is recognized when the control of the right to use of the license is transferred to the customer.

***Steering committee services***

In assessing whether the preparation and participation in a Joint Steering Committee which leads to the commercialization of a new drug, or the JSC service, is a promised service in the arrangement with Janssen, we concluded that the services are capable of being distinct from the intellectual property licenses and distinct within the context of the contract based on a careful evaluation of the specific facts and circumstances. It was determined that the largest portion of transaction price should be allocated to the JSC service as we are responsible for a significant portion of the development work prior to commercialization. The performance obligation is satisfied over time as services are rendered. Revenue from JSC service is recognized on a straight-line basis over the period when the JSC service is provided.

***Research and development costs***

All research costs are charged to profit or loss as incurred.

Expenditures 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, 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 ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

***Share-Based Compensation***

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. Our employees and directors can 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 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. See note 23 to our consolidated financial statements beginning on page F-1 of this prospectus for further details.

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognized for equity-settled transactions at the end of each reporting period 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 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 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 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.

The following table lists the inputs to the model used:

| | Year Ended December 31, | |
|---|---|---|
| | 2018 | 2019 |
| Expected life of options (years) | 10 | 10 |
| Expected volatility | 64.2%-66.4% | 66.4%-80.3% |
| Risk-free interest rate | 2.48%-2.87% | 1.98%-2.69% |
| Dividend yield | 0% | 0% |
| Weighted average share price | $0.609-$0.615 | $0.590-$0.615 |

We measure stock options and other stock-based awards granted to employees and directors based on the fair value on the date of grant and recognize the corresponding compensation expense of those awards, net of estimated forfeitures, over the requisite service period, which is generally the vesting period of the respective award. Generally, we issue stock options that include performance vesting conditions and are subject to forfeiture if the participants cannot meet certain performance targets set by our board of directors.

We estimate the fair value of each stock option grant using the Binomial option-pricing model, which uses as inputs the fair value of our common stock, exercise price of our stock options, expected volatility of our common stock based on historical volatility of comparable companies, the expected terms of our stock options, the risk-free interest rate for a period that approximates the expected term of our stock options, the post-vesting forfeit rate and our expected dividend yield.

As there has been no public market for our common stock to date, the estimated fair value of our common stock has been determined by reference to our most recently available third-party valuations of common stock which are close to the grant date. We have periodically determined the estimated fair value of our common stock at various dates using contemporaneous valuations performed in accordance with the guidance outlined in the IFRS2 *Share-based Payment* and IFRS 13 *Fair Value Measurement*.

Our common stock valuations were performed solely on the income approach in the form of a discounted cashflow, or DCF, methodology to estimate our enterprise value. The market approach was not utilized as our Company is still in development stage and its products are yet to be commercialized.

We performed these contemporaneous valuations, with the assistance of a third-party valuation specialist, as of December 26, 2017, August 30, 2018, December 31, 2018, July 2, 2019 and November 29, 2019. In addition to these valuations, our board of directors considered various objective and subjective factors to determine the fair value of our common stock as of each grant date, including:

- the progress of our research and development programs, including the status of preclinical studies and clinical trials for our product candidates;
- our stage of development and commercialization and our business strategy;
- external market conditions affecting the biotechnology industry, and trends within the biotechnology industry;
- our financial position, including cash on hand, and our historical and forecasted performance and operating results; and
- the lack of an active public market for our common stock.

The assumptions underlying these valuations represent management's best estimates, which involve inherent uncertainties and the application of management judgment. As a result, if factors or expected outcomes change and we use significantly different assumptions or estimates, our equity-based compensation could be materially different.

Following the closing of this offering, the fair value of our common stock will be determined based on the quoted market price of our common stock.

The following table summarizes by grant date the number of shares subject to options granted since January 1, 2019, the per share exercise price of the options, the fair value of common stock underlying the options on date of grant and the per share estimated fair value of the options:

| Grant Date | Number of Shares Subject To Options Granted | Per Share Exercise Price of Options | Fair Value of Common Stock per Share on Option Grant Date | Per Share Estimated Fair Value of Options |
|---|---|---|---|---|
| January 14, 2019 | 10,000 | $ 1.0 | $ 0.615 | $ 0.362 |
| January 28, 2019 | 10,000 | $ 1.0 | $ 0.615 | $ 0.362 |
| July 2, 2019 | 2,233,000 | $ 1.5 | $ 0.590 | $ 0.286 |
| July 8, 2019 | 2,000 | $ 1.5 | $ 0.590 | $ 0.286 |
| July 22, 2019 | 1,000,000 | $ 1.5 | $ 0.590 | $ 0.286 |
| November 29, 2019 | 472,000 | $ 1.5 | $ 0.610 | $ 0.345 |
| December 9, 2019 | 30,000 | $ 1.5 | $ 0.610 | $ 0.345 |

**Issued But Not Yet Effective Reporting Standards**

See note 2.2 to our consolidated financial statements beginning on page F-1 of this prospectus for a description of recent accounting pronouncements applicable to our consolidated financial statements.

**Qualitative and Quantitative Disclosures about Market Risk**

Our cash is held in readily available checking accounts. These securities are generally not dependent on interest rate fluctuations that may cause the principal amount of these assets to fluctuate. As a result, a change in market interest rates would not have any significant impact on our financial position or results of operations. As of March 31, 2020, we have no material interest rate risk exposure.

Inflation generally affects us by increasing our cost of labor and clinical trial costs. We do not believe that inflation had a material effect on our business, financial condition or results of operations during the years ended December 31, 2018 and 2019 or the three months ended March 31, 2019 and 2020. We also do not believe that we are exposed to any material foreign currency exchange rate risk.

**Emerging Growth Company Status**

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of reduced reporting requirements that are otherwise applicable to public companies. Section 107 of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with those standards. The JOBS Act also exempts us from having to provide an auditor attestation of internal control over financial reporting under Sarbanes-Oxley Act Section 404(b).

We will remain an "emerging growth company" until the earliest of (1) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more, (2) the last day of the fiscal year in which the fifth anniversary of the completion of this initial public offering occurs, (3) the date on which we have issued more than $1.0 billion in nonconvertible debt during the previous three years or (4) the last day of the fiscal year in which we are deemed to be a large accelerated filer under the rules of the SEC, which generally is when we have more than $700.0 million in market value of our stock held by non-affiliates as of the prior June 30th and we have been a public company for at least 12 months and have filed one annual report.

# BUSINESS

## Overview

We are a global, clinical-stage biopharmaceutical company engaged in the discovery and development of novel cell therapies for oncology and other indications. Our team of over 650 employees in the United States, China and Europe, our differentiated technology, global development and manufacturing strategy and expertise provide us with the ability to generate, test and manufacture next-generation cell therapies targeting indications with high unmet needs. Our lead product candidate, LCAR-B38M/JNJ-4528, is a chimeric antigen receptor, or CAR, T cell therapy we are jointly developing with our strategic partner, Janssen Biotech, Inc., or Janssen, for the treatment of multiple myeloma, or MM. LCAR-B38M refers to the product candidate being studied in China, and JNJ-68284528, or JNJ-4528, refers to the product candidate being studied in the rest of the world. Clinical results achieved to date demonstrate that LCAR-B38M/JNJ-4528 has the potential to deliver deep and durable anti-tumor responses in relapsed and refractory multiple myeloma, or RRMM, patients with a manageable safety profile.

In December 2019, we reported updated data from a Phase 1 clinical trial of LCAR-B38M in China, in 74 patients with RRMM across four independent sites. Patients treated with LCAR-B38M had 25 to 26 months of median follow-up and achieved an overall response rate, or ORR, of 88 percent, with a complete response, or CR, rate ranging from 74 to 82 percent, depending on the site. In the largest site of 57 patients, median overall survival, or mOS, was 36.1 months as of July 31, 2019. The Phase 1b/2 registrational trial of JNJ-4528 in RRMM patients in the United States and Japan, which we refer to as CARTITUDE-1, has completed enrollment of the Phase 2 portion in the United States. All 29 patients treated with JNJ-4528 from the Phase 1b portion achieved a response, with an ORR of 100 percent. As of April 20, 2020, with a median follow-up of 11.5 months, 25 of 29 patients, or 86 percent, achieved a stringent complete response, or sCR. The 9-month progression free survival rate was 86 percent and 22 of the 29 patients remained alive and progression free at the time of data cut-off. We anticipate that data from the Phase 2 portion of CARTITUDE-1 will be presented at a major medical conference in the second half of 2020. JNJ-4528 has been granted breakthrough therapy designation and orphan drug designation by the U.S. Food and Drug Administration, or FDA, and Priority Medicines, or PRIME, designation, enabling accelerated assessment, by the European Medicines Agency, or EMA. We anticipate that a biologics license application, or BLA, will be submitted to the FDA and a market authorization application, or MAA, will be submitted to the EMA for JNJ-4528 for the treatment of RRMM in the second half of 2020.

CAR-T cell therapy is a form of cancer immunotherapy, whereby a patient's T cells are engineered to express a CAR that recognizes and binds to tumor cell surface antigens, resulting in their activation to target cancer cells for destruction. CAR-T cell therapy has emerged as a revolutionary and potentially curative therapy for patients with certain hematologic cancers. In 2017, the FDA approved the first two CAR-T cell therapies, Kymriah and Yescarta, after these products demonstrated strong efficacy in select relapsed or refractory B cell malignancies.

The development of CAR-T cell therapies has required notable advancements across the spectrum to overcome several challenges, including selecting the ideal tumor antigen target, engineering a CAR construct that will lead to potent and selective killing of tumor cells, the lack of validated preclinical models that are predictive of safety and efficacy in humans, and the ability to manufacture cell therapies with the high quality and reproducibility required for pharmaceutical products. In addition, meeting commercial demand at both a regional and global scale remains a challenge.

We have built our company around overcoming the challenges associated with CAR-T cell therapy development through deploying our fully-integrated, global cell therapy capabilities including in-house expertise on early-stage discovery, efficient clinical translation, manufacturing and commercialization to bring our pipeline of next-generation CAR-T product candidates to patients. We are leveraging our in-house antibody generation, coupled with our CAR-T specific functional screening capability, to add one or multiple tumor antigen binding

sites on T cells. We seek to bridge the gap between discovery research and patients by leveraging our relationships with clinicians and their ability to conduct investigator-initiated clinical trials in top-tier hospitals in China without a formal investigational new drug, or IND, process as part of the encouragement of innovation by the National Medical Products Administration, or NMPA. We work with the clinicians and hospitals to conduct these trials in accordance with international standards to support future global regulatory filings and partnerships. This strategy enables us to rapidly advance product candidates to patient populations with large unmet needs. To satisfy anticipated commercial demand in various geographies, we are building manufacturing facilities in the United States, Europe and China. Furthermore, we will seek to make our products, if approved, widely available to cancer patients throughout the United States, Europe and Asia independently or through partnerships. Taken together, we believe that our fully integrated approach will enable us to rapidly expand the use of CAR-T cell therapies.

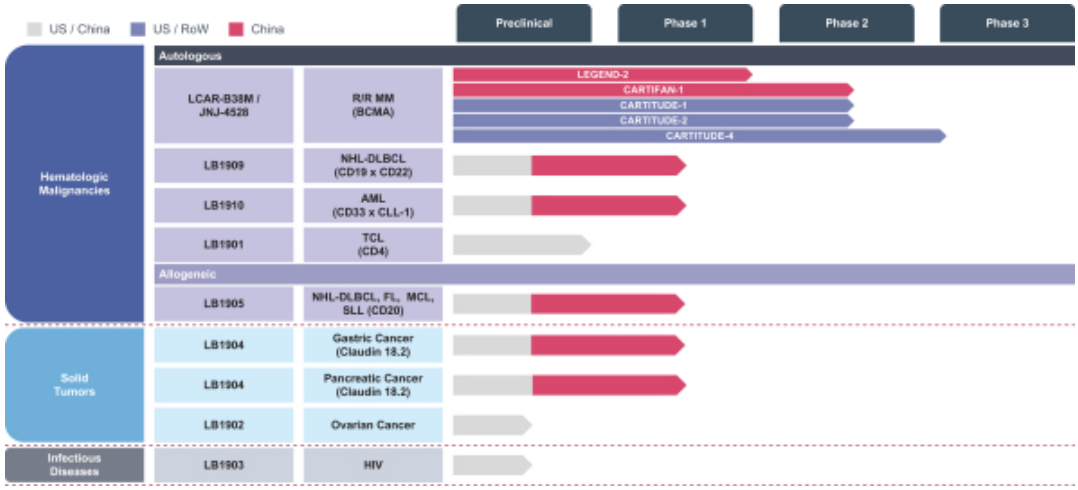
Our lead product candidate, LCAR-B38M/JNJ-4528, is an autologous CAR-T cell therapy that targets the B-cell maturation antigen, or BCMA, which is a highly expressed protein in a number of hematologic malignancies including MM. Autologous cells refer to the patient's own cells. We are developing LCAR-B38M/JNJ-4528 as a potentially improved therapy for MM. MM is a highly aggressive disease representing approximately 10 percent of all hematologic malignancies and 20 percent of deaths of hematologic malignancies worldwide. In 2020, the American Cancer Society projects that 32,270 new cases of MM and 12,830 deaths will occur in the United States. Worldwide, there were an estimated 159,985 new cases of MM in 2018. Existing therapies include monoclonal antibodies, proteasome inhibitors and immunomodulatory agents, which generated aggregate sales of approximately $18 billion in 2018. Nevertheless, MM remains incurable and patients eventually relapse and become refractory to treatment. For example, mOS in patients who have received at least three prior lines of therapy and are refractory to both an immunomodulatory drug and a proteasome inhibitor is only 13 months. The reported ORR for approved therapies for the population of heavily pre-treated and refractory patients with MM is 30% or less. Therefore, we believe there is a high unmet need for a therapy that provides an improved efficacy profile for a prolonged period of time.

We believe that LCAR-B38M/JNJ-4528 has the potential to transform the treatment of MM. Following the results from our Phase 1 clinical trial in China, which we refer to as LEGEND-2, we are enrolling up to 60 patients in a Phase 2 registrational trial of LCAR-B38M in RRMM patients in China, which we refer to as CARTIFAN-1, and conducting CARTITUDE-1 Phase 1b/2 registrational trial of JNJ-4528 in RRMM patients in the United States and Japan. Based on the results of CARTITUDE-1, including the efficacy observations from the Phase 1b and Phase 2 portions of the trial, we anticipate that a BLA will be submitted to the FDA and an MAA will be submitted to the EMA for JNJ-4528 for the treatment of RRMM in the second half of 2020. We also intend to use the data from CARTIFAN-1 in support of a regulatory submission for approval in China and the data from CARTITUDE-1 in support of a regulatory submission in Japan in 2021.

In addition to the trials we are conducting to support our initial regulatory submissions, we are conducting multiple clinical trials to evaluate LCAR-B38M/JNJ-4528 as an earlier line of therapy for MM. In November 2019, we and our strategic partner Janssen began enrolling an aggregate of 80 patients in a Phase 2 multicohort trial of JNJ-4528 in the United States and Europe, which we refer to as CARTITUDE-2, in patients with MM in various clinical settings such as in early relapse patients or as a front-line therapy. Based on those results, we intend to explore expanding our investigation in those patient populations to potentially support regulatory approval submissions upon the agreement of regulatory agencies. In addition the Phase 3 CARTITUDE-4 clinical trial, enrolling approximately 400 patients in the United States, Europe and Japan has been initiated. This clinical trial is comparing treatment with JNJ-4528 to treatment of standard triplet therapy in Revlimid-refractory MM.

We have established a global collaboration with Janssen for LCAR-B38M/JNJ-4528, pursuant to which we share equally the development, production and commercialization costs and profits or losses in all areas other than mainland China, Hong Kong, Macau and Taiwan, or Greater China, where we assume 70 percent of development, production and commercialization costs and retain or bear 70 percent of pre-tax profits or losses. We received an upfront payment of $350.0 million from Janssen in 2018, and to date, we have received four milestone payments totaling $110.0 million.

In addition to LCAR-B38M/JNJ-4528, we have a broad portfolio of earlier-stage autologous product candidates targeting various cancers, including Non-Hodgkins Lymphoma, or NHL, Acute Myeloid Leukemia, or AML, and T cell Lymphoma, or TCL, of which the first two are currently in investigator-initiated Phase 1 clinical trials in China. We are also developing an allogeneic CAR-T product candidate targeting CD20 for the treatment of NHL, which is currently in an investigator-initiated Phase 1 clinical trial in China. Allogeneic cells are cells from a donor. Furthermore, we have several product candidates in early preclinical and clinical development for the treatment of solid tumors as well as infectious diseases. Our pipeline of product candidates is summarized in the table below.




"AML= acute myeloid leukemia, BCMA= B-cell maturation antigen, DLBCL= diffuse large B-cell lymphoma, FL= follicular lymphoma, HIV= human immunodeficiency virus, MCL= mantle cell lymphoma, NHL= non-Hodgkin lymphomas, R/R MM= relapsed or refractory multiple myeloma, RoW= Rest of World, SLL=small lymphocytic lymphoma, TCL=T-cell lymphoma

We have assembled a team with broad experience in biopharmaceutical drug discovery, development and commercialization. We are led by Yuan Xu, Ph.D., our Chief Executive Officer, who previously served in senior roles in discovery, development and commercialization at Merck, Gilead, Novartis, Amgen, Chiron, GlaxoSmithKline and Genentech. Ying Huang, Ph.D., our Chief Financial Officer, was most recently a Managing Director and Head of Biotech Equity Research at BofA Securities, Inc., and earlier in his career, he was a Principal Scientist at Schering-Plough (now Merck).

## Our Strategy

Our goal is to become a worldwide leader for CAR-T and related cell therapies in treating hematologic malignancies, solid tumors and infectious diseases. Our strategy to achieve this goal is as follows:

- **Advance LCAR-B38M/JNJ-4528 through registrational trials and obtain approval for the treatment of RRMM globally.** We believe we have demonstrated that LCAR-B38M/JNJ-4528 can deliver deep and durable anti-tumor responses, resulting in increased survival in RRMM patients. Based on the results of CARTITUDE-1, we anticipate that a BLA will be submitted to the FDA for JNJ-4528 for the treatment of RRMM in the second half of 2020. We also plan to seek regulatory approval of LCAR-B38M/JNJ-4528 in other key geographies, including in Europe, China and Japan. Furthermore, we intend to aggressively pursue clinical development of LCAR-B38M/JNJ-4528 in MM including in earlier-stage patients and potentially as front-line therapy.
- **Rapidly advance our pipeline by leveraging our global clinical development strategy.** We plan to continue to leverage our technical know-how, discovery and clinical expertise, and deep relationships

with clinical investigators and treatment centers to explore new opportunities for cell therapy. We plan to continue to leverage our access to investigator-initiated clinical trials that are conducted in accordance with international standards to advance our product candidates in China and to select product candidates for IND applications in the United States. Our global clinical development strategy enables us to quickly assess the therapeutic potential of these individual product candidates in patients in an efficient and cost-effective manner. We believe this will allow us to rapidly advance product candidates that we find most promising into global registrational clinical trials. We can also refine and optimize product candidates that do not achieve sufficient results in the investigator-initiated trials, and potentially mitigate certain clinical development risks in our target markets.

- **Maintain and expand our global leadership in the cell therapy field.** We believe we are a leading company in the cell therapy field, and we intend to continue to expand our global presence in order to provide access to our products, if approved, to patients around the world. We plan to continue to recruit leading talent across regions to be able to leverage our efficient and cost-effective clinical development strategy in China and to expand our suite of technologies that we believe enables us to take a systematic approach to rapidly developing improved cell therapies. We are conducting clinical pivotal trials for LCAR-B38M/JNJ-4528 designed to support regulatory submissions for approval in the major markets of the United States, Europe, China and Japan. We also intend to establish a global commercial team to support all aspects of our product sales including market access, healthcare provider education, hospital certification, reimbursement, manufacturing and patient and provider support.
- **Expand our manufacturing capabilities.** We currently have manufacturing facilities in China and the United States supplying clinical materials for our trials. As we prepare to potentially commercialize our products, we intend to further expand the commercial-scale manufacturing capacities at these facilities and establish a manufacturing facility in Europe. We expect these facilities will enable rapid scale-up capabilities and provide product supply at both a regional and global scale.
- **Establish ourselves as a preferred global partner.** Our global network and strategy facilitates accelerated clinical proof-of-concept for pipeline candidates. Further, through our strong presence in China, deep relationships with Chinese key opinion leaders, health policy experts, leading healthcare institutions, local world-class manufacturing and strong understanding of and experience with Chinese regulations, we are well positioned to be the partner of choice to help foreign companies navigate the lucrative yet complex Chinese market. We believe our global collaboration with Janssen, for the development and potential commercialization of LCAR-B38M/JNJ-4528 is a testament to our potential as a preferred global partner.

**Background on Cancer and CAR-T Cell Therapy**

Cancer is the second leading cause of death worldwide. Cancers originate when individual cells develop mutations in essential cellular functions that drive increased cell division and growth. T cells, a key component of the immune system, are responsible for defending the body against infectious pathogens and cancerous cells. Through their T cell receptor, T cells are able to recognize and eliminate cancerous cells. However, cancer cells can evolve mechanisms to evade recognition by and establish other escape mechanisms from T cell surveillance. Cancer immunotherapy is a treatment strategy designed to enhance and manipulate immune responses to work more effectively against cancer.

Adoptive cell therapy, or ACT, is a cancer immunotherapy that involves the infusion of immune cells into a patient with the intent of having these cells attack and destroy cancer cells. In most cases these immune cells are autologous, or isolated from the same patient to which they are re-administered. These isolated cells are expanded in number and can be stimulated with specific growth factors, cytokines, chemokines or antigens, or can be genetically modified to recognize and destroy certain tumors.

The two most common engineered ACTs, CAR-T cells and TCR-T cells, are genetically modified cells that express either chimeric antigen receptors or naturally occurring T cell receptors, or TCRs, that recognize antigens

on a patient's tumors. Synthetic CAR receptors combine the specificity of a monoclonal antibody with cytotoxic and immune surveillance functions of a T cell and bind to extracellular antigens of cell-surface proteins overexpressed by cancer cells, thus enabling major histocompatibility complex-independent T cell activation. CD19 is an antigen overexpressed on lymphoma cancer cells. Anti-CD19 CAR-T cell therapies have demonstrated strong efficacy and in some cases curative potential in select relapsed or refractory B cell malignancies, ultimately leading to the FDA approvals of the first CAR-T therapies, Kymriah and Yescarta in 2017.

***Challenges in Developing CAR-T Cell Therapies***

Despite the advancements in the field, there are a number of key challenges in developing CAR-T cell therapies.

- **Selecting an appropriate tumor antigen target:** The antigen targets that are recognized by CAR-T cells are membrane-bound cell surface proteins. Limited distribution in normal tissue, over or homogeneous expression in tumors, and lack of shedding or internalization are critical factors related to the target antigen that need to be considered for target selection for developing CAR-T therapies. While expression of target antigens on normal tissues increases the risk of on-target/off-tumor toxicity, reduced or loss of expression due to shedding or internalization on tumor cells can decrease the treatment efficacy.
- **Designing an optimal CAR construct:** The properties of the CAR construct are crucial to the overall success of CAR-T therapy. The affinity and flexibility of the antigen binding domain(s) are important in enhanced tumor-specific recognition, and co-stimulation during CAR-T cell activation regulates metabolism, survival and functions of T cells. A common side effect with CAR-T therapy is excessive T cell activation when encountering its target antigen. Such over activation can result in cytokine release syndrome, or CRS, a life threatening condition caused by high levels of inflammatory cytokines. Therefore, designing an optimal CAR construct requires a balance between efficacy and safety.
- **Preclinical to clinical translation:** The lack of validated preclinical models that are predictive of safety and efficacy in humans presents a considerable barrier for efficient development of CAR-T products. Currently, few preclinical animal models can recapitulate the human immune system, tumor microenvironment and normal tissue distribution of target antigens. Although several animal models have been used in prior CAR-T studies, most of them do not reflect the obstacles to achieve clinical efficacy and fail to predict potentially life-threatening toxicities.
- **Manufacturing complexities:** Manufacturing of CAR-T cell therapies is difficult due to the variability of collected cells from individual patients. Limited economies of scale can be realized given the bespoke nature of autologous CAR-T manufacturing. These factors have contributed to limited clinical translation and patient access. Furthermore, high costs and, in certain instances, high failure rates during the manufacturing process, continue to limit the scalability of CAR-T therapies. The difference in regulations governing the manufacturing of CAR-T therapies from region to region presents an additional layer of complexity for drug developers looking to expand their capabilities globally.

**Our Approach**

We have built our company around overcoming the challenges associated with CAR-T cell therapy development through deploying our fully-integrated, global cell therapy capabilities including in-house expertise on early-stage discovery, efficient clinical translation, manufacturing and commercialization to bring our pipeline of next-generation CAR-T product candidates to patients. We are leveraging our in-house antibody generation, coupled with our CAR-T specific functional screening capability, to add one or multiple binding sites on T cells. We seek to bridge the gap between discovery research and patient treatments by leveraging our long-term relationships with clinicians in China and their expertise to conduct investigator-initiated clinical trials in top-tier

hospitals in China to rapidly advance product candidates to patient populations with large unmet needs. To satisfy anticipated commercial demand in various geographies, we are building manufacturing facilities in the United States, Europe and China. Furthermore, we will seek to make our products, if approved, widely available to cancer patients globally, including in the United States, Europe and Asia. Taken together, we believe that our fully integrated approach will enable us to rapidly expand the use of CAR-T cell therapies to meet the significant unmet need among patients.

***Technology Capabilities***

From the commencement of our operations in 2014, we recognized the transformational potential of CAR-T cells. We have assembled a team of experts and a suite of technologies that we believe enables us to take a systematic approach to rapidly develop improved cell therapies.

A number of technical areas underpin our approach to CAR-T cell therapy and related fields.

***In-house antibody and CAR screening capability***

There is considerable variability in CAR-T cell therapies' ability to specifically recognize and kill tumor cells. Many earlier product candidates developed by others have relied on in-licensed antibodies, which may not be specifically designed for CAR-T application. In contrast, we have developed a high-throughput screening technology that allows us to identify antibody fragments that have the most desirable properties and thus allowing us to optimize antigen-binding domains and linkers for specific CAR constructs. This allows us to repeatedly select and prioritize CAR constructs that are most likely to target the tumor cells of interest with high potency while sparing normal cells. We have demonstrated in our preclinical research and early clinical investigations that appropriate selection of the antigen-binding domain is an important determinant of overall anti-tumor activity. We also believe that our in-house antibody generation, coupled with our CAR-T specific functional screening capability, helps us expand our internal pipeline programs and keep pace with the rapidly evolving cell therapy development landscape.

***Multiple antibody development platforms and multi-specific binding approaches***

To maximize the possibility of identifying the best binder for a given target in a CAR-T application, we have multiple in-house antibody development platforms, including single domain antibodies derived from llama and mice and fully human antibodies.

For our lead product candidate, LCAR-B38M/JNJ-4528, we have chosen to generate and characterize our own antigen-binding domains isolated from llamas. Llamas produce highly diverse antibodies including a unique class of single-domain antibodies that can have high antigen-binding potency compared to that of more conventional antibodies which are composed of heavy and light chain domains. These smaller, single-domain antibodies are also able to access antigenic sites that are close to the cell membrane, which may not be physically accessible to larger, conventional antibodies.

Our technology has the potential to efficiently generate multi-epitope antibodies targeting the same antigen or multi-antigen specific CAR constructs. The small size of llama single-domain antibody allows us to efficiently construct CARs with two or more antigen binding domains targeting the same antigen or different antigens simultaneously. Using this technology, we successfully generated llama single-domain antibodies targeting two epitopes on BCMA, which were applied to the CAR construct in LCAR-B38M/JNJ-4528.

***Global Clinical Development Strategy***

We employ a global clinical development strategy designed to progress our product candidates rapidly through the clinic. In particular, we utilize our deep relationships with thought leaders in China to conduct

proof-of-concept studies, from which we believe we can more efficiently inform the design of our clinical development programs and potentially mitigate certain clinical development risks. Through initially testing product candidates in humans in investigator-initiated trials in China, we can quickly assess the therapeutic potential of and improve individual product candidates in an efficient and cost-effective manner, which allows us to quickly identify promising product candidates and advance them into registrational clinical trials across China, the United States, Europe and Japan. We also intend to establish global manufacturing facilities and a global commercial team to support all aspects of our product sales including market access, healthcare provider education, hospital certification, reimbursement, manufacturing and patient and provider support.

Given our expertise and understanding of the significant differences in the regulatory environment for cell therapies in China compared to the United States, we have the potential to be a preferred partner for companies outside of China or those that are founded or controlled by entities outside of China to conduct scientific research using genetically modified cells in China. Following consultation, and subject to oversight by scientific advisory boards and ethical committees, clinicians in China can initiate clinical testing for experimental cell therapies at their hospitals without the requirement for clearance of a formal IND application by the NMPA as part of the NMPA's encouragement of innovation. We work with the clinicians and hospitals to conduct investigator-initiated trials in accordance with international standards to support future global regulatory filings and partnerships. This approach enables us to rapidly test our product candidates directly in patients. We also have established relationships with China-based key opinion leaders, regulatory bodies, institutional review boards, ethics committees and related entities involved in accelerating and monitoring clinical development of cell therapies.

We are one of the most advanced companies in developing CAR-T cell therapies in China, having received clearance for the first CAR-T cell therapy IND application by the NMPA. We are also the first to conduct a registrational CAR-T clinical trial in China. We have built a strong, global research team of over 300 researchers who identify potential cellular targets and create and assess a broad portfolio of product candidates. Establishing this expertise has attracted the leading investigators and partners within China.

Our LEGEND-2 trial was conducted at four top-tier large-scale hospitals that treat millions of patients annually and are associated with universities with integrated operations in medical treatment and medical education. In China alone, there were an estimated 4.3 million new cancer cases and 2.9 million cancer deaths in 2018. Eighty percent of these patients are treated in regional and provincial hospitals, many of which we collaborate with. We believe the clinical experience at these hospitals in treating patients with these therapies with regard to dosing, conditioning regimens and management of adverse events, such as CRS, represent an invaluable resource for first-in-human testing of potential clinical candidates.

Patients who are enrolled in investigator-initiated clinical trials typically have failed multiple lines of previous therapies and lack any alternatives. From these clinical trials clinicians collect detailed biomarker data, profiles of cellular responses, and clinical responses which are used to help refine treatment protocols and are shared with us to understand the strengths and weaknesses of our product candidates. We use the data from these early clinical trials to advance promising product candidates and, when appropriate, improve other product candidates. We also use the data to identify product candidates or biological hypotheses that are not effective, enabling us to narrow our focus and avoid unnecessary expense and time.

***Clinical- and Commercial-Stage Manufacturing Expertise***

We have assembled a clinical, manufacturing and commercial, or CMC, team with extensive CAR-T process development and commercialization experience, many of who have direct experience with commercial launch and manufacturing supply of marketed CAR-T products. We have current good manufacturing practices, or cGMP, compliant manufacturing facilities in the United States and China that supply the clinical material for our trials. These facilities have been designed for rapid scale-up, and we intend to source our global commercial supply and distribution from these facilities, if any of our product candidates are approved. We are also in the process of selecting a European site and facility for future supply for Europe.

In establishing these facilities, we have taken significant efforts to establish defined procedures regarding manufacturing robustness, facility design, employing quality personnel and designing cell therapies taking into account manufacturability. We believe these efforts, along with our rigorous manufacturing infrastructure and deep industry expertise have enabled the development of our robust manufacturing process and can potentially drive further cycle time improvement and cost reductions in developing cell therapy product candidates.

**Our Programs**

***LCAR-B38M/JNJ-4528 for the Treatment of Multiple Myeloma***

LCAR-B38M/JNJ-4528 is a CAR-T cell therapy that we are developing for the treatment of MM. LCAR-B38M refers to the product candidate in China and JNJ-4528 refers to the product candidate in the rest of the world. Both product candidates express an identical CAR protein. In a Phase 1 first-in-human clinical trial (LEGEND-2), treatment of 57 RRMM patients with LCAR-B38M resulted in an ORR of 88 percent including a CR rate of 74 percent in the patients treated at the Second Affiliated Hospital of Xi'an Jiaotong University, or Xi'an, clinical site as of July 31, 2019 with a median follow-up time of 25 months, and treatment of 17 RRMM patients at three other sites resulted in an ORR of 88 percent with a CR rate of 82 percent as of October 31, 2019 with a median follow-up time of 26 months. The other three sites were Jiangsu Province Hospital, or Jiangsu, Shanghai Changzheng Hospital, or Changzheng, and Shanghai Ruijin Hospital, or Ruijin. ORR includes patients that achieved a CR, very good partial response, or VGPR, or a partial response, or PR. Expected adverse events were reported in all patients in LEGEND-2 with over 90 percent reporting fever and cytokine release syndrome, or CRS. Over 82 percent of patients had Grade 1 or Grade 2 CRS which was managed with standard treatments and, in all but two of the 74 patients, CRS was resolved. One patient died of a CAR-T related toxicity as a result of CRS and tumor lysis syndrome. A second patient died from a potential pulmonary embolism and acute coronary syndrome, which was considered unrelated to treatment by the investigator.

Patients are measured for whether they achieved a CR, VGPR or a PR in accordance with the International Myeloma Working Group, or the IMWG, uniform response criteria for MM. The IMWG uniform response criteria has been utilized in registration studies of approved myeloma drugs. The IMWG uniform response criteria assesses efficacy of treatment options for myeloma and allows for a comparison of efficacy between treatment strategies in clinical trials, strict definitions for responses, as shown in the table below, and classifications to improve detail and clarify inconsistent interpretations across clinical trials.

The IMWG criteria for CR, VGPR, PR and stable disease, or SD, is summarized below.

| | |
|---|---|
| CR | • Negative immunofixation in the serum and urine and<br>• Disappearance of any soft tissue plasmacytomas and<br>• <5% plasma cells in bone marrow aspirates |
| VGPR | • Serum and urine monoclonal protein, or M-protein, detectable by immunofixation but not on electrophoresis or<br>• ³90% reduction in serum M-protein plus urine M-protein level <100 mg/24 h |
| PR | • ³50% reduction of serum M-protein plus reduction in 24-hour urinary M-protein by ³90% or to <200 mg/24 h<br>• If the serum and urine M-protein are unmeasurable, a ³50% decrease in the difference between involved and uninvolved free light chain levels is required in place of the M-protein criteria and if serum-free light assay is also unmeasurable, ³50% reduction in plasma cells is required in place of M-protein, provided baseline bone marrow plasma-cell percentage was ³30%<br>• In addition to these criteria, if present at baseline, a ³50% reduction in the size (SPD) of soft tissue plasmacytomas is also required |
| SD | • Not meeting criteria for CR, VGPR, PR, or progressive disease |

In collaboration with Janssen, we are currently conducting a Phase 2 trial of LCAR-B38M in RRMM patients in China (CARTIFAN-1) and a Phase 1b/2 trial of JNJ-4528 in RRMM patients in the United States and Japan (CARTITUDE-1). All 29 patients treated with JNJ-4528 from the Phase 1b portion achieved a response, with an ORR of 100 percent. As of April 20, 2020, with a median follow-up of 11.5 months, 25 of 29 patients, or 86 percent, achieved a sCR. The 9-month progression free survival rate was 86 percent and 22 of the 29 patients remained alive and progression free at the time of data cut-off. The most common adverse events reported in CARTITUDE-1 have been CRS and cytopenias, which have been manageable with standard interventions used by hematologists. As of April 29, 2020, CRS was reported in 93 percent of patients, most of which were Grade 1-2 and only 7 percent of which were considered to be Grade 3 or higher. There were three deaths during the Phase 1b portion of CARTITUDE-1: one due to CRS, one due to acute myeloid leukemia, which was considered unrelated to treatment by the investigator, and one due to progressive disease. We anticipate that data from the Phase 2 portion of CARTITUDE-1 will be presented at a major medical conference in the second half of 2020. JNJ-4528 has been granted breakthrough therapy designation and orphan drug designation by the FDA and PRIME designation, enabling accelerated assessment, by the EMA. Clinical results received to date demonstrate that LCAR-B38M/JNJ-4528 has the potential to deliver deep and durable anti-tumor responses in RRMM patients with a manageable safety profile. We have not halted any of our clinical trials with respect to LCAR-B38M/JNJ-4528 due to the COVID-19 pandemic. In addition, our manufacturing facilities in the United States and China are functional and we are fully supportive if a patient, a physician and a medical center are ready to enroll or dose a patient. We have also established a COVID-19 operations team to monitor patient's scheduled visits and determine mitigations, including engaging in regular communications with physicians and medical centers. Based on the results of CARTITUDE-1, including the efficacy observations from the Phase 1b and Phase 2 portions of the trial, we anticipate that a BLA will be submitted to the FDA and an MAA will be submitted to the EMA for JNJ-4528 for the treatment of RRMM in the second half of 2020. We also intend to use the data from CARTIFAN-1 in support of a regulatory submission for approval in China and the data from CARTITUDE-1 in support of a regulatory submission in Japan in 2021.

In 2017, we entered into a global collaboration with Janssen for LCAR-B38M/JNJ-4528, pursuant to which we share equally the development, production and commercialization costs and profits or losses in all areas other than Greater China, where we assume 70 percent of development, production and commercialization costs and retain or bear 70 percent of pre-tax profits or losses. We received an upfront payment of $350.0 million from Janssen in 2018, and to date, we have received four milestone payments totaling $110.0 million.

***Background on Multiple Myeloma***

MM is currently an incurable blood cancer that starts in the bone marrow and is characterized by an excess proliferation of a type of antibody-producing white blood cell called plasma cells. MM is the third most common blood cancer and represents approximately ten percent of all cases and twenty percent of deaths of hematological malignancies. In 2018, there were 25,962 new cases of MM and 13,648 deaths in the United States, 48,297 new cases of MM and 30,860 deaths in Europe and 20,066 new cases of MM and 14,655 deaths in China. In 2020, the American Cancer Society projects that 32,270 new cases of MM and 12,830 deaths will occur in the United States. Worldwide, there were an estimated 160,000 new cases of MM in 2018, accounting for one percent of worldwide new cancer cases.

Most people in the United States who are diagnosed with MM are 65 years old or older, with less than one percent of cases diagnosed in people younger than 35 years old. With currently available treatments, MM has a five-year survival rate of approximately 52 percent.

Treatment choices for MM vary with the aggressiveness of the disease and overall health of the patients. Newly diagnosed patients in good physical health with active disease generally receive high-dose chemotherapy followed by autologous hematopoietic stem cell transplantation, or HSCT. When transplantation is not an option or if HSCT patients fail to achieve a CR, standard of care consists of systemic chemotherapy. The therapeutic landscape of MM has changed significantly in the past decade with the introduction of novel immunomodulatory

agents, such as lenalidomide, marketed as Revlimid by Bristol-Myers Squibb, as well as monoclonal antibodies, such as daratumumab, marketed as Darzalex by Janssen, and proteasome inhibitors, including bortezomib, marketed as Velcade by Takeda and Janssen, and carfilzomib, marketed as Kyprolis by Amgen. Worldwide sales of drugs to treat MM were approximately $18 billion in 2018 with 63 percent of these sales in the United States.

Despite these major advances, MM remains incurable even when patients receive one or more treatment agents. Patients typically receive between three and five lines of therapy but then ultimately experience a final tumor relapse having exhausted all effective treatment options. mOS in patients who have received at least three prior lines of therapy, and are refractory to both an immunomodulatory drug and a proteasome inhibitor, is only 13 months, with an mOS of less than 12 months in patients that are refractory to CD38-targeting monoclonal antibodies and one or more proteasome inhibitors and/or one or more immunomodulatory drugs. The reported ORR for approved therapies for the population of heavily pre-treated and refractory patients with MM is 30 percent or less.

Emerging therapeutic approaches include an array of product candidates that target specific antigens on MM cells, and includes antibody-drug conjugates and redirected T cell therapies such as T cell engagers and CAR-T cell therapies. Despite recent progress, we believe there is a high unmet need for a therapy that provides an improved and durable efficacy profile.

***BCMA***

BCMA is a protein normally expressed on B cells, where it functions as a pro-survival receptor. High levels of BCMA are found in plasma cells, which are specialized B cells that produce and secrete large quantities of antibodies. BCMA is overexpressed in a number of hematologic malignancies, including MM.

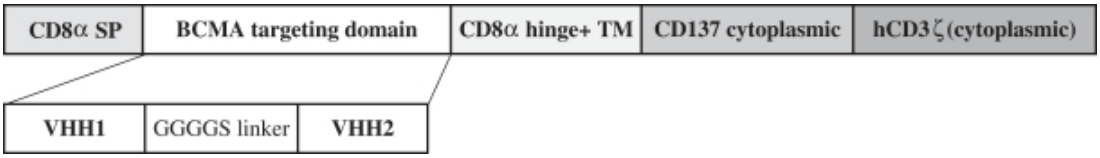
Tissue distribution of BCMA, as determined using quantitative analysis of transcription levels, show that BCMA is generally expressed only in lymphoid cells and not in other tissues in the body. The expression level of BCMA in plasmacytomas, or MM tumors, is hundreds to thousands of times higher than normal tissues, making BCMA a prime candidate for therapeutic agents directed against MM.

Published details of a third-party trial conducted by leading researchers at the U.S. National Institutes of Health report that treatment with anti-BCMA CAR-T cells yielded an ORR of 58 percent in a series of 24 RRMM patients and an ORR of 81 percent in a subset of 16 patients receiving the highest dose of 9 x $10^6$ CAR-T cells/kg. These results provide preliminary evidence for the role that anti-BCMA CAR-T cells may play in the treatment of RRMM. We believe that there are opportunities to build upon these initial results in the development of next-generation CAR-T cell therapies.

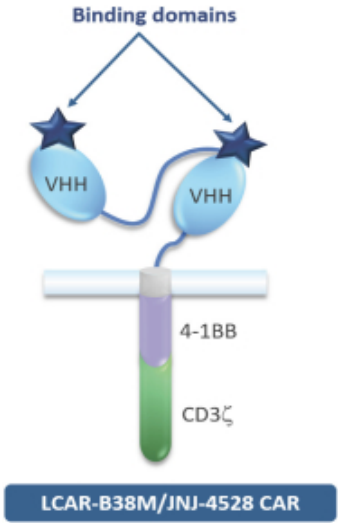
***Our Solution, LCAR-B38M/JNJ-4528***

LCAR-B38M/JNJ-4528 is a structurally differentiated autologous CAR-T cell therapy that targets BCMA. We used single-domain antibodies against BCMA that we isolated from llamas to design the LCARB38M/JNJ-4528 CAR construct. Two BCMA binding domains, VHH1 and VHH2, were then linked to a T cell costimulatory domain from the 4-1BB protein, also known as CD137, and the CD3 zeta-chain to form the CAR construct.

**LCAR-B38M/JNJ-4528 CAR construct**



**CAR construct of LCAR-B38M/JNJ-4528 has two antigen-binding domains**



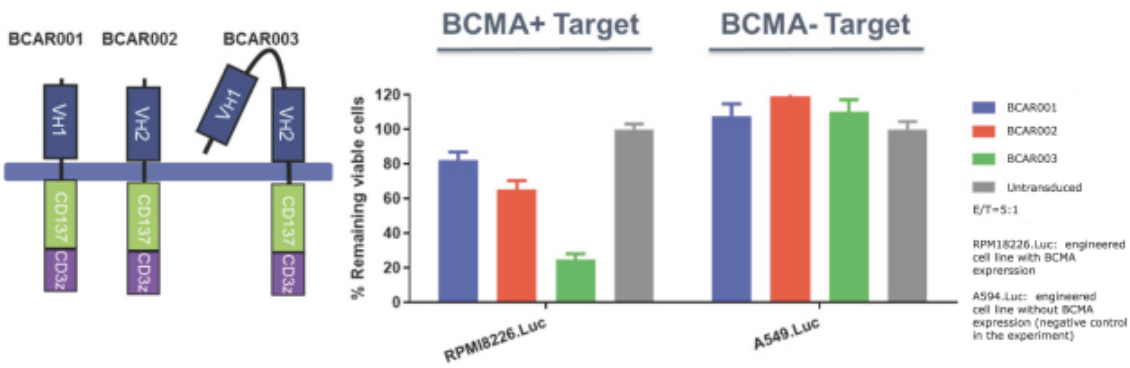

*Same antigen dual binding domain CAR*

We believe LCAR-B38M/JNJ-4528 has the potential to provide benefits to MM patients through the following mechanisms of action:

- having two antigen-binding domains takes advantage of the concept of higher binding avidity—two points of contact between the CAR and the tumor antigen results in binding much less likely to be reversible than single point of contact with either antigen;
- dual antigen-binding domains could also allow CARs to cross-link epitopes on different molecules, which facilitates the gathering of more CARs in the immune synapse for T cell activation, increases downstream signal strength of T cells, and therefore, enhances overall CAR-T functionality; and
- inclusion of antigen-binding domains that recognize antigenic sites independently could lead to an increased ratio of on-off target binding, resulting in higher specificity thereby resulting in less off-target effects.

We conducted a preclinical study in which the anti-tumor killing effect of a single binder BCMA CAR (BCAR001 and BCAR002) was compared to a dual-binding BCMA CAR (BCAR003). As depicted below, the data from the study demonstrated that, at the same effector-to-target ratio (E/T 5:1), anti-tumor killing activity of a CAR containing a dual-binder was superior to those containing just one binder in cell lines with BCMA expression.

**Preclinical data demonstrates higher specific cytolytic activity of dual-binder BCMA CAR over single-binder BCMA CAR**




*Completed Clinical Results*

*LEGEND-2 (China)*

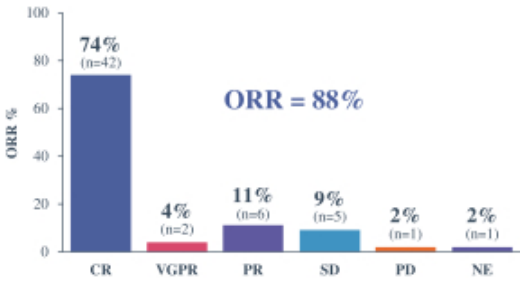
In October 2015, an investigator-initiated Phase 1 trial of LCAR-B38M was initiated at four independent sites in China, enrolling a total of 74 patients with RRMM. We reported updated data from the trial in December 2019 at the American Society of Hematology conference. The primary endpoint of the trial was the occurrence of treatment-related adverse events and the secondary endpoint was anti-myeloma responses to LCAR-B38M cell treatment. Patients in the trial had failed a median of three prior lines of therapy, in the Xi'an site and a median of four prior lines of therapy, in the remaining three sites. The actual treatment protocol varied between sites, providing us with the opportunity to explore multiple treatment protocols within a single trial. The trial protocol was standardized to the extent possible across sites; however, some variation in methodologies may have occurred due to the flexible nature of this proof-of-concept, first-in-human study. Patients in the trial were preconditioned with either cyclophosphamide, or cy, alone, or cy and fludarabine, or flu, together, which is a standard lymphodepletion, or reduction in the number of the patient's lymphocytes, regimen. The safety and efficacy results presented are based on uniform medical reviews of source hospital medical records by the investigators for all treated patients.

| Clinical site | Number of patients | Preconditioning | LCAR-B38M infusion |
|---|---|---|---|
| Xi'an | 57 | Cy only | Split-dose |
| Changzheng | 3 | Cy + flu | Split-dose |
| Ruijin | 5 | Cy + flu | Split-dose |
| Jiangsu | 9 | Cy only | Single-dose |

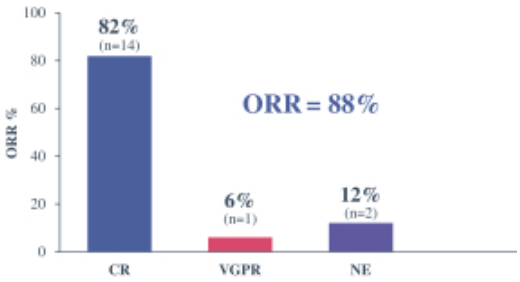
Investigators have publicly presented the results of the LEGEND-2 trial as a set of two independent analyses. The Xi'an site enrolled the largest number of patients, 57, and published additional molecular and cellular profiling data on responses. The Ruijin, Jiangsu and Changzheng sites, which enrolled a total of 17 patients, have reported their data together in a separate analysis. Patients at the Xi'an site and the other three sites achieved an ORR and a CR rate shown below as of July 31, 2019 and October 31, 2019, respectively.

**Efficacy results of the LEGEND-2 trial**

Xi'an: Best overall response (n=57)




Ruijin (RJ), Jiangsu (JS), Changzheng (CZ): Best overall response (n=17)

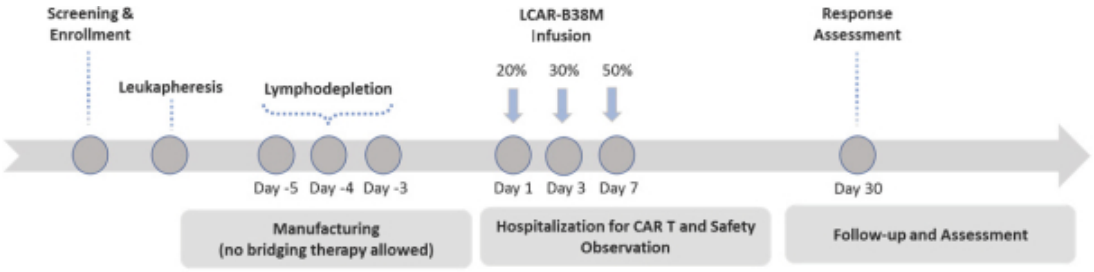



SD = stable disease
PD = progressive disease
NE = not evaluable

Patients at the Xi'an site had a median duration of response, or mDOR, of 27.0 months and, among the patients achieving a CR, the mDOR for CR was 29.1 months. The median time to achieving an initial response was one month at each of the four independent sites.

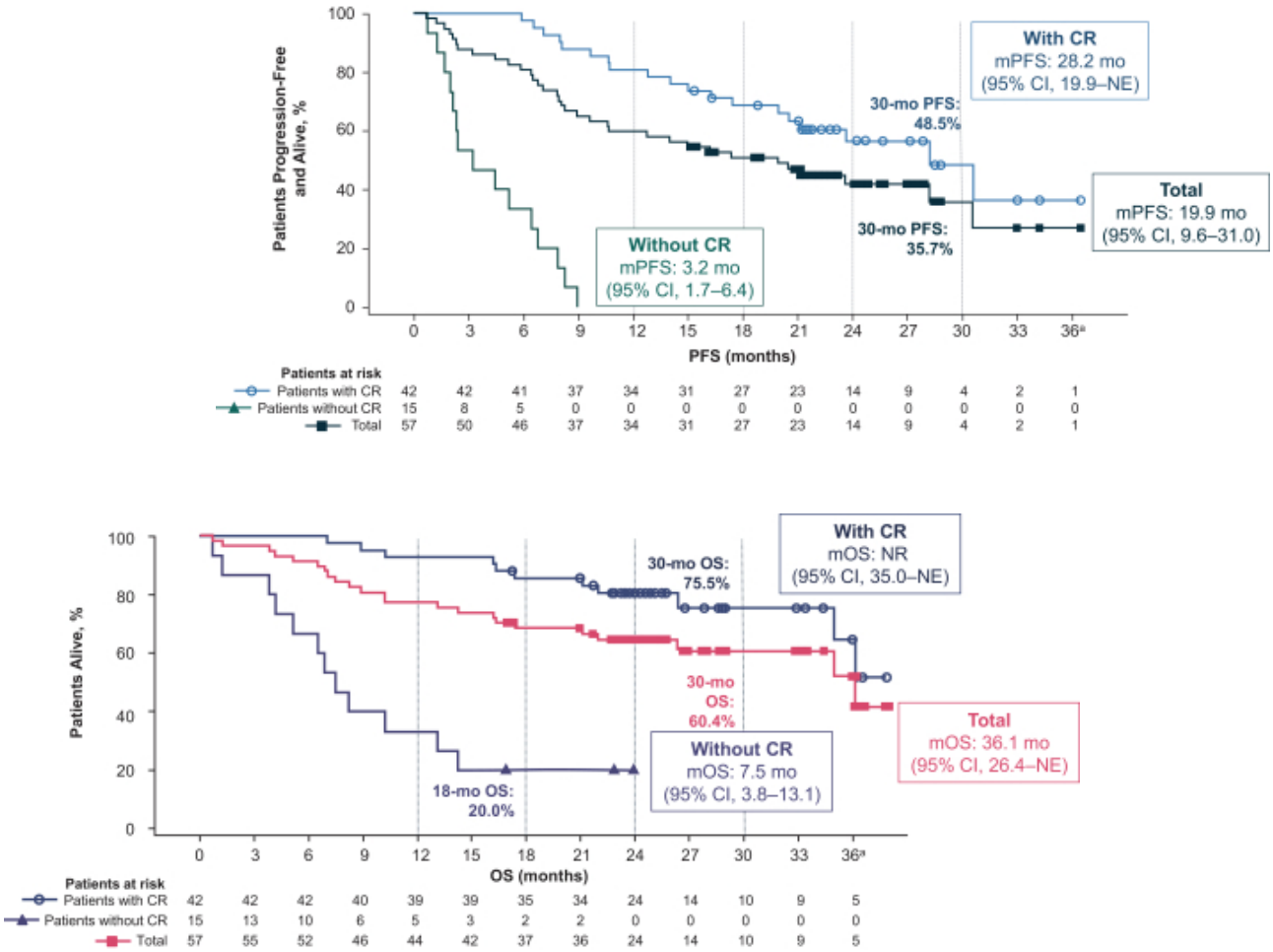
At the Xi'an site, all 57 patients treated had lymphodepletion three to five days before receiving LCAR-B38M using cyclophosphamide alone. LCAR-B38M was administered as three split infusions, as shown below, with the total number of CAR-T cells delivered to patients averaging 0.5 x $10^6$ cells/kg. Patients were assessed for response to treatment beginning 30 days after the first LCAR-B38M infusion.

**Dosing regimen in the LEGEND-2 patients at the Xi'an site**



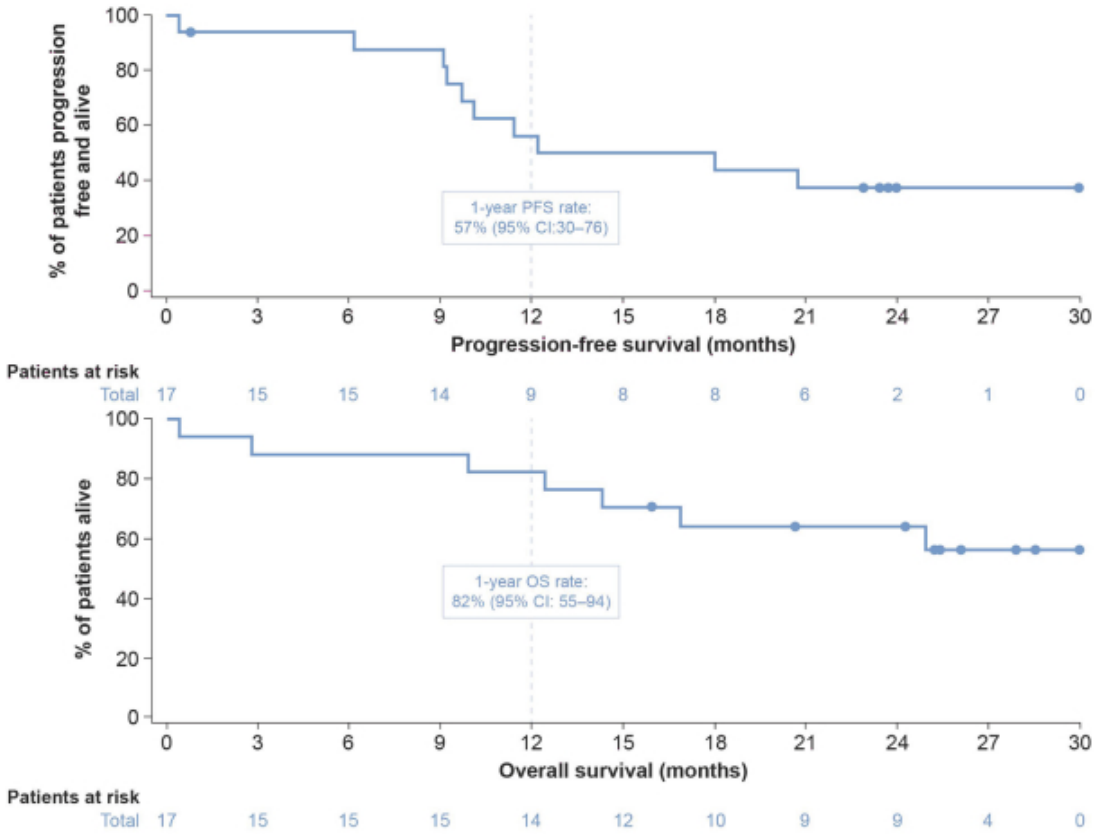
The overall survival of patients enrolled at the Xi'an site is shown in the chart below as of July 31, 2019. Patients from the Xi'an site who achieved a CR had a median progression free survival, or mPFS, of 28.2 months and an OS of 92.9 percent at 12 months and 75.5 percent at 30 months. Patients who did not achieve a CR had poorer survival with a mOS of 7.5 months.

**PFS and overall survival of patients enrolled at the Xi'an site in the LEGEND-2 trial**



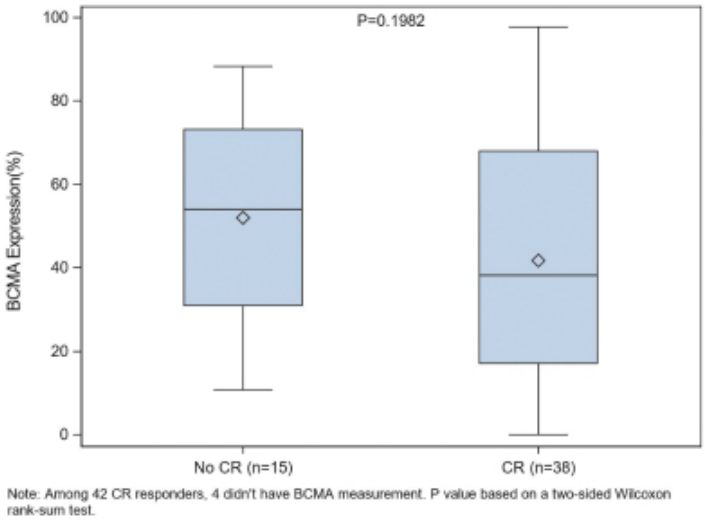

The 17 patients treated at the other three sites had similar outcomes, achieving an ORR of 88 percent and a CR rate of 82 percent as of October 31, 2019. The median progression free survival was 18 months and overall survival was 82 percent at 12 months and 64 percent at 24 months as of October 31, 2019.

**PFS and overall survival in the LEGEND-2 patients enrolled at the Ruijin, Changzheng and Jiangsu sites**



There was no significant difference in response rates for patients treated at the Xi'an site based on the level of BCMA expressed by their tumors, as shown below.

**Levels of BCMA expression did not correlate with clinical response in Xi'an site**

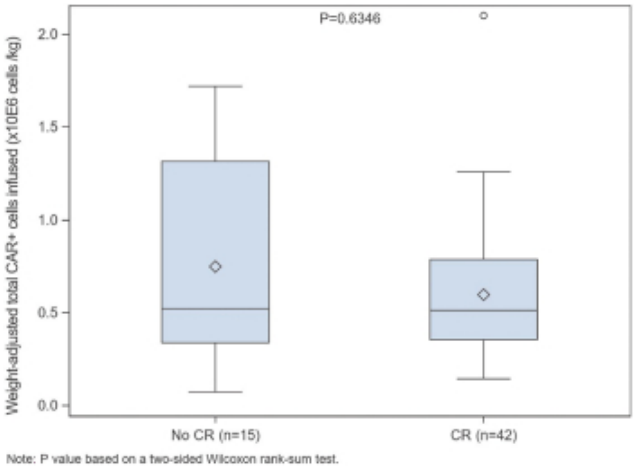



Note: Among 42 CR responders, 4 didn't have BCMA measurement. P value based on a two-sided Wilcoxon rank-sum test.

A result is considered to be statistically significant when the probability of the result occurring by random chance, rather than from the efficacy of the treatment, is sufficiently low. The conventional method for determining the statistical significance of a result is known as the "p-value," which represents the probability that random chance caused the result (e.g., a p-value = 0.01 means that there is a 1% probability that the difference between the control group and the treatment group is purely due to random chance). Generally, a p-value less than 0.05 is considered statistically significant.

There was also a lack of correlation between the number of CAR-T cells infused and response rates. In the LEGEND-2 trial, patients in Xi'an site received a median of 0.5 x $10^6$ CAR+ viable T cells/kg (range 0.07 x $10^6$ to 2.1 x $10^6$). In the other three sites combined, patients received a mean of 0.70 x $10^6$ CAR+ viable T cells/kg. This response was achieved with a relatively low dose compared to other CAR-T product candidates in clinical trials.

**No significant difference in response rate based on number of CAR-T cells infused**




***Safety Results***

As of July 31, 2019 for the Xi'an site and October 31, 2019 for the other three sites, adverse events were reported in all patients in LEGEND-2 with over 90 percent reporting fever and CRS. Over 82 percent of patients had Grade 1 or Grade 2 CRS which was managed with standard treatments such as administration of anti-IL-6R, vasopressor or oxygen therapy. In all but two cases CRS was resolved. In one case the patient died on day 13 as a result of CRS and tumor lysis syndrome, or TLS. This is an adverse event caused by rapid tumor lysis causing an accumulation of breakdown products such as uric acid, potassium and phosphorous in the blood, leading to the risk of multi-organ failure. A second patient, who was recovering from Grade 2 CRS, developed difficulty breathing and died at day 22 from a potential pulmonary embolism and acute coronary syndrome. In addition to CRS, thrombocytopenia and leukopenia were reported by 49 percent and 47 percent of patients, respectively.

**Adverse Events Reported: Xi'an site (n=57) and RJ, JS, and CZ sites (n=17)**

| | All grade | | Grade ≥3 | |
|---|---|---|---|---|
| | n=57 | n=17 | n=57 | n=17 |
| **Hematologic AEs, n (%)** | | | | |
| Anemia | 17(30) | — | 10(18) | — |
| Thrombocytopenia | 28(49) | — | 13(23) | — |
| Leukopenia | 27(47) | — | 17(30) | — |
| Cytopenia | — | 14(82) | — | 10(59) |
| Tumor lysis syndrome | — | 3(18) | — | 0 |
| **CAR-T–associated AEs, n (%)** | | | | |
| CRS | 51(90) | 17(100) | 4(7) | 7(41) |
| Neurotoxicity | 1(2) | 0 | 0 | 0 |
| **Non-hematologic AEs, n (%)** | | | | |
| Pyrexia | 52(91) | — | 11(20) | — |
| Hypotension | 12(21) | — | 3(5) | — |
| Liver toxicity | | | | |
| Elevated ALT | — | 7(41) | — | 0 |
| Elevated AST | 22(39) | 16(94) | 12(21) | 5(29) |
| Elevated bilirubin | — | 1(6) | — | 1(6) |

We have submitted data from the LEGEND-2 trial to the FDA and NMPA. While we do not intend to use the data from LEGEND-2 as direct evidence of efficacy or safety in our potential future regulatory approval

submissions as LEGEND-2 was not a registrational trial, we may use the data from LEGEND-2 trial as indirect supportive evidence in future regulatory submissions.

***Ongoing Clinical Development***

We obtained approval to conduct confirmatory clinical trial, CARTIFAN-1, through multiple centers in China in March 2018. Following the submission of an IND, which was cleared by the FDA in May 2018, we and Janssen are conducting the CARTITUDE-1, CARTITUDE-2 and CARTITUDE-4 trials.

*CARTIFAN-1 (China)*

We are enrolling RRMM patients in a pivotal Phase 2 trial involving 8 sites in China. This trial, which we refer to as CARTIFAN-1, began enrolling patients in early 2019 and is expected to enroll up to 60 patients by the second half of 2020. The primary endpoint of this trial is ORR. We intend to use the data from CARTIFAN-1 in support of a regulatory submission for approval in China in 2021.

*CARTITUDE-1 (United States and Japan)*

Together with Janssen, we are enrolling patients in a Phase 1b/2 clinical trial of JNJ-4528, across 17 sites in the United States and 4 sites in Japan. Enrollment has been completed for the Phase 2 portion of the trial in the United States and 29 patients had been dosed in the Phase 1b portion of the trial. These 29 patients in the Phase 1b portion of the trial had failed a median of five prior therapies (with a range of 3-18 prior therapies). All patients were exposed to immunomodulatory drugs, proteasome inhibitors and anti-CD38 therapies, and 97 percent of patients were refractory to last line of therapy. For the Phase 1b portion of the CARTITUDE-1 trial, the primary endpoint was to characterize safety and establish the dose and secondary endpoints included efficacy, response, duration of and timing to response, progression-free survival, overall survival, pharmacokinetic and pharmacodynamic markers, and presence of anti-JNJ-4528 antibodies. For the CARTITUDE-1 trial, patients received JNJ-4528 infusion following apheresis and lymphodepletion with cyclophosphamide and fludarabine daily for three days. The median administered dose of JNJ-4528 was 0.72 x $10^6$ CAR+ viable T cells/kg (range 0.52 – 0.89 x $10^6$). All 29 patients in the Phase 1b portion achieved a reduction in myeloma paraprotein and a response (100% ORR) with 86 percent achieving a sCR, 10 percent having a VGPR, and three percent having a PR with a median follow-up time of 11.5 months. Median time to first response was 1 month. The 9-month progression free survival rate was 86% and 22 of 29 patients remained alive and progression free at the time of data cut-off on April 20, 2020.

Of the 16 patients in CR or better evaluable for minimal residual disease, or MRD, assessment, 13 were MRD negative at $10^{-5}$ or $10^{-6}$ and 11 were MRD negative at $10^{-6}$. MRD refers to the presence and number of malignant B or T cells that may remain in a patient's body during and following treatment and can contribute to relapse and disease progression. MRD is measured by next-generation technologies and MRD negativity is defined as the absence of tumor plasma cells within bone marrow.

As of April 29, 2020, with a median follow-up of 11.5 months, CRS was reported in 93 percent of patients, most of which were Grade 1 or Grade 2 CRS, with one case of Grade 3 CRS and one case of Grade 5 CRS at day 99 subsequent to dose-limiting toxicity of prolonged Grade 4 CRS. Median time to onset of CRS was 7 days (with a range of 2-12 days) and median duration of CRS was 4 days (with a range of 2-64 days). Neurotoxicity, consistent with Immune Effector Cell-associated Neurotoxicity Syndrome, was observed in three patients (10 percent) including one patient (3 percent) with ³ grade 3 toxicity. The most common hematologic AEs (all grades) were neutropenia (100 percent), thrombocytopenia (86 percent), anemia (76 percent), leukopenia (69 percent) and lymphopenia (52 percent) and the grade ³3 hematologic AEs were neutropenia (100 percent), thrombocytopenia (69 percent), leukopenia (66 percent), anemia (48 percent) and lymphopenia (48 percent). The most common non-hematologic AEs (all grades) were increased aspartate aminotransferase (31 percent), increased alanine aminotransferase (31 percent), diarrhea (35 percent) and headache (28 percent) and the grade ³3 non-hematologic

AEs were increased aspartate aminotransferase (seven percent) and alanine aminotransferase (seven percent). Recurrent grade 3-4 cytopenias were also observed in some patients and most grade 3-4 cytopenias were resolved after 60 days with low incidence of infectious complications. There were three deaths during the Phase 1b portion of the trial: one due to CRS, one due to acute myeloid leukemia, which was considered unrelated to treatment by the investigator, and one due to progressive disease.

Collectively, we believe these results, together with the consistent results from the LEGEND-2 trial, demonstrate that JNJ-4528 has a manageable safety profile and can deliver early and deep responses in heavily pretreated RRMM patients.

We have completed enrolling patients in the Phase 2 portion of the CARTITUDE-1 trial in the United States. We anticipate that data from the Phase 2 portion of CARTITUDE-1 will be presented at a major medical conference in the second half of 2020. Based on the results of CARTITUDE-1, including the efficacy observations from the Phase 1b and Phase 2 portions of the trial, we anticipate that a BLA will be submitted to the FDA and an MAA will be submitted to the EMA for JNJ-4528 for the treatment of RRMM in the second half of 2020. We also intend to use the data from CARTITUDE-1 in support of a regulatory submission in Japan in 2021.

*CARTITUDE-2 (United States and Europe)*

We and Janssen began enrolling patients in November 2019 in an 80-patient, multi-cohort, open-label Phase 2 trial of JNJ-4528 in the United States and Europe, which we refer to as CARTITUDE-2. CARTITUDE-2 initially consists of four 20-patient cohorts:

- Treatment of patients with progressive MM with JNJ-4528 after one to three prior lines of therapy
- Treatment of MM patients with JNJ-4528 with early relapse after a front-line therapy
- Treatment of RRMM patients with JNJ-4528 that have failed therapy with a proteasome inhibitor, immunomodulatory therapy, daratumumab, and anti-BCMA therapy
- Treatment of MM patients with JNJ-4528 and lenalidomide who have not achieved a CR after HSCT

The primary endpoint in each cohort of this trial is the percentage of patients with negative MRD one year after treatment. Based on the results of each cohort, we intend to explore expanding our investigation in those patient populations to potentially support regulatory approval submissions upon the agreement of regulatory agencies. We also have the ability to expand CARTITUDE-2 to include further cohorts to evaluate additional unmet needs of MM patients.

*CARTITUDE-4 (United States, Europe and Japan)*

We and Janssen are conducting a 400 patient, randomized, open-label Phase 3 trial of JNJ-4528 in Revlimid-refractory MM patients who received one to three prior lines of therapy in the United States, Europe and Japan, which we refer to as CARTITUDE-4. Patients will be randomized to receive standard of care (investigator choice between pomalidomide/bortezomib/dexamethasone or daratumumab/pomalidomide/dexamethasone) or be treated with a single administration of JNJ-4528. The primary endpoint of this trial will be progression free survival.

***Future Clinical Plans***

Based on the current results which demonstrated that LCAR-B38M/JNJ-4528 has the potential to deliver deep and durable anti-tumor responses in RRMM patients with a manageable safety profile, we intend to conduct clinical trials in earlier-stage MM patients who may have fewer comorbidities and may respond to therapies better than late-stage RRMM patients. Upon approval by regulatory agencies, we may conduct Phase 3 clinical trials of LCAR-B38M/JNJ-4528 as front-line therapy in newly diagnosed patients who are eligible for HSCT, ineligible for HSCT, and who fail to achieve a complete response from HSCT.

***LB1901 for the Treatment of T Cell Lymphoma***

We are developing LB1901, an autologous CAR-T cell product candidate for the treatment of TCL. We have demonstrated the ability of LB1901 to destroy CD4 expressing tumor cell lines and in a humanized mouse model. Based on the clinical validation of anti-CD4 antibodies and the results of our preclinical studies, we intend to submit an IND application for LB1901 in relapsed or refractory TCL in the second half of 2020.

***T Cell Lymphoma Overview***

TCL refers to various cancers that arise from mature T cells, representing approximately five percent of all hematological malignancies. TCL can be subdivided into subtypes such as peripheral T cell lymphoma, or PTCL, angioimmunoblastic T cell lymphoma, anaplastic large cell lymphoma, and cutaneous T cell lymphoma, or CTCL. These subtypes differ by location, distribution and aggressiveness of the primary tumor as well as by specific associated mutations. TCL make up less than 15% of NHL in the United States. Overall there are about 7,900 new cases of TCL in the United States each year. The incidence is approximately 27 per million in men and 16 per million in women.

While TCL represents a smaller percentage of all lymphomas compared to B cell lymphomas in NHL, TCL is an aggressive disease with a very poor prognosis for patients. The five-year survival for patients diagnosed with TCL is approximately 40 percent.

The most common type of TCL is PTCL, which is one of the initial areas of focus for LB1901. It was estimated that there were 3,950 cases of PTCL in the United States in 2016. PTCL represents a heterogeneous group of generally aggressive tumors. Overall survival depends, at least partially, on the subtype of PTCL but, in general, survival is measured in months. With combination chemotherapy, five-year survival for common high-risk patients is between 6 and 21 percent.

First line treatment for PTCL typically consists of the chemotherapy combination known as CHOP that consists of cyclophosphamide, vincristine, doxorubicin, and prednisolone, as well as variants of CHOP. In all cases these chemotherapy treatments are associated with significant toxicities including low blood cell counts, nausea, vomiting, diarrhea, hair loss, mouth sores and increased risk of infections.

Most patients undergoing treatment for PTCL will either not achieve remission or will relapse and become refractory to treatment. There is no standard therapy available for these patients. Pralatrexate, a folate analogue metabolic inhibitor, was the first drug approved by the FDA for relapsed or refractory PTCL based on an ORR of 27 percent. Other FDA-approved agents for relapsed or refractory PTCL include romidepsin, a selective class 1 histone deacetylase, or HDAC, inhibitor, which had an ORR of 26 percent in single-arm pivotal trial in relapsed or refractory PTCL and belinostat, a HDAC inhibitor with activity against class I, II, and IV HDACs, which had an ORR of 26 percent. Despite these approved drugs, current treatment guidelines recommend participation in a clinical trial as a preferred option for many patients with relapsed PTCL after first line, highlighting the unmet medical need.

Allogeneic HSCT remains a valuable treatment option for patients who have achieved a CR but subsequently relapsed. However, cure rates for HSCT are at 30 to 50 percent and not all CR patients are eligible for transplant. Thus, there is a high unmet medical need for new, targeted regimens to improve outcomes, particularly for relapsed and refractory patients.

The second most common form of TCL is CTCL, with an incidence of approximately 6.4 per million or 2,000 new cases per year. CTCL is a disease with poor prognosis, few therapeutic options and no standard of care. Treatment generally includes skin-directed therapies, such as topical corticosteroids, chemotherapy, radiation and phototherapy. Brentuximab vedotin has been approved by the FDA for treatment of patients with subtypes of CTCL: primary cutaneous anaplastic large cell lymphoma and CD30-expressing mycosis fungoides

who have received prior systemic therapy. In clinical trials the response rate to brentuximab vedotin was 67 percent compared to 20 percent in the control and the median progression-free survival was 16.7 months compared to 3.5 months for the control group. Brentuximab vedotin was associated with a 54% risk of peripheral neuropathy, which led to treatment discontinuation in 11% of the patients and inclusion of a boxed warning on the label. Mogamulizumab, a chemokine receptor type 4, or CCR4, monoclonal antibody is approved for two subtypes of CTCL: relapsed or refractory mycosis fungoides and Sezary syndrome. Patients treated with mogamulizumab had 7.6-month average progression free survival duration compared to 3.1 months for vorinostat-treated controls.

Although these new treatments represent progress in the treatment of CTCL, they are still associated with safety and efficacy limitations. Further, even with these options, the majority of systemic treated patients eventually relapse, and overall survival remains poor.

***CD4***

CD4 is a glycoprotein expressed on the surface of T helper cells, which are a type of T cell that help other cells in the immune response by recognizing foreign antigens and secreting cytokines. CD4 is expressed at low levels on other immune cells such as monocytes, macrophages and dendritic cells. In normal T cells CD4 functions as a coreceptor for the TCR, promoting the binding of T cells to peptide-presenting major histocompatibility complex on antigen-presenting cells. CD4 is highly and uniformly overexpressed in a majority of patients with PTCL and CTCL.

Anti-CD4 antibodies have been studied in non-human primates as well as in clinical trials for PTCL and CTCL. A Phase 2 trial of zanolimumab, an anti-CD4 antibody, had a response rate of 24 percent in relapsed or refractory PTCL and was well-tolerated with no major toxicities.

Published studies have shown that anti-CD4 therapeutic approaches do not result in depletion of hematopoietic stem cells or progenitor cells, suggesting that although depletion of CD4 T cells may result in temporary immunosuppression, repopulation of a functional immune system should be not be impaired.

While some anti-tumor activity was observed with anti-CD4 antibodies, we believe that an anti-CD4 CAR-T cell therapy has the potential to bring heightened therapeutic benefit to PTCL and CTCL patients.

***Our Solution: LB1901***

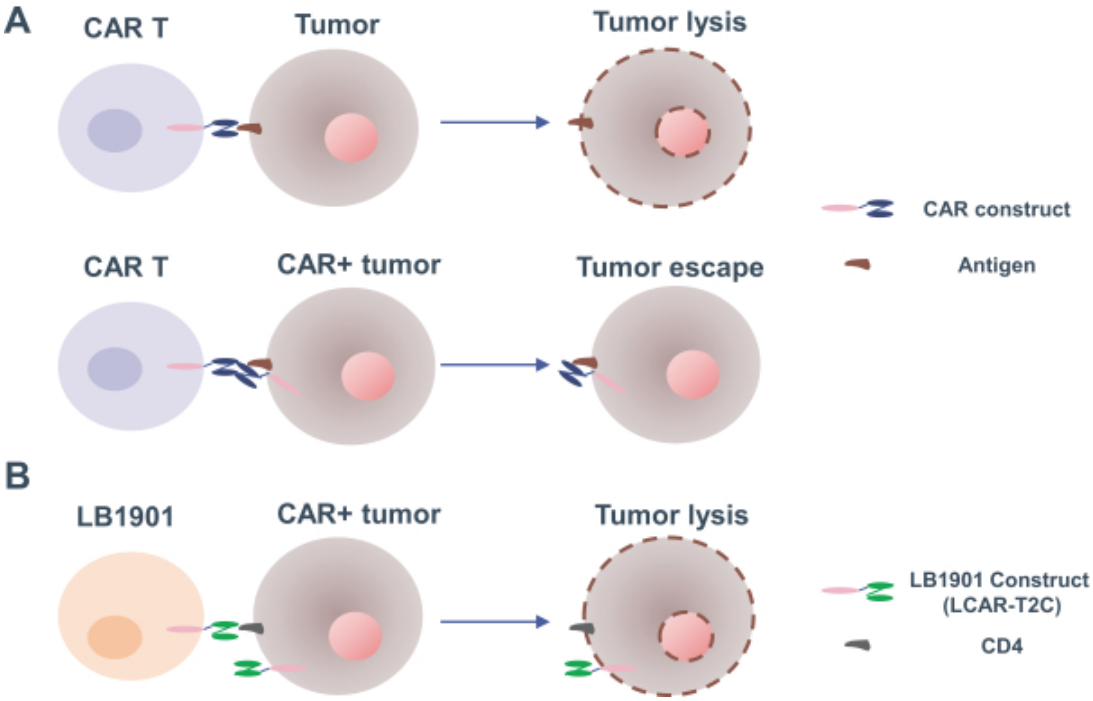
LB1901 is an investigational autologous anti-CD4 CAR-T cell product candidate containing an antibody binding domain derived from a human immunoglobulin transgenic mouse. The LB1901 CAR construct consists of a human CD8a SP, scFv CD4-targeting domain, a CD8a hinge + TM domain, a CD137 (4-1BB) costimulatory domain, and a CD3 intracellular domain.

**LB1901 CAR construct**


In our design of LB1901, we specifically chose a CAR construct that maintained its ability to bind to and kill tumor cells that may inadvertently be transduced and express the CAR construct. In rare cases, during the preparation of CAR-T cell therapies from the patients cells, the CAR construct can be introduced into tumor cells as well as the intended CD8+ T cells. In a 2018 publication in the journal Nature Medicine, a case was described

where a patient treated with Kymriah, an anti-CD19 CAR-T cell therapy, relapsed due to the presense of tumor cells that had been transduced with the CAR construct. These CAR-expressing tumor cells were able to mask the expression of CD19 on their surface and avoid killing by Kymriah. The LB1901 CAR was selected for its inability to block CD4, even if it were to be transduced into tumor cells. In addition, the manufacturing process of LB1901 is enhanced by using enriched CD8 T cells for transduction.

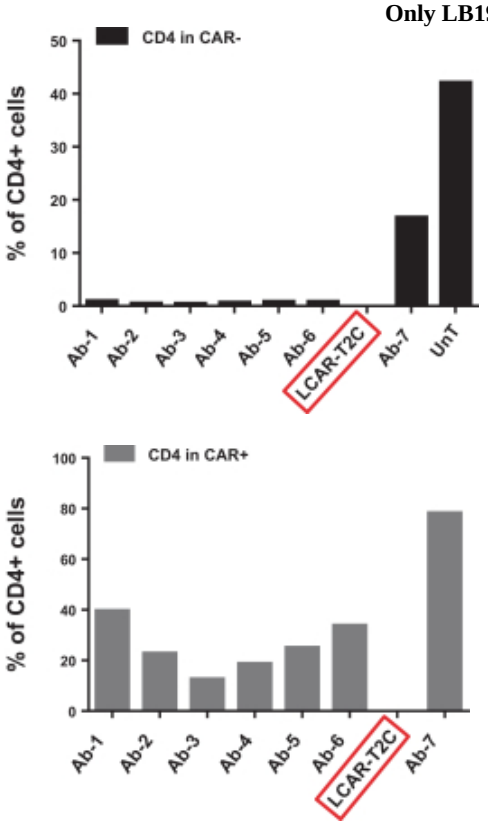
**LB1901 was selected to avoid resistance due to inadvertent transduction of the CAR construct into tumor cells**




*Preclinical Data*

In a preclinical study, we observed that LB1901 as well as a number of other CAR constructs that we tested led to potent killing of T cells expressing CD4. LB1901, however, was the only CAR construct we tested that eliminated CD4 T cells into which the CAR construct was inserted.

**Only LB1901 was able to kill T cells transduced with the CAR construct**

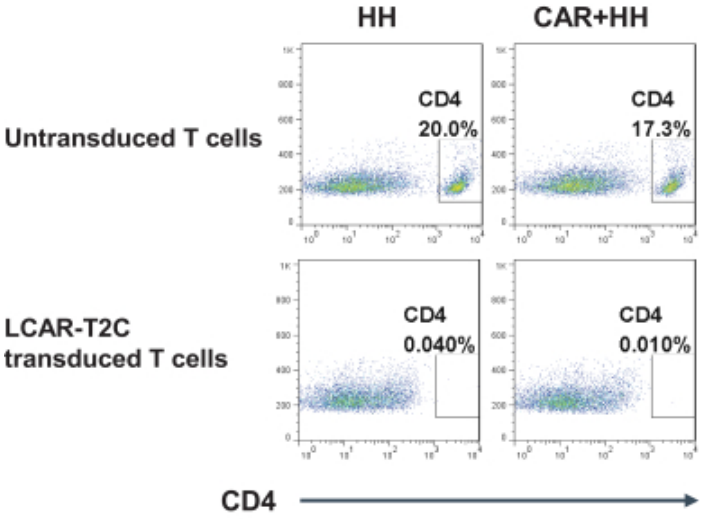






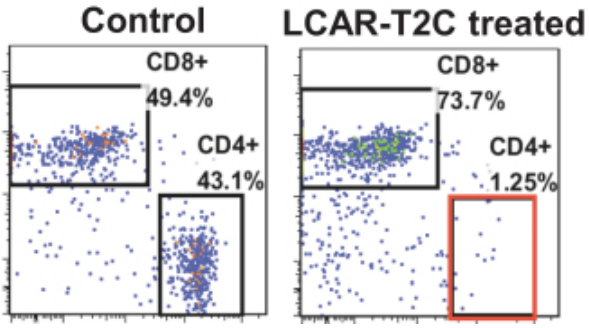
To confirm the ability of LB1901 to effectively target CD4 tumor cells that also express the CAR construct, we deliberately transduced HH, a CD4+ human tumor cell line derived from a patient with CTCL, with the LB1901 CAR construct. The preclinical results showed that LB1901 has the ability to eliminate CD4+ HH cells as well as CD4+ HH cells transduced with the CAR construct. We believe the ability to kill CAR-expressing tumor cells is critically important for a therapy being developed to treat TCL.

**LB1901 killed CAR-expressing CD4+ tumor cells**



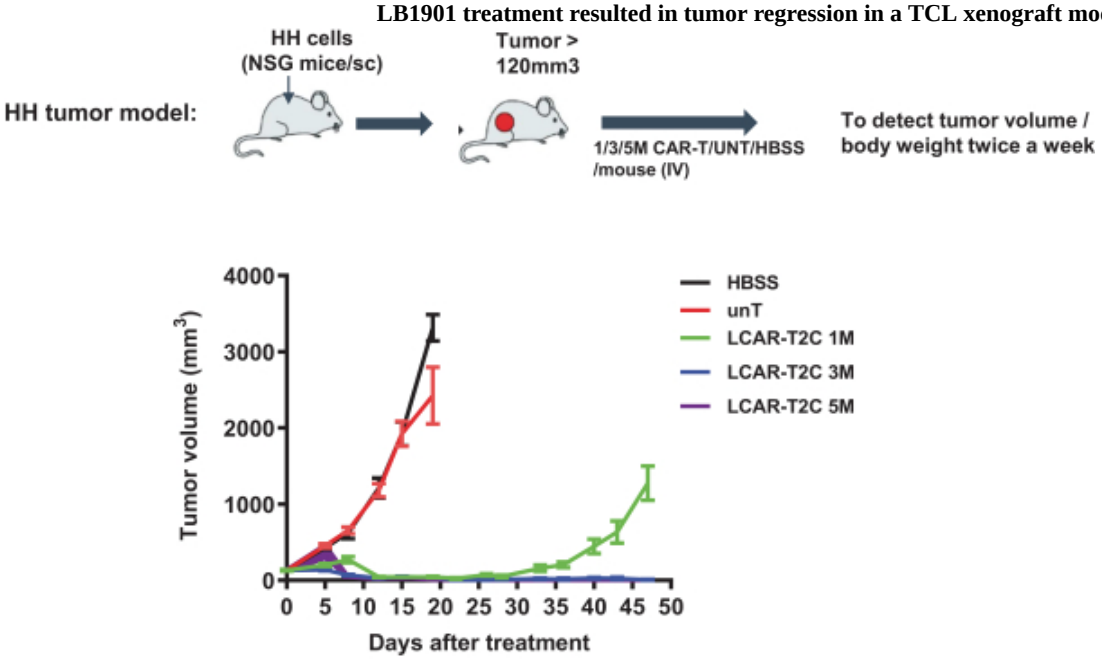

We have observed that LB1901 leads to selective killing of multiple CD4+ T cell lines. We have also observed that CD4+ T cell killing occurs in humanized mice treated with LB1901. In untreated mice, the CD4+ cells represented 43.1 percent of T cells. After treatment with LB1901, the percentage of CD4+ T cells was reduced to 1.25 percent.

**LB1901 killed CD4+ cells in a humanized mouse**




We assessed efficacy of LB1901 in a human TCL xenograft mouse model. Immunodeficient mice injected with a human TCL cell line, HH, were subsequently treated with saline (Hanks's Balanced Salt Solution, or HBSS), or 1, 3 or 5 million LB1901 CAR-T cells. All three doses of LB1901 resulted in tumor regression for a minimum of 28 days. Tumors recurred after 28 days in mice receiving the lowest dose but did not recur by day 48 in mice receiving the two higher doses.

**LB1901 treatment resulted in tumor regression in a TCL xenograft model**




Based on the clinical validation of anti-CD4 antibodies and the results of our preclinical studies, we intend to submit an IND application for LB1901 in relapsed or refractory T cell lymphoma in the second half of 2020.

***Other Ongoing Investigator-Initiated and Preclinical Programs in China***

In addition to LCAR-B38M/JNJ-4528 and LB1901, we have a broad portfolio of product candidates in investigator-initiated trials and preclinical development targeting various cancers, solid tumors and infectious diseases. We plan to use data from investigator-initiated clinical trials to prioritize which product candidates to advance into broader clinical testing. In April 2020, we entered the Noile-Immune Agreement (as described below), pursuant to which we obtained a license to develop and commercialize next-generation CAR-T and/or TCR-T cell therapies incorporating Noile-Immune's PRIME (proliferation-inducing and migration-enhancing) technology for up to two targets for all indications and uses. The PRIME technology enables CAR-T and/or TCR-T cells to express and secrete cytokine IL-7 and chemokine CCL19. This technology is designed to improve proliferation and trafficking into solid tumors of both engineered CAR-T and/or TCR-T cells.

***Autologous CAR-T Product Candidate Development***

LB1909 is an autologous CAR-T therapy targeting CD19 and CD22 being evaluated in a Phase 1 single arm, open-label investigator-initiated trial in patients with relapsed and refractory B-cell lymphoma.

LB1910 is an autologous CAR-T therapy targeting CD33 and CLL-1 being evaluated in a Phase 1 single arm, open-label investigator-initiated trial in patients with AML. CLL-1 is a myeloid lineage protein involved in cell signaling and expressed in over 90% of AML cases.

LB1904 is an autologous CAR-T therapy targeting claudin 18.2 being evaluated in a Phase 1 single arm, open-label investigator-initiated trial in patients with advanced gastric cancer and pancreatic ductal adenocarcinoma.

LB1902 is an autologous CAR-T therapy in preclinical development for treatment in ovarian cancer.

LB1903 is an autologous CAR T therapy in preclinical development for treatment of HIV.

***Allogeneic CAR-T Product Candidate Development***

We have developed a proprietary allogeneic CAR-T technology using non-gene-editing approaches, with less concerns in off-target activities. We believe the one-step transduction with large-scale manufacturing capability may differentiate this innovation from other conventional gene-editing allogeneic products.

Based on this approach, we have developed an allogeneic CAR-T product candidate, LB1905, targeting CD20 which is being evaluated in a Phase 1 single arm, open-label investigator-initiated trial in patients with relapsed and refractory diffuse large B-cell lymphoma, follicular lymphoma, mantle cell lymphoma or small lymphocytic lymphoma in China.

**Collaboration and License Agreement with Janssen Biotech, Inc.**

In December 2017, we entered into a collaboration and license agreement with Janssen, or the Janssen Agreement, for the worldwide development and commercialization of LCAR-B38M/JNJ-4528.

Pursuant to the Janssen Agreement, we granted Janssen a worldwide, co-exclusive (with us) license to develop and commercialize LCAR-B38M/JNJ-4528. We and Janssen will collaborate to develop and commercialize LCAR-B38M/JNJ-4528 for the treatment of MM worldwide pursuant to a global development plan and global commercialization plan. Janssen will be responsible for conducting all clinical trials worldwide with participation by our team in the United States and Greater China for LCAR-B38M/JNJ-4528. We will be responsible for conducting regulatory activities, obtaining pricing approval and booking sales for Greater China, while Janssen will be responsible for conducting regulatory activities, obtaining pricing approval and booking sales for the rest of the world. We and Janssen will share development, production and commercialization costs and pre-tax profits or losses equally in all countries of the world except for Greater China, for which the cost-sharing and profit/loss split will be 70% for us and 30% for Janssen.

In consideration for the licenses and other rights granted to Janssen, Janssen has paid us an upfront fee of $350.0 million, milestone payments of $25.0 million, $30.0 million and $30.0 million in December 2018, July 2019 and January 2020, respectively, upon the dosing of a specified numbers of patients in our CARTITUDE-1 clinical trial, and a milestone payment of $25.0 million in July 2019 for the receipt of a response data readout from a specified number of patients in our CARTITUDE-1 clinical trial showing an ORR of at least 50%. Additionally, we are eligible to receive further milestone payments up to $125.0 million for the achievement of specified manufacturing milestones and an additional $1,115 million consisting of $105.0 million for the achievement of specified future development milestones, $800.0 million for the achievement of specified regulatory milestones and $210.0 million for the achievement of specified net trade sales milestones.

During the term of the Janssen Agreement neither we nor Janssen may develop or commercialize LCAR-B38M/JNJ-4528 except as permitted under the Janssen Agreement. Additionally, for a period of up to 20 years after the effective date of the Janssen Agreement, neither we nor Janssen may develop or commercialize any CAR-T cell therapy targeting BCMA for the treatment of MM, either independently or in collaboration with a third party, except pursuant to the Janssen Agreement, subject to certain exceptions for mergers, acquisitions, in-licenses or similar transactions.

The Janssen Agreement will remain in force as long as LCAR-B38M/JNJ-4528 is being sold. We or Janssen may terminate the Janssen Agreement on 90 days' notice for an uncured material breach by the other party. Janssen may also terminate the Janssen Agreement (i) in its entirety or on a geographic region-by-geographic region basis without cause on 180 days' notice to us or (ii) in its entirety upon the occurrence of an unforeseen

material safety event on 60 days' notice to us. Upon any termination, we will have rights under Janssen's intellectual property to independently continue to develop and commercialize LCAR-B38M/JNJ-4528 without compensation to Janssen.

**Collaborative Research and License Agreement with Noile-Immune Biotech Inc.**

In April 2020, we entered into a collaborative research and license agreement with Noile-Immune Biotech Inc. (Noile-Immune), or the Noile-Immune Agreement, pursuant to which we obtained a worldwide, exclusive license to develop and commercialize CAR-T and/or TCR-T cell therapies incorporating Noile-Immune's PRIME (proliferation-inducing and migration-enhancing) technology for up to two targets for all indications and uses. We have the right to nominate such targets during a specific period following the effective date of the Noile-Immune Agreement. Noile-Immune may only refuse our nomination if such targets are the subject of internal development by Noile-Immune, are subject to exclusive third party rights, or are the subject of good faith discussions between Noile-Immune and a third party for exclusive rights, in each case, at the time of our selection. We are solely responsible, at our sole cost, for the development of CAR-T and/or TCR-T cell therapies directed to the selected targets, provided that Noile-Immune may participate in specific aspects of such development subject to our and Noile-Immune's mutual agreement. We are obligated to use commercially reasonable efforts to develop and commercialize such therapies and, in particular, use commercially reasonable efforts to submit an investigational new drug application and achieve a first commercial sale of such a therapy, in each case by a specified period of time in the United States or specified markets in Europe or Asia.

In consideration for the grant of the exclusive license under the Noile-Immune Agreement, we are obligated to pay to Noile-Immune an initial payment upon target selection and milestone payments for the achievement of specified development milestones of up to $70 million in the aggregate on a target-by-target basis. Noile-Immune will also be entitled to receive royalties based on net sales of the products developed under the Noile-Immune Agreement at single-digit percentages, subject to specified reductions. These royalties are payable, on a product-by-product and country-by-country basis until the latest to occur of: the expiration of the last to expire valid claim covering such product in such country, the expiration of regulatory exclusivity for such product in such country, or the tenth anniversary after the first commercial sale of such product in such country.

During the term of the Noile-Immune Agreement, Noile-Immune will not work independently or through or with any affiliate or third party to develop or commercialize any CAR-T and/or TCR-T cell therapy directed to the targets that have been selected by us and approved by Noile-Immune. The Noile-Immune Agreement will remain in force until the expiration on a country-by-country, target-by-target and product-by-product basis of all of our obligations to pay milestones and royalties to Noile-Immune. We may terminate the Noile-Immune Agreement in its entirety or on a country-by-country, target-by-target or product-by-product basis, by providing a specified number of days prior notice to Noile-Immune, if in our reasonable judgement, such termination is justified for any reason, including commercial, scientific or medical reasons. Either party may terminate the Noile-Immune Agreement for cause for the other party's uncured material breach on a specified number of days prior notice or immediately in the event of bankruptcy of the other party.

**Commercialization**

We are in the process of establishing a sales, marketing or product distribution infrastructure. In order to commercialize any of our product candidates if approved for commercial sale, we will need a sales and marketing organization with technical expertise and supporting distribution capabilities or collaborate with third-parties that have sales and marketing experience. According to the Janssen Agreement, we have the right to elect to perform up to 50% of the overall commercialization effort in the United States (excluding any activities that Janssen has the exclusive right to perform). Janssen will commercialize the products in all countries excluding the United States and Greater China in accordance with a specified plan, which will be developed with involvement by a senior commercial representative designated by us. In Greater China, we will be leading the commercialization effort and Janssen will have the right to elect to perform up to 30% of the overall

commercialization effort, excluding activities that we have the exclusive right to perform. As we move our product candidates through development toward regulatory approval we will evaluate several options for each product candidate's commercialization strategy. These options include further building our own internal sales force, entering into a joint marketing collaboration with another pharmaceutical or biotechnology company, or out-licensing the product to another pharmaceutical or biotechnology company.

**Intellectual Property**

Intellectual property is of vital importance in our field and in biotechnology generally. We seek to protect and enhance proprietary technology, inventions, and improvements that are commercially important to the development of our business by seeking, maintaining, and defending patent rights, whether developed internally, acquired or licensed from third parties. We will also seek to rely on regulatory protection afforded through orphan drug designations, inclusion in expedited development and review, data exclusivity, market exclusivity and patent term extensions where available.

We have sought patent protection in the United States and internationally for our clinical and preclinical products LCAR-B38M/JNJ-4528, LB1901, LB1902, LB1903, LB1904, LB1905, LB1909 and LB1910. However, we do not own any issued patents covering our clinical and preclinical products and our patent portfolio for such products is currently comprised only of applications. Such applications may not result in issued patents and, even if patents do issue, such patents may not be in a form that will provide us with meaningful protection for our products. We also rely on trade secrets that may be important to the development of our business. Trade secrets are difficult to protect and provide us with only limited protection.

We expect to file additional patent applications in support of current and new clinical candidates as well as new platform and core technologies. Our commercial success will depend in part on obtaining and maintaining patent protection and trade secret protection of our current and future product candidates and the methods used to develop and manufacture them, as well as successfully defending these patents against third-party challenges and operating without infringing on the proprietary rights of others. Our ability to stop third parties from making, using, selling, offering to sell or importing our products depends on the extent to which we have rights under valid and enforceable patents or trade secrets that cover these activities. We cannot be sure that patents will be granted with respect to any of our pending patent applications or with respect to any patent applications filed by us in the future, nor can we be sure that any patents that may be granted to us in the future will be commercially useful in protecting our product candidates, discovery programs and processes. For this and more comprehensive risks related to our intellectual property, please see "Risk Factors—Risks Related to Our Intellectual Property."

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, including the United States, the patent term is 20 years from the earliest date of filing a non-provisional patent application. In the United States, a patent's term may be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the U.S. Patent and Trademark Office, or USPTO, in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over an earlier filed patent or delays on the part of a patentee. In the United States, the patent term of a patent that covers an FDA-approved drug may also be eligible for patent term extension, which permits patent term restoration as compensation for the patent term lost during the FDA regulatory review process. The Hatch-Waxman Act permits a patent term extension of up to five years beyond the expiration of the patent. The length of the patent term extension is related to the length of time the drug is under regulatory review. Patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval, only one patent applicable to an approved drug 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. Similar provisions are available in Europe and other foreign jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our products receive FDA approval, we expect to apply for patent term extensions on patents covering those products. We plan to seek patent term extensions to any issued patents we may obtain in any jurisdiction where such patent term extensions are available, however there is no guarantee

that the applicable authorities, including the FDA in the United States, will agree with our assessment of whether such extensions should be granted, and if granted, the length of such extensions. For more information regarding the risks related to our intellectual property, see “Risk Factors—Risks Related to Our Intellectual Property.”

In some instances, we submit patent applications directly with the USPTO as provisional patent applications. Corresponding non-provisional patent applications must be filed not later than 12 months after the provisional application filing date. While we intend to timely file non-provisional patent applications relating to our provisional patent applications, we cannot predict whether any such patent applications will result in the issuance of patents that provide us with any competitive advantage.

We file U.S. non-provisional applications and Patent Cooperation Treaty, or PCT, applications that claim the benefit of the priority date of earlier filed provisional applications, when applicable. The PCT system allows a single application to be filed within 12 months of the original priority date of the patent application, and to designate all of the PCT member states in which national patent applications can later be pursued based on the international patent application filed under the PCT. The PCT searching authority performs a patentability search and issues a non-binding patentability opinion which can be used to evaluate the chances of success for the national applications in foreign countries prior to having to incur the filing fees. Although a PCT application does not issue as a patent, it allows the applicant to seek protection in any of the member states through national-phase applications. At the end of the period of two and a half years from the first priority date of the patent application, separate patent applications can be pursued in any of the PCT member states either by direct national filing or, in some cases by filing through a regional patent organization, such as the European Patent Organization. The PCT system delays expenses, allows a limited evaluation of the chances of success for national/regional patent applications and enables substantial savings where applications are abandoned within the first two and a half years of filing.

For all patent applications, we determine claiming strategy on a case-by-case basis. Advice of counsel and our business model and needs are always considered. We seek to file patents containing claims for protection of all useful applications of our proprietary technologies and any products, as well as all new applications and/or uses we discover for existing technologies and products, assuming these are strategically valuable. We continuously reassess the number and type of patent applications, as well as the pending and issued patent claims to pursue maximum coverage and value for our processes, and compositions, given existing patent office rules and regulations. Further, claims may be modified during patent prosecution to meet our intellectual property and business needs.

We recognize that the ability to obtain patent protection and the degree of such protection depends on a number of factors, including the extent of the prior art, the novelty and non-obviousness of the invention, and the ability to satisfy the enablement requirement of the patent laws. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted or further altered even after patent issuance. Consequently, we may not obtain or maintain adequate patent protection for any of our future product candidates or for our technology platform. We cannot predict whether the patent applications we are currently pursuing will issue as patents in any particular jurisdiction or whether the claims of any issued patents will provide sufficient proprietary protection from competitors. Any patents that we hold may be challenged, circumvented or invalidated by third parties.

In addition to patent protection, we also rely on trademark registration, trade secrets, know how, other proprietary information and continuing technological innovation to develop and maintain our competitive position. We seek to protect and maintain the confidentiality of proprietary information to protect aspects of our business that are not amenable to, or that we do not consider appropriate for, patent protection. Although we take steps to protect our proprietary information and trade secrets, including through contractual means with our employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose our technology. Thus, we may not be able to meaningfully protect our trade secrets. It is our policy to require our employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements

upon the commencement of employment or consulting relationships with us. These agreements provide that all confidential information concerning our business or financial affairs developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in specific circumstances. Our agreements with employees also provide that all inventions conceived by the employee in the course of employment with us or from the employee's use of our confidential information are our exclusive property. However, such confidentiality agreements and invention assignment agreements can be breached and we may not have adequate remedies for any such breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. To the extent that our consultants, contractors or collaborators use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting trade secrets, know-how and inventions. For more information regarding the risks related to our intellectual property, see "Risk Factors—Risks Related to Intellectual Property."

The patent positions of biotechnology companies like ours are generally uncertain and involve complex legal, scientific and factual questions. Our commercial success will also depend in part on not infringing upon the proprietary rights of third parties. Third-party patents could require us to alter our development or commercial strategies, or our products or processes, obtain licenses or cease certain activities. Our breach of any license agreements or our failure to obtain a license to proprietary rights required to develop or commercialize our future products may have a material adverse impact on us. If third parties prepare and file patent applications in the United States that also claim technology to which we have rights, we may have to participate in interference or derivation proceedings in the USPTO to determine priority of invention. For more information, see "Risk Factors—Risks Related to Intellectual Property."

When available to expand market exclusivity, our strategy is to obtain, or license additional intellectual property related to current or contemplated development platforms, core elements of technology and/or clinical candidates.

***Company-Owned Intellectual Property***

We own two U.S. patent applications, 59 patent applications outside of the United States, one published PCT application filed in August 2016 and one published PCT application filed in August 2017 relating to the LCAR-B38M BCMA product candidate. National phase applications from both these PCTs were filed broadly to acquire patent coverage in a variety of jurisdictions, including in the United States, Greater China (mainland China and Hong Kong), Yemen, Saudi Arabia, Qatar, Oman, Bahrain, Egypt, United Arab Emirates, Europe, South Korea, Brazil, Canada, Chile, Colombia, Costa Rica, Eurasian, Israel, India, Japan, Mexico, Philippines, Ukraine, Vietnam, Malaysia, South Africa, Singapore, Australia and New Zealand. If issued, composition of matter claims issuing from these applications are projected to expire in 2036 and 2037.

We own one patent application outside of the United States, one published PCT application filed in July 2019 that is due for national phase entry in 2021 and one pending PCT application filed in May 2019 that is due for national phase entry in 2021 relating to our LB1901 CD4 product candidate. If issued, composition of matter claims issuing from these applications are projected to expire in 2039 and 2040.

We own one patent application outside of the United States, and one pending PCT application filed in August 2019 that is due for national phase entry in 2021 relating to our LB1902 product candidate. If issued, composition of matter claims issuing from this application are projected to expire in 2039.

We own one patent application outside of the United States, one published PCT application filed in July 2019 that is due for national phase entry in 2021, and one pending PCT application filed in May 2019 that is due for national phase entry in 2021 relating to our LB1903 HIV product candidate. If issued, composition of matter claims issuing from these applications are projected to expire in 2039 and 2040.

We own one PCT application relating to our LB1904 Claudin 18.2 product candidate filed in 2019 that is due for national phase entry in 2022. If issued, composition of matter claims issuing from this application are projected to expire in 2040.

We own one patent application outside of the United States, one published PCT application filed in July 2019 that is due for national phase entry in 2021 and one pending PCT application filed in August 2019 that is due for national phase entry in 2022 relating to our LB1905 CD20 product candidate. If issued, composition of matter claims issuing from these applications are projected to expire in 2039 and 2040.

We own one U.S. patent application, 29 patent applications outside of the United States and one published PCT application filed in 2016 relating to our LB1909 CD19/CD22 product candidate. National phase applications from this PCT were filed broadly to acquire patent coverage in a variety of jurisdictions. If issued, composition of matter claims issuing from this application are projected to expire in 2036.

We own two patent applications outside of the United States and two pending PCT applications filed in September 2019 that are due for national phase entry in 2021 relating to our LB1901 CD33/CLL-1 product candidate. If issued, composition of matter claims issuing from these applications are projected to expire in 2039.

**Manufacturing**

The manufacture and delivery of cell therapies to patients involves complex, integrated processes. Commercial success in cell therapies requires a manufacturing process that is reliable, scalable and economical. We are devoting significant resources to process development and manufacturing in order to optimize process robustness, lower failure rates in developing cell therapy product candidates as well as reduce our per-unit manufacturing costs and enable us to quickly achieve regional and global scale if we obtain regulatory approval for any of our product candidates.

We currently have manufacturing sites in China and the United States supplying clinical materials for our trials. We are also in the process of establishing a manufacturing site in Europe. We also intend to expand the manufacturing capacities in the United States, Europe and China for commercialization at both a regional and global scale, if any of our product candidates are approved.

We are employing a systematic approach to manufacturing which is designed to provide a common platform suitable for manufacturing all of our product candidates. This platform allows for parallel processing and the ability to scale for commercial supply in a controlled environment and at an economical cost. We have improved the viral transduction process to help minimize processing inconsistencies and reduce failure rates. In addition, our manufacturing and logistics process is designed to ensure that product integrity is maintained during shipment along with accurate tracking and tracing of shipments.

Our manufacturing and commercialization strategy requires a fully integrated product delivery cycle. We believe having established a manufacturing platform process and manufacturing hubs within the United States, China and Europe suitable for commercialization early in the development of our cell therapies is a competitive advantage. Over time, we expect to expand regional manufacturing capacity and potentially add external supply nodes to meet projected product requirements for commercialization. We believe that anticipated future clinical and commercial demand for LCAR B38M/JNJ-4528 and new pipeline programs can be met, as our facilities have been designed for ease of expansion.

We believe our scalable robust manufacturing process, along with our proprietary technologies and our industry experienced team, would be challenging and costly for potential competitors to replicate.

**Competition**

Our products will compete with novel therapies developed by biopharmaceutical companies, academic research institutions, governmental agencies and public and private research institutions, in addition to standard of care treatments.

Novartis and Kite were the first to achieve FDA approval for autologous T cell therapies. In August 2017, Novartis obtained FDA approval to commercialize Kymriah for the treatment of children and young adults with acute B lymphocytic leukemia, or ALL, that is refractory or has relapsed at least twice. In May 2018, Kymriah received FDA approval for adults with relapsed or refractory DLBCL. In October 2017, Kite obtained FDA approval to commercialize Yescarta, the first CAR-T cell product candidate for the treatment of adult patients with relapsed or refractory large B-cell lymphoma. Kite has published data on Yescarta in ALL as well. Juno Therapeutics, Inc., a subsidiary of Bristol-Myers Squibb, has published data on its anti-CD19 CAR therapy, JCAR019. bluebird was the first company to publish data on an anti-BCMA CAR therapy, bb2121, in MM.

Due to the promising therapeutic effect of cell therapies in clinical trials, we anticipate increasing competition from existing and new companies developing these therapies.

Our potential CAR-T cell therapy competitors include:

- Companies developing cell therapies targeting BCMA for the treatment of MM, including Allogene, Autolus, bluebird, Bristol-Myers Squibb, Carsgen, Innovent, Poseida Therapeutics, Novartis and Precision Biosciences;
- Additional companies developing BCMA-targeted therapies for the treatment of MM, including Amgen, Regeneron, GSK and Pfizer.

We also compete with many companies developing cell therapies, including for trial sites, enrollment in our trials and with respect to diseases that we are targeting and may target in the future. In addition, we may compete with cell therapies companies that are focused on development in Asia.

In addition, our commercial success depends on our ability and the ability of our collaborators to develop, manufacture, market and sell our product candidates and use our proprietary and modular CAR-T cell technology without infringing, misappropriating or otherwise violating the intellectual property and other proprietary rights of third parties. Numerous third-party U.S. and non-U.S. issued patents exist in the area of biotechnology, including in the area of CAR-T cell therapies and including patents owned or controlled by our competitors. In addition, there are frequent allegations of patent infringement in the area of biotechnology. Third parties, including our competitors, may allege that our product candidates, including LCAR-B38M/JNJ-4528, infringe certain of these patents. While we believe that we would have valid defenses against any assertion of such patents against us, such defenses may be unsuccessful and a successful claim of patent infringement against us could require us to be liable for damages, make substantial licensing, royalty and other payments, or cease development, manufacturing, marketing and commercializing the infringing products. Moreover, if we are unable to obtain and maintain patent protection for our product candidates, or if the scope of the patent protection obtained or in-licensed is not sufficiently broad or if the validity of such patent protection is threatened, we may not be able to compete effectively, as it could create opportunities for competitors to enter the market or dissuade other companies from collaborating with us to develop products and technology, any of which would hurt our competitive position and could impair our ability to successfully commercialize our product candidates in any indication for which they are approved.

Many of our competitors, either alone or with their collaboration partners, have significantly greater financial resources and expertise in research and development, preclinical testing, clinical trials, manufacturing, and marketing than we do. Future collaborations and mergers and acquisitions may result in further resource concentration among a smaller number of competitors.

Our commercial potential could be reduced or eliminated if our competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than products that we may develop. Our competitors also may obtain FDA or other regulatory approval for their products more rapidly than we may obtain approval for ours, which could result in our competitors establishing a strong market position before we are able to enter the market or make our development more complicated. The key competitive factors affecting the success of all of our programs are likely to be efficacy, safety, convenience and pricing.

These competitors may also vie for a similar pool of qualified scientific and management talent, sites and patient populations for clinical trials, as well as for technologies complementary to, or necessary for, our programs.

**Government Regulation**

***United States Regulation***

The FDA and other regulatory authorities at federal, state, and local levels, as well as in foreign countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, import, export, safety, effectiveness, labeling, packaging, storage, distribution, record keeping, approval, advertising, promotion, marketing, post-approval monitoring and post-approval reporting of biologics such as those we are developing. We, along with third-party contractors, will be required to navigate the various preclinical, clinical and commercial approval requirements of the governing regulatory agencies of the countries in which we wish to conduct studies or seek approval or licensure of our product candidates.

In the United States, the FDA regulates biologic products under the Federal Food, Drug and Cosmetic Act, its implementing regulations and other laws, including, in the case of biologics, the Public Health Service Act. Our product candidates are subject to regulation by the FDA as biologics. Biologics require the submission of a BLA and licensure, which constitutes approval, by the FDA before being marketed in the United States. None of our product candidates has been approved by the FDA for marketing in the United States, and we currently have no BLAs pending. Failure to comply with applicable FDA or other requirements at any time during product development, clinical testing, the approval process or after approval may result in administrative or judicial sanctions. These sanctions could include the FDA's refusal to approve pending applications, suspension or revocation of approved applications, warning letters, product recalls, product seizures, total or partial suspensions of manufacturing or distribution, injunctions, fines, civil penalties or criminal prosecution.

The process required by the FDA before biologic product candidates may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests and animal studies performed in accordance with the FDA's good laboratory practices, or GLP, regulations;
- submission to the FDA of an IND, which must become effective before clinical trials may begin and must be updated annually or when significant changes are made;
- approval by an independent Institutional Review Board, or IRB, or ethics committee at each clinical site before the trial is commenced;
- performance of adequate and well-controlled human clinical trials to establish the safety and effectiveness of the proposed biologic product candidate for its intended indications;
- preparation of and submission to the FDA of a BLA when adequate data are obtained from pivotal clinical trials;
- a determination by the FDA within 60 days of its receipt of a BLA to accept the application for review;
- satisfactory completion of an FDA Advisory Committee review, if applicable;

- satisfactory completion of an FDA pre-approval inspection of the manufacturing facility or facilities at which the proposed product is produced to assess compliance with cGMP and to assure that the facilities, methods and controls are adequate to preserve the biological product's continued safety, purity and potency, and of selected clinical investigation sites to assess compliance with Good Clinical Practices, or GCP regulations; and
- FDA review and approval of the BLA to permit commercial marketing of the product for particular indications for use in the United States.

***Preclinical and Clinical Development***

Prior to beginning the first clinical trial with a product candidate in the United States, we must submit an IND application to the FDA. An IND application is a request for authorization from the FDA to administer an investigational new drug product to humans. The central focus of an IND application is on the general investigational plan and the protocol(s) for clinical studies. The IND application also includes results of animal and in vitro studies assessing the toxicology, pharmacokinetics, 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. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises safety concerns or questions about the proposed clinical trial. If the IND sponsor is not able to address FDA's concerns satisfactorily within the 30-day time frame, the IND may be placed on clinical hold. The IND sponsor and the FDA must resolve any outstanding concerns or questions before the IND is cleared by the FDA and 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 GCPs, which include 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. Generally, a separate submission to the existing IND must be made for each successive clinical trial conducted during product development and for any subsequent protocol amendments. 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, or DSMB, which provides recommendation on whether or not a study should move forward at designated check points based on access to certain data from the study. The DSMB may recommend halting of the clinical trial if it determines that there is an unacceptable safety risk for subjects or on other grounds, such as no demonstration of efficacy. There are also requirements governing the reporting of ongoing clinical studies and clinical study results to public registries.

For purposes of BLA approval, human clinical trials are typically conducted in three sequential phases that may overlap.

- 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, to gain early evidence on effectiveness. For investigational products developed for oncology indications, the Phase 1 trials are normally conducted in patients with serious or life-threatening diseases without other treatment alternatives.

- 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 and more expensive Phase 3 clinical trials. For certain indications in patients with serious or life-threatening diseases and with no available therapies, it may be possible to obtain BLA approval based on data from Phase 2 trials if a positive benefit risk profile is demonstrated.
- Phase 3—The investigational product is administered to an expanded patient population to further evaluate dosage, 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.

In some cases, the FDA may require, or companies may voluntarily pursue, additional clinical trials after a product is approved to gain more information about the product. These so-called Phase 4 studies may be made a condition to approval of the BLA. Concurrent with clinical trials, companies may complete additional animal studies and develop additional information about the biological characteristics of the product 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 product 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. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

***BLA Submission and Review***

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 a BLA requesting approval to market the product for one or more indications. The BLA must include all relevant data available from pertinent preclinical and clinical studies, including negative or ambiguous results as well as positive findings, together with detailed information relating to the product's chemistry, manufacturing, controls and proposed labeling, among other things. The submission of a BLA requires payment of a substantial application user fee to the FDA unless a waiver or exemption applies.

Once an original BLA has been submitted, FDA has 60 days to determine whether the application can be filed. If FDA determines that an application to be deficient, on its face, in a way that precludes a complete review, FDA may not accept the application for review and may issue a refuse-to-file letter to the sponsor. If FDA determines the application is filable, the FDA's goal is to review standard applications within ten months after it accepts the application for filing, 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 is often significantly extended by FDA requests for additional information or clarification. The FDA reviews a BLA to determine, among other things, whether a product is safe, pure and potent and the facilities in which it is manufactured, processed, packed, or held meets standards designed to assure the product's continued safety, purity and potency. The FDA may convene an advisory committee to provide clinical insight on application review questions. Before approving a 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 a BLA, the FDA will typically inspect one or more clinical sites to assure compliance with GCP. If the FDA determines that the application, manufacturing process or manufacturing facilities are not acceptable, it will outline the deficiencies in the submission and often will request additional testing or information. Notwithstanding the submission of any

requested additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval.

After the FDA evaluates a BLA and conducts inspections of manufacturing facilities where the commercial product and/or its drug substance will be produced, the FDA may issue an approval letter or a Complete Response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. A Complete Response letter will describe all of the deficiencies that the FDA has identified in the BLA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the Complete Response letter without first conducting required inspections, testing submitted product lots, and/or reviewing proposed labeling. In issuing the Complete Response letter, the FDA may recommend actions that the applicant might take to place the BLA in condition for approval, including requests for additional information or clarification. The FDA may delay or refuse approval of a 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 particular indications and may entail limitations on the indicated uses for which such product may be marketed. For example, the FDA may approve the 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. The FDA may require one or more Phase 4 post-market studies and surveillance to further assess and monitor the product's safety and effectiveness after commercialization, and may limit further marketing of the product based on the results of these post-marketing studies.

***Expedited Development and Review Programs***

The FDA offers a number of expedited development and review programs for qualifying product candidates. The fast track program is intended to expedite or facilitate the process for reviewing new products that meet certain criteria. Specifically, new products 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 product and the specific indication for which it is being studied. The sponsor of a fast track product has opportunities for frequent interactions with the review team during product development and, once a BLA is submitted, the product may be eligible for priority review. A fast track product may also be eligible for rolling review, in which case the FDA may consider for review sections of the BLA 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, the FDA agrees to accept sections of the BLA and determines that the schedule is acceptable, and the sponsor pays any required user fees upon submission of the first section of the BLA.

A product 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 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 product, including involvement of senior managers.

Any marketing application for a biologic submitted to the FDA for approval, including a product 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 product 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 compared to marketed products. For products containing new molecular entities, 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 (compared with ten months under standard review).

Additionally, products studied for their safety and effectiveness in treating serious or life-threatening diseases or conditions may receive accelerated approval upon a determination that the product 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. 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.

In 2017, FDA established a new regenerative medicine advanced therapy, or RMAT, designation as part of its implementation of the 21st Century Cures Act, which was signed into law in December 2016. The RMAT designation program is intended to fulfill the 21st Century Cures Act requirement that FDA facilitate an efficient development program for, and expedite review of, any drug that meets the following criteria: (1) it qualifies as a RMAT, which is defined as a cell therapy, therapeutic tissue engineering product, human cell and tissue product, or any combination product using such therapies or products, with limited exceptions; (2) it is intended to treat, modify, reverse, or cure a serious or life-threatening disease or condition; and (3) preliminary clinical evidence indicates that the drug has the potential to address unmet medical needs for such a disease or condition. Like fast track and breakthrough therapy designation, RMAT designation provides potential benefits that include more frequent meetings with the FDA to discuss the development plan for the product candidate and eligibility for rolling review and priority review. Products granted RMAT designation may also be eligible for accelerated approval on the basis of a surrogate or intermediate endpoint reasonably likely to predict long-term clinical benefit, or reliance upon data obtained from a meaningful number of sites, including through expansion to additional sites. Once approved, when appropriate, the FDA can permit fulfillment of post-approval requirements under accelerated approval through the submission of clinical evidence, clinical studies, patient registries, or other sources of real-world evidence such as electronic health records; through the collection of larger confirmatory datasets; or through post-approval monitoring of all patients treated with the therapy prior to approval.

Fast track designation, breakthrough therapy designation, priority review, accelerated approval, and RMAT designation do not change the standards for approval but may expedite the development or approval process.

***Orphan Drug Designation***

Under the Orphan Drug Act, the FDA may grant orphan designation to a drug or biologic intended to treat a rare disease or condition, which is a disease or condition that affects fewer than 200,000 individuals in the United States, or if it affects more than 200,000 individuals in the United States, there is no reasonable expectation that the cost of developing and making available a drug or biologic for this type of disease or condition will be recovered from sales in the United States for that drug or biologic. Orphan drug designation must be requested before submitting a BLA. After the FDA grants orphan drug designation, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. The orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review or approval process.

If a product that has orphan drug designation subsequently receives the first FDA approval for the disease for which it has such designation, the product is entitled to orphan drug exclusive approval (or exclusivity), which means that the FDA may not approve any other applications, including a full BLA, to market the same biologic for the same indication for seven years, except in limited circumstances, such as a showing of clinical superiority to the product with orphan drug exclusivity. Orphan drug exclusivity does not prevent the FDA from approving a different drug or biologic for the same disease or condition, or the same drug or biologic for a different disease or condition. Among the other benefits of orphan drug designation are tax credits for certain research and a waiver of the BLA application fee.

A designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. In addition, exclusive marketing rights in the United States may be lost if the FDA later determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantities of the product to meet the needs of patients with the rare disease or condition.

***Post-Approval Requirements***

Any products manufactured or distributed by us 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 FDA assesses an annual program fee for each product identified in an approved BLA. 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 cGMP, 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 cGMP 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 cGMP 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 adverse events 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; or
- injunctions or the imposition of civil or criminal penalties.

The FDA closely regulates the marketing, labeling, advertising and promotion of 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.

***Biosimilars and Reference Product Exclusivity***

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the ACA, signed into law in 2010, includes a subtitle called the Biologics Price Competition and Innovation Act of 2009, or BPCIA, which created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-approved reference biological product.

Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical study or studies. Interchangeability requires that a product be biosimilar to the reference product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product in any given patient and, for products that are administered to a patient more than once, the biologic and the reference biologic may be alternated or switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic. Complexities associated with the larger, and often more complex, structures of biological products, as well as the processes by which such products are manufactured, pose significant hurdles to implementation of the abbreviated approval pathway that are still being worked out by the FDA.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the FDA may not approve a biosimilar product until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA containing that applicant's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of the competing product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. At this juncture, it is unclear whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, which are governed by state pharmacy law.

The BPCIA is complex and continues to be interpreted and implemented by the FDA. In addition, government proposals have sought to reduce the 12-year reference product exclusivity period. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have also been the subject of recent litigation. As a result, the ultimate implementation and impact of the BPCIA is subject to significant uncertainty.

***Other Healthcare Laws and Compliance Requirements***

Pharmaceutical companies 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: the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering or paying remuneration, to induce, or in return for, either the referral of an individual, or the purchase or recommendation of an item or service for which payment may be made under any federal healthcare program; federal civil and criminal false claims laws, including the civil False Claims Act, and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment to the

federal government, including federal healthcare programs, that are false or fraudulent; the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created additional federal criminal statutes which prohibit, among other things, executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters, and which, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, also imposes certain requirements on HIPAA covered entities and their business associates relating to the privacy, security and transmission of individually identifiable health information; the U.S. 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 specific exceptions, to annually report to the federal government, information related to payments or other transfers of value made to physicians, as defined by such law, and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members; and U.S. state and foreign law equivalents of each of the above federal laws, which, in some cases, differ from each other in significant ways, and may not have the same effect, thus complicating compliance efforts. If their operations are found to be in violation of any of such laws or any other governmental regulations that apply, they may be subject to significant penalties, including, without limitation, civil, criminal and administrative penalties, damages, fines, exclusion from government-funded healthcare programs, such as Medicare and Medicaid or similar programs in other countries or jurisdictions, integrity oversight and reporting obligations to resolve allegations of non-compliance, disgorgement, imprisonment, contractual damages, reputational harm, diminished profits and the curtailment or restructuring of our operations.

***Coverage and Reimbursement***

Significant uncertainty exists as to the coverage and reimbursement status of any pharmaceutical or biological product for which we obtain regulatory approval. 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. As there is no uniform policy of coverage and reimbursement for drug products among third-party payors in the United States, coverage and reimbursement policies for drug products can differ significantly from payor to payor. There may be significant delays in obtaining coverage and reimbursement as the process of determining coverage and reimbursement is often time-consuming and costly which will require us to provide scientific and clinical support for the use of our products to each payor separately, with no assurance that coverage or adequate reimbursement will be obtained. It is difficult to predict at this time what government authorities and third-party payors will decide with respect to coverage and reimbursement for our drug products. For products administered under the supervision of a physician, obtaining coverage and adequate reimbursement may be particularly difficult because of the higher prices often associated with such drugs. Additionally, separate reimbursement for the product itself or the treatment or procedure in which the product is used may not be available, which may impact physician utilization.

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. Third-party payors are increasingly challenging the prices charged for medical products and services, examining the medical necessity and reviewing the cost effectiveness of pharmaceutical or biological products, medical devices and medical services, in addition to questioning safety and efficacy. 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.

***Healthcare Reform***

The United States and some foreign jurisdictions are considering or have enacted a number of reform proposals to change the healthcare system. There is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality or expanding access. In the United States, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by federal and state legislative initiatives, including those designed to limit the pricing, coverage, and reimbursement of pharmaceutical and biopharmaceutical products, especially under government-funded healthcare programs, and increased governmental control of drug pricing.

In March 2010, the ACA was signed into law, which substantially changed the way healthcare is financed by both governmental and private insurers in the United States, and significantly affected the pharmaceutical industry. The ACA contains a number of provisions of particular import to the pharmaceutical and biotechnology industries, including, but not limited to, those governing enrollment in federal healthcare programs, a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, and annual fees based on pharmaceutical companies' share of sales to federal healthcare programs. Since its enactment, there have been judicial, Congressional, and executive branch challenges to certain aspects of the ACA, and we expect there will be additional challenges and amendments to the ACA in the future. For example, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. In addition, the Tax Act was enacted, which, among other things, removes penalties for not complying with ACA's individual mandate to carry health insurance. On December 14, 2018, a U.S. District Court Judge in the Northern District of Texas ruled that the individual mandate is a critical and inseverable feature of the ACA, and therefore, because it was repealed as part of the Tax Act, the remaining provisions of the ACA are invalid as well. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. It is unclear how this decision, future decisions, subsequent appeals, if any, and other efforts to repeal and replace the ACA will impact the ACA.

Other legislative changes have been proposed and adopted since the ACA was enacted, including aggregate reductions of Medicare payments to providers of 2% per fiscal year and reduced payments to several types of Medicare providers, which will remain in effect through 2029 unless additional Congressional action is taken. 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 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 programs, and reform government program reimbursement methodologies for drug products. At the federal level, the Trump administration's budget proposal for fiscal year 2021 includes a $135 billion allowance to support legislative proposals seeking to reduce drug prices, increase competition, lower out-of-pocket drug costs for patients, and increase patient access to lower-cost generic and biosimilar drugs. Further, the Trump administration released a "Blueprint," or plan, to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase drug manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products, and reduce the out-of-pocket costs of drug products paid by consumers. The Department of Health and Human Services, or HHS, has solicited feedback on some of these measures and has implemented others under its existing authority. For example, in May 2019, the Centers for Medicare & Medicaid Services, or CMS, issued a final rule to allow Medicare Advantage plans the option to use step therapy for Part B drugs beginning January 1, 2020. This final rule codified CMS's policy change that was effective January 1, 2019. While some of measures may require additional authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs At the state level, legislatures have increasingly passed legislation

and implemented 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 Regulation***

In the People's Republic of China, or PRC, we operate in an increasingly complex legal and regulatory environment. We are subject to a variety of PRC laws, rules and regulations affecting many aspects of our business. This section summarizes the principal PRC laws, rules and regulations that we believe are relevant to our business and operations.

***PRC Drug Regulation***

*Introduction*

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 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 CTA 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 China Communist Party jointly issued the Opinion on Deepening the Reform of the Evaluation and Approval System to Encourage Innovation in Drugs and Medical Devices, or the Innovation Opinion in October 2017. The expedited programs and other advantages under this and other recent reforms encourage drug manufacturers to seek marketing approval in China first, manufacture domestically, and develop drugs in high priority disease areas, such as oncology.

To implement the regulatory reform introduced by the Innovation Opinion, the NPC and the NMPA 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, or DAL. The DAL was promulgated by the Standing Committee of the NPC on September 20, 1984 and last amended on August 26, 2019 and took effect as of December 1, 2019. The DAL is implemented by a high-level regulation issued by the State Council referred to as the DAL Implementing Regulation. The NMPA has its own set of regulations further implementing the DAL; the primary one governing CTAs, marketing approval, and post-approval amendment and renewal is known as the Drug Registration Regulation, or DRR. The DRR was promulgated by the NMPA on February 28, 2005 and the last amended DRR will take effect from July 1, 2020. Although the NMPA has issued several notices and proposed regulations in 2018 and 2019 to implement the reforms, the implementing regulations for many of the reforms in the Innovation Opinion have not yet been finalized and issued, and therefore, the details regarding the implementation of the regulatory changes remained uncertain in some respects.

*Regulatory Authorities and Recent Government Reorganization*

In the PRC, the NMPA is the primary regulatory agency for pharmaceutical products and businesses. The agency was formed from the prior China Food and Drug Administration, or CFDA, in 2018 as part of a government reorganization. Pursuant to the Decision of the First Session of the Thirteenth National People's Congress on the State Council Institutional Reform Proposal made by the NPC on March 17, 2018, NMPA is one

of the two half-ministry level agencies under the State Administration for Market Regulation, or SAMR, which are responsible for consumer protection, advertising, anticorruption, pricing and fair competition matters. The National Intellectual Property Administration is the other half-ministry level agency under the SAMR.

Like the CFDA, the NMPA is still the primary drug regulatory agency and implements the same laws, regulations, rules, and guidelines as the CFDA, and it regulates almost all of the key stages of the life-cycle of pharmaceutical products, including nonclinical studies, clinical trials, marketing approvals, manufacturing, advertising and promotion, distribution, and pharmacovigilance (i.e., post-marketing safety reporting obligations). The Center for Drug Evaluation, or CDE, which remains under the NMPA, conducts the technical evaluation of each drug and biologic application to assess safety and efficacy.

The NHC (formerly known by the names: the Ministry of Health (MOH) and National Health and Family Planning Commission (NHFPC)), is China's primary healthcare regulatory agency. It is responsible for overseeing the operation of medical institutions, some of which also serve as clinical trial sites, and regulating the licensure of hospitals and other medical personnel. NHC plays a significant role in drug reimbursement. Furthermore, the NHC and its local counterparts at or below the provincial-level of local government also oversee and organize public medical institutions' centralized bidding and procurement process for pharmaceutical products, through which public hospitals and their pharmacies acquire drugs.

Also, as part of the 2018 reorganization, the PRC government formed the National Healthcare Security Administration which focuses on regulating reimbursement under the state-sponsored insurance plans.

*Non-Clinical Research*

The NMPA requires preclinical data to support registration applications for imported and domestic drugs. According to the DRR, nonclinical safety studies must comply with the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory. On August 6, 2003, the NMPA promulgated the Administrative Measures for Good Laboratories Practice of Non-clinical Laboratory, which was revised on July 27, 2017, 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 the NMPA on April 16, 2007, the 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. The 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 the NMPA if all the relevant requirements are satisfied, which will also be published on the NMPA's website.

Pursuant to the Regulations for the Administration of Affairs Concerning Experimental Animals promulgated by the State Science and Technology Commission on November 14, 1988 and amended on January 8, 2011, July 18, 2013 and March 1, 2017, respectively, by the State Council, the Administrative Measures on Good Practice of Experimental Animals jointly promulgated by the State Science and Technology Commission and the State Bureau of Quality and Technical Supervision on December 11, 1997, and the Administrative Measures on the Certificate for Experimental Animals (Trial) promulgated by the Ministry of Science and Technology and other regulatory authorities on December 5, 2001, using and breeding experimental animals shall be subject to some rules and performing experimentation on animals requires a Certificate for Use of Laboratory Animals.

*Registration Categories*

Prior to engaging with the NMPA on research and development and approval, an applicant will need to determine the registration category for its drug candidate (which will ultimately need to be confirmed with the

NMPA), which will determine the application requirements for its clinical trial and marketing application. There are five categories for small molecule drugs: Category 1, or innovative drugs, refers to drugs that have a new chemical entity that has not been marketed anywhere in the world, Category 2, or improved new drugs, refers to drugs with a new indication, dosage form, route of administration, combination, or certain formulation changes not approved in the world, Category 3 is for domestic generics that reference an innovator drug marketed abroad but not in China, Category 4 is for domestic generics that reference an innovator drug marked in China, and Category 5 refers to an application to import into China innovative or generic drugs that have already been marketed abroad.

Therapeutic biologics follow a somewhat similar categorization, with three out of the 15 categories depending on marketing approval status: Category 1 is for innovative biologics that have not been approved inside or outside of China, Category 7 for biologics that have been marked abroad but not in China, and Category 15 for biologics that have been marketed in China, and the rest of the 15 categories depending on products characteristics. All biologics follow the new drug application pathway, but a tentative guideline on the development and evaluation of biosimilar drugs was issued by the NMPA in 2015.

***Expedited Programs***

*Priority Evaluation and Approval Programs to Encourage Innovation*

The 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 CDE. The Opinions on Encouraging the Prioritized Evaluation and Approval for Drug Innovation promulgated by the NMPA on December 21, 2017 clarified that fast track CTAs or drug registration pathways will be available to the innovative drugs.

If admitted to one of these expedited programs, an applicant will be entitled to more frequent and timely communication with reviewers at the CDE, 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 CDE 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.

***Clinical Trials and Marketing Approval***

Upon completion of preclinical studies, a sponsor typically needs to conduct clinical trials in China for registering a new drug. The materials required for this application and the data requirements are determined by the registration category. The NMPA has taken a number of steps to increase efficiency for approving CTAs, and it has also significantly increased monitoring and enforcement of the Administrative Regulations of Quality of Drug Clinical Practice, or the PRC's GCP to ensure data integrity.

*Trial Approval*

All clinical trials conducted in China for new drug registration purposes must be approved and conducted at pharmaceutical clinical trial institutions which shall be under the filing administration. For imported drugs, proof of foreign approval is required prior to the trial, unless the drug has never been approved anywhere in the world.

In addition to a standalone China trial to support development, imported drug applicants may establish a site in China that is part of an international multicenter trial, or IMCT, at the outset of the global trial. Domestically manufactured drugs are not subject to foreign approval requirements, and in contrast to prior practice, the NMPA has recently decided to permit those drugs to conduct development via an IMCT as well.

In 2015, the NMPA began to issue an umbrella approval for all phases (typically three) of a new drug clinical trial, instead of issuing approval phase by phase. For certain types of new drug candidates, CTAs may be prioritized over other applications and put in a separate expedited queue for approval.

The NMPA has now adopted a system for clinical trials of new drugs where trials can proceed if after 60 business days, the applicant has not received any objections from the CDE. China is also expanding the number of trial sites by changing from a clinical trial site certification procedure into a notification procedure.

*Drug Clinical Trial Registration*

Pursuant to the DRR, upon obtaining the clinical trial approval and before commencing a clinical trial, the applicant shall file a registration with the NMPA containing various details of the clinical trial, including the clinical study protocol, the name of the principal researcher of the leading institution, names of participating institutions and researchers, an approval letter from the ethics committee, and a sample of the Informed Consent Form, with a copy sent to the competent provincial administration departments where the trial institutions will be located. On September 6, 2013, the NMPA released the Announcement on Drug Clinical Trial Information Platform, providing that for all clinical trials approved by the NMPA and conducted in China, instead of the aforementioned registration filed with the NMPA, clinical trial registration shall be completed and trial information shall be published through the Drug Clinical Trial Information Platform. The applicant shall complete trial pre-registration within one month after obtaining the clinical trial approval to obtain the trial's unique registration number and shall complete registration of certain follow-up information before the first subject's enrollment in the trial. If approval of the foregoing pre-registration and registration is not obtained within one year after obtaining the clinical trial approval, the applicant shall submit an explanation, and if the procedure is not completed within three years, the clinical trial approval shall automatically be annulled.

*Human Genetic Resources Approval*

According to the Interim Measures for the Administration of Human Genetic Resources, promulgated by the Ministry of Science and Technology and the MOH jointly on June 10, 1998, an additional approval is required for any foreign companies or foreign affiliates that conduct trials in China. Prior to beginning a trial, the foreign sponsor and the Chinese clinical trial site are required to obtain approval from the Human Genetic Resources Administration of China, or HGRAC, which is an agency under the Ministry of Science and Technology, to collect any biological samples that contain the genetic material of Chinese human subjects, and to transfer any cross-border transfer of the samples or associated data. Furthermore, one of the key review points for the HGRAC review and approval process is the IP sharing arrangement between Chinese and foreign parties. The parties are required to share patent rights to inventions arising from the samples. Conducting a clinical trial in China without obtaining the relevant HGRAC preapproval will subject the sponsor and trial site to administrative liability, including confiscation of HGRAC samples and associated data, and administrative fines.

On July 2, 2015, the Ministry of Science and Technology issued the Service Guide for Administrative Licensing Items concerning Examination and Approval of Sampling, Collecting, Trading, Exporting Human Genetic Resources, or Taking Such Resources out of the PRC, which provides that foreign-invested sponsors that sample and collect human genetic resources in clinical trials shall be required to file with the China Human Genetic Resources Management Office through its online system. On October 26, 2017, the Ministry of Science and Technology issued the Circular on Optimizing the Administrative Examination and Approval of Human Genetic Resources, which simplified the approval for sampling and collecting human genetic resources for the purpose of commercializing a drug in the PRC. On May 28, 2019, the State Council of PRC issued the

Administration Regulations on Human Genetic Resources, which became effective on July 1, 2019. The Administration Regulations on Human Genetic Resources formalized the approval requirements pertinent to research collaborations between Chinese and foreign-owned entities. Pursuant to the new rule, a new notification system (as opposed to the advance approval approach originally in place) is put in place for clinical trials using China's human genetic resources at clinical institutions without involving the export of human genetic resources outside of China.

*Trial Exemptions and Acceptance of Foreign Data*

The NMPA may reduce requirements for clinical trials and data, depending on the drug and the existing data. The NMPA has granted waivers for all or part of trials and has stated that it will accept data generated abroad (even if not part of a global study), including early phase data, that meets its requirements. On July 6, 2018, the NMPA issued the Technical Guidance Principles on Accepting Foreign Drug Clinical Trial Data, or the Guidance Principles, as one of the implementing rules for the Innovation Opinion. According to the Guidance Principles, the data of foreign clinical trials must meet the authenticity, completeness, accuracy and traceability requirements and such data must be obtained consistent with the relevant requirements under the GCP of the International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use, or ICH. Sponsors must be attentive to potentially meaningful ethnic differences in the subject population.

The NMPA now officially permits, and its predecessor agencies have permitted on a case-by-case basis in the past, drugs approved outside of China to be approved in China on a conditional basis without the need for pre-approval clinical trials inside China. Specifically, on October 23, 2018, the NMPA issued the Procedures for Reviewing and Approval of Clinical Urgently Needed Overseas New Drugs, which established a program permitting drugs that have been approved within the last ten years in the United States, EU or Japan and that i) treat orphan diseases, ii) prevent or treat serious life-threatening illnesses for which there is either no effective therapy or prevention in China, or iii) prevent or treat serious life-threatening illnesses and the foreign-approved drug would have clear clinical advantages. Applicants will be required to establish a risk mitigation plan and may be required to complete trials in China after the drug is marketed. By May 29, 2019, the CDE has developed two lists of qualifying drugs that meet this criteria.

*Clinical Trial Process and Good Clinical Practices*

Typically drug clinical trials in China have four phases. Phase 1 refers to the initial clinical pharmacology and human safety evaluation studies. Phase 2 refers to the preliminary evaluation of a drug candidate's therapeutic efficacy and safety for target indication(s) in patients. Phase 3 (often the pivotal study) refers to clinical trials to further verify the drug candidate's therapeutic efficacy and safety in patients with target indication(s) and ultimately provide sufficient evidence for the review of a drug registration application. Phase 4 refers to a new drug's post-marketing study to assess therapeutic effectiveness and adverse reactions when the drug is widely used to evaluate overall benefit-risk relationships of the drug when used among the general population or specific groups and to adjust the administration dose, etc. The NMPA requires that the different phases of clinical trials in China receive ethics committee approval and comply with the PRC's GCP. The NMPA conducts inspections to assess the PRC's GCP compliance and will cancel the CTA if it finds substantial issues.

On August 6, 2003, the NMPA promulgated the PRC's GCP to improve the quality of clinical trials. According to the PRC's GCP, the sponsor shall provide insurance to the subjects participating in the clinical trial and bear the cost of the treatment and the corresponding financial compensation for the subjects who suffer harm or death related to the trial. The sponsor shall provide legal and economic guarantee to the investigator, but harm or death caused by the medical accident shall be excluded. Pursuant to the Innovation Opinion, the accreditation of the institutions for drug clinical trials shall be subject to record-filing administration. The conduct of clinical trials must adhere to the PRC's GCP, and the protocols must be approved by the ethics committees of each study site. Pursuant to the newly amended DAL, and the Regulations on the Administration of Drug Clinical Trial

Institution jointly promulgated by NMPA and NHC on November 29, 2019 and effective from December 1, 2019, drug clinical trial institutions shall be under filing administration. Entities that only conduct analysis of biological samples related to clinical trials of drugs do not need to be filed.

*New Drug Application (NDA) and Approval*

Upon completion of clinical trials, a sponsor may submit clinical trial data to support marketing approval for the drug. For imported drugs, this means issuance of an import license. Again, the applicant must submit evidence of foreign approval, unless it is an innovative drug that has never been approved anywhere in the world.

NDA sponsors must submit data derived from domestically manufactured drugs in support of a drug approval. Under the current regime, upon approval of the registration application, the NMPA will first issue a new drug certificate to the applicant. Only when the applicant is equipped with relevant manufacturing capability will the NMPA issue a Drug Approval Serial Number, which is effectively the marketing approval allowing the holder to market/commercialize the drug in China.

Pursuant to the Opinions on the Reform of Evaluation and Approval System for Drugs and Medical Devices and Equipment promulgated on August 9, 2015, the State Council published the policy for carrying out a pilot plan for the drug marketing authorization holder mechanism.

Pursuant to the newly amended DAL, under the drug marketing authorization holder mechanism, an enterprise obtained drug registration certificate and a research and development institution are eligible to be a pharmaceutical marketing authorization holder, and this pharmaceutical marketing authorization holder shall be responsible for nonclinical laboratory studies, clinical trials, production and distribution, post-market studies, and the monitoring, reporting, and handling of adverse reactions in connection with pharmaceuticals in accordance with the provisions of the DAL. The pharmaceutical marketing authorization holder may engage contract manufacturers for manufacturing, provided that the contract manufacturers are licensed and may engage pharmaceutical distribution enterprises with drug distribution license for the distribution activities. Upon the approval of the medical products administrative department under the State Council, a drug marketing authorization holder may transfer the drug marketing license and the transferee shall have the capability of quality management, risk prevention and control, and liability compensation to ensure the safety, effectiveness and quality controllability of drugs, and fulfill the obligations of the drug marketing license holder.

***Manufacturing and Distribution***

According to the newly amended DAL and the implementing Measures of the DAL, all facilities that manufacture drugs in China must receive a Drug Manufacturing License with an appropriate “scope of manufacturing” from the local drug regulatory authority. This license must be renewed every five years.

Similarly, to conduct sales, importation, shipping and storage, or distribution activities, a company must obtain a Drug Distribution License with an appropriate “scope of distribution” from the local drug regulatory authority, subject to renewal every five years.

China has formed a “Two Invoice System” to control distribution of drugs. The “Two-Invoice System” generally requires that no more than two invoices may be issued throughout the distribution chain, with one from the manufacturer to a distributor and another from the distributor to the end-user hospital. This excludes the sale of products invoiced from the manufacturer to its wholly owned or controlled distributors, or for imported drugs, to their exclusive distributor, or from a distributor to its wholly owned or controlled subsidiary (or between the wholly owned or controlled subsidiaries). However, the system still significantly limits the options for companies to use multiple distributors to reach a larger geographic area in China. Compliance with the Two-Invoice System will become a prerequisite for pharmaceutical companies to participate in procurement processes with public hospitals, which currently provide most of China’s healthcare. Manufacturers and distributors that fail to

implement the Two-Invoice System may lose their qualifications to participate in the bidding process. Non-compliant manufacturers may also be blacklisted from engaging in drug sales to public hospitals in a locality.

The Two-Invoice System was first implemented in 11 provinces that are involved in pilot comprehensive medical reforms, but the program has expanded to nearly all provinces, which have their own individual rules for the program.

***Human Cell Therapy***

On March 20, 2003, the NMPA published the Technical Guidelines for Research on Human Cell Therapy and Quality Control of Preparations, which set some principles for the research of human cell therapy.

Pursuant to the DRR promulgated by the NMPA on July 10, 2007 and effective from October 1, 2007, human cell therapy and its products belong to biological products and the application for biological products shall be submitted as the process of new drug application.

On March 2, 2009, the MOH published the Management Measures for Clinical Application of Medical Technology, which came into effect on May 1, 2009 and prescribed that cell immunotherapy belongs to the Category 3 medical technology of which the clinical application shall be subject to the additional provisions of the MOH. In May, 2009, the MOH published the First List of Category 3 Medical Technologies Allowed for Clinical Application, or the Category 3 Medical Technologies which prescribed cell immunotherapy technology as Category 3 medical technologies were allowed for clinical application, and was abolished by the Notice on the Relevant Work Concerning Cancellation of the Category Three of Medical Technology Entry Approval of Clinical Application on June 29, 2015. The Notice on the Relevant Work Concerning Cancellation of the Category Three of Medical Technology Entry Approval of Clinical Application also cancelled the approval of Category 3 medical technology clinical application.

On November 30, 2017, the CFDA promulgated the Notice of Guidelines for Acceptance and Examination of Drug Registration (Trial), the application of clinical trials of therapeutic biological products and the production and listing application of therapeutic biological products shall be subject to the provisions thereof. On December 18, 2017, the CFDA promulgated the Technical Guiding Principles for Research and Evaluation of Cell Therapy Products (Trial) to regulate and guide the research and evaluation of cell therapy products that are researched on, developed and registered as drugs.

***Post-Marketing Surveillance***

Pursuant to the newly amended DAL, the drug marketing authorization holder shall be responsible for the monitoring, reporting and handling of adverse reactions in connection with pharmaceuticals in accordance with the provisions of the DAL. Marketing authorization holders, pharmaceutical manufacturer, pharmaceutical distributors and medical institutions shall regularly inspect the quality, efficacy and adverse reactions of drugs manufactured, distributed and used by them. Cases of suspected adverse reactions shall be promptly reported to the drug administrative authorities and the competent health administrative authority. The drug marketing authorization holder shall forthwith stop selling, notify the relevant pharmaceutical distributors and medical institutions to stop sales and use, recall sold drugs, promptly announce recall information if the drugs have quality issues or other safety hazards.

*Advertising and Promotion of Pharmaceutical Products*

China has a strict regime for the advertising of approved drugs. No unapproved drugs may be advertised. The definition of an advertisement is very broad and it can be any media that directly or indirectly introduces the product to end users. There is no clear line between advertising and any other type of promotion.

Each advertisement for drugs requires an approval from a local drug regulatory authority, and the content of an approved advertisement may not be altered without filing a new application for approval. An enterprise seeking to advertise a prescription drug may do so only in medical journals jointly approved by NMPA and the NHC, and the advertisement for a prescription drug shall tag "this advertisement is for medical and pharmaceutical professionals reading only."

Drug advertisements are subject to strict content restrictions, which prohibit recommendations by doctors and hospitals and guarantees of effectiveness. Advertising that includes content that is outside of the drug's approval documentation, off-label content, is prohibited. False advertising can result in civil suits from end users and administrative liability, including fines. In addition to advertisements, non-promotional websites that convey information about a drug must go through a separate approval process by a local drug regulatory authority.

***Product Liability***

The Product Quality Law of the PRC, or the Product Quality Law promulgated by the Standing Committee of the NPC on February 22, 1993 and amended on July 8, 2000, August 27, 2009 and December 29, 2018, respectively, is the principal governing law relating to the supervision and administration of product quality. According to the Product Quality Law, manufacturers shall be liable for the quality of products produced by them, and sellers shall take measures to ensure the quality of the products sold by them. A manufacturer shall be liable for compensating for any bodily injuries or property damages, other than the defective product itself, resulting from the defects in the product, unless the manufacturer is able to prove that (1) the product has never been distributed; (2) the defects causing injuries or damages did not exist at the time when the product was distributed; or (3) the science and technology at the time when the product was distributed was at a level incapable of detecting the defects. A seller shall be liable for compensating for any bodily injuries or property damages of others caused by the defects in the product if such defects are attributable to the seller. A seller shall pay compensation if it fails to indicate either the manufacturer or the supplier of the defective product. A person who is injured or whose property is damaged by the defects in the product may claim for compensation from the manufacturer or the seller.

Pursuant to the General Principles of the Civil Law of the PRC promulgated by the NPC on April 12, 1986 and amended on August 27, 2009, both manufacturers and sellers shall be held liable where the defective products result in property damages or bodily injuries to others. Pursuant to the Tort Liability Law of the PRC promulgated by the Standing Committee of the NPC on December 26, 2009 and effective from July 1, 2010, manufacturers shall assume tort liabilities where the defects in products cause damages to others. Sellers shall assume tort liabilities where the defects in products that have caused damages to others are attributable to the sellers. The aggrieved party may claim for compensation from the manufacturer or the seller of the defected product that has caused damage.

***Commercial Bribery***

Pharmaceutical companies involved in a criminal investigation or administrative proceedings related to bribery are listed in the Adverse Records of Commercial Briberies by their respective provincial health and family planning administrative department. Pursuant to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry which were promulgated by the NHFPC on December 25, 2013 and became effective on March 1, 2014, provincial health and family planning administrative departments formulate the implementing measures for establishment of Adverse Records of Commercial Briberies. Where a pharmaceutical company or its agent is listed in the Adverse Records of Commercial Briberies on one occasion, it will be prohibited from participating in the procurement bidding process or selling its products to public medical institutions located in the local provincial-level region for two years from the publication of the adverse records. Where a pharmaceutical company or its agent is listed in the Adverse Records of Commercial Briberies on two or more occasions within five years, it will be prohibited from participating in the procurement bidding process or selling its products to all public medical institutions in the PRC for two years from the publication of these adverse records.

***Regulatory Intellectual Property Protections***

*Non-Patent Exclusivities*

*New drug monitoring period*

According to the DRR and the Implementing Regulations of the DAL, the NMPA may, for the purpose of protecting public health, provide for an administrative monitoring period of five years for new drugs approved to be manufactured, commencing from the date of approval, to continually monitor the safety of those new drugs. During the monitoring period, the NMPA will not approve another CTA from another applicant for the same type of drug, except if another sponsor has an approved CTA at the time that the monitoring period is initiated it may proceed with its trial and once approved become another drug that is part of the monitoring period.

*Regulatory data protection*

The Innovation Opinion also lays the foundation for the establishment of a system for regulatory data protection to protect innovators. This protection will be available to the undisclosed clinical trial data of drugs falling into the following categories: innovative drugs, innovative therapeutic biologics, drugs that treat orphan diseases, pediatric drugs, and drugs for which there has been a successful patent challenge.

On April 25, 2018, NMPA published a draft on Implementing Regulations for Pharmaceutical Study Data Protection for public comment that would set regulatory data protection for innovative small molecule drugs at six years and for innovative therapeutic biologics at 12 years; pediatric and orphan drugs would receive six years to run concurrently from their approval dates. Full terms of protection would require reliance on local trials or sites of multicenter trials in China and simultaneous submissions of marketing applications in China and other countries. Submissions in China that are up to six years after those made abroad would result in the term being reduced to 1-5 years. Submissions made in China over six years after those made abroad may not receive protection.

*Patent-Related Protections*

*Patent linkage*

The Innovation Opinion also sets forth the basic elements of a patent linkage system to protect innovators, in which a follow-on applicant will be required to specify patents that are relevant to its application and notify relevant patent holders (including, innovators) within a specified period after filing its application, permitting them to sue to protect their rights. The system will require that the NMPA continue to review the potentially infringing follow-on application during any lawsuit by the innovator. However, the NMPA may not approve the follow-on application pending resolution of the patent litigation in favor of the follow-on application or for a specified period of time, whichever is shorter. This reform will require implementing regulations. To date, the NMPA has not issued the relevant implementing regulations.

*Patent term extension*

In early 2019, pursuant to the Innovation Opinion, the NPC issued a proposal for patent term extension as part of a proposed amendment to the Patent Law. Under this proposal, the State Council may grant a patent term extension of up to five years to compensate for delays in the review process for innovative drugs that are applying simultaneously for marketing approval in both China and abroad. The patent term may not be extended to more than 14 years post-marketing. It is not clear when this will be finalized.

***Trademarks***

Pursuant to the Trademark Law of the PRC promulgated by the Standing Committee of the NPC on August 23, 1982 and amended on February 22, 1993, October 27, 2001, August 30, 2013 and April 23, 2019,

respectively and became effective from November 1, 2019, the period of validity for a registered trademark is ten years, commencing from the date of registration. The registrant shall go through the formalities for renewal within twelve months prior to the expiry date of the trademark if continued use is intended. Where the registrant fails to do so, a grace period of six months may be granted. The validity period for each renewal of registration is ten years commencing from the day immediately after the expiry of the preceding period of validity for the trademark. In the absence of a 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 the law.

***Domain names***

Domain names are protected under the Administrative Measures on China Internet Domain Names promulgated by the Ministry of Information Industry on November 5, 2004 and effective from December 20, 2004, which was replaced by the Administrative Measures on the Internet Domain Names issued by the Ministry of Industry and Information Technology, or the MIIT, on August 24, 2017 and effective from November 1, 2017, and the Implementing Rules on Registration of Domain Names issued by China Internet Network Information Center on 25 September 2002 which came into effect on 1 December 2002 and last amended on May 28, 2012, which became effective on May 29, 2012. The MIIT is the main regulatory authority responsible for the administration of PRC internet domain names. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

*Reimbursement and Pricing*

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 NRDL. A pharmaceutical product listed in the NRDL 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 NRDL 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 NRDL. The version of the NRDL released in 2019 covers 2,643 drugs in total, including 148 new additions, with an emphasis on innovative drugs and drugs that treat cancer and other serious diseases.

*Government price controls*

On May 4, 2015, the NDRC and six other ministries and commissions in the PRC issued the Opinion on Promoting Drug Pricing Reform, which lifted the government-prescribed maximum retail price for most drugs, including drugs reimbursed by government medical insurance funds, patented drugs, and some other drugs. The government regulates prices mainly by establishing a consolidated procurement mechanism, restructuring

medical insurance reimbursement standards and strengthening regulation of medical and pricing practices as discussed below.

*Centralized procurement and tenders*

Under current regulations, public medical institutions owned by the government or owned by state-owned or controlled enterprises are required to purchase pharmaceutical products through centralized online procurement processes. There are exceptions for drugs on the National List of Essential Drugs, which must comply with their own procurement rules, and for certain drugs subject to the central government's special control such as toxic, radioactive and narcotic drugs, and traditional Chinese medicines.

The centralized procurement process takes the form of public tenders operated by provincial or municipal-level government agencies. The centralized tender process is typically conducted once every year. The bids are assessed by a committee randomly selected from a database of experts. The committee members assess the bids based on a number of factors, including but not limited to bid price, product quality, clinical effectiveness, product safety, level of technology, qualifications and reputation of the manufacturer, after-sale services and innovation.

According to the Notice of Issuing Pilot Program of the Centralized Procurement and Use of Drugs Organized by the State issued by the General Office of the State Council in January 2019, in the 11 pilot cities drugs will be selected from generic brands for centralized medicine procurement. The selected drugs must pass the consistency evaluation on quality and effectiveness. The policy is aimed at lowering drug costs for patients, reducing transaction costs for enterprises, regulating drug use of institutions, and improving the centralized medicine procurement and pricing system. The centralized procurement is open to all approved enterprises that can produce drugs on the procurement list in China. Clinical effects, adverse reactions, and batch stability of the drugs will be considered, and their consistency will be the main criteria for evaluation, while production capacity and stability of the supplier will also be considered.

***Other PRC National- and Provincial-Level Laws and Regulations***

We are subject to changing regulations under many other laws and regulations administered by governmental authorities at the national, provincial and municipal levels, some of which are or may become applicable to our business. For example, regulations control the confidentiality of patients' medical information and the circumstances under which patient medical information may be released for inclusion in our databases or released by us to third parties. The privacy of human subjects in clinical trials is also protected under regulations. For example, the case report forms must avoid disclosing names of the human subjects.

These laws and regulations governing both the disclosure and the use of confidential patient medical information may become more restrictive in the future, including restrictions on transfer of healthcare data. The Cybersecurity Law that took effect in 2017 designates healthcare as a priority area that is part of critical information infrastructure, and China's cyberspace administration is working to finalize a draft rule on cross-border transfer of personal information.

*PRC Regulation of Foreign Investment*

Investment activities in China by foreign investors are principally governed by the Guidance Catalogue of Industries for Foreign Investment, or the Catalogue, which was promulgated and is amended from time to time by the MOFCOM and the NDRC. Pursuant to the latest Catalogue which came into effect in July 2017 with the latest amendment being effective as of July 2018, or the 2017 Catalogue, industries are divided into two categories: encouraged industries and the industries within the catalogue of special management measures, or the Negative List. The Negative List is further divided into two sub-categories: restricted industries and prohibited

industries. Establishment of wholly foreign-owned enterprises is generally allowed in industries outside of the Negative List. For the restricted industries within the Negative List, some are limited to equity or contractual joint ventures, while in some cases Chinese partners are required to hold the majority interests in such joint ventures. Foreign investors are not allowed to invest in industries in the prohibited category. Industries not listed in the Catalogue are generally open to foreign investment unless specifically restricted by other PRC regulations.

On March 15, 2019, the NPC approved the Foreign Investment Law of the PRC, or the Foreign Investment Law, which became effective on January 1, 2020 and replaced the three old rules on foreign investment in China, namely, the PRC Equity Joint Venture Law, the PRC Cooperation Joint Venture Law and the Wholly Foreign-Owned Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law establishes the basic framework for the access to, and the promotion, protection and administration of foreign investments in view of investment protection and fair competition. According to the Foreign Investment Law, "foreign investment" refers to investment activities directly or indirectly conducted by one or more natural persons, business entities, or other organizations of a foreign country (collectively referred to as "foreign investor") within China, and "investment activities" include the following activities: (i) a foreign investor, individually or together with other investors, establishes a foreign-invested enterprise within China; (ii) a foreign investor acquires stock shares, equity shares, shares in assets, or other similar rights and interests of an enterprise within China; (iii) a foreign investor, individually or together with other investors, invests in a new construction project within China; and (iv) investments in other means as provided by the laws, administrative regulations or the State Council. The Foreign Investment Law grants foreign invested entities the same treatment as PRC domestic entities, except for those foreign invested entities that operate in industries deemed to be either "restricted" or "prohibited" in the Negative List.

On December 26, 2019, the State Council promulgated the Implementation Rules to the Foreign Investment Law, which became effective on January 1, 2020. The implementation rules further clarified that the state encourages and promotes foreign investment, protects the lawful rights and interests of foreign investors, regulates foreign investment administration, continues to optimize foreign investment environment, and advances a higher-level opening.

On December 30, 2019, the MOFCOM and the SAMR jointly promulgated Measures for Information Reporting on Foreign Investment, which became effective on January 1, 2020. Pursuant to the Measures for Information Reporting on Foreign Investment, where a foreign investor carries out investment activities in China, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

*M&A Rules*

According to the M&A Rules jointly issued by the MOFCOM, the State Assets Supervision and Administration Commission of the State Council, the SAT, the State Administration for Industry and Commerce (now known as the SAMR ), the CSRC and the SAFE, on August 8, 2006 and amended by the MOFCOM on June 22, 2009, among other things, (i) the purchase of an equity interest or subscription to the increase in the registered capital of non-foreign-invested enterprises, (ii) the establishment of foreign-invested enterprises to purchase and operate the assets of non-foreign-invested enterprises, or (iii) the purchase of the assets of non-foreign-invested enterprises and the use of such assets to establish foreign-invested enterprises to operate such assets, in each case, by foreign investors shall be subject to the M&A Rules. Particularly, application shall be made for examination and approval of the acquisition of any company in China affiliating to a domestic company, enterprise or natural person, which is made in the name of an oversea company established or controlled by such domestic company, enterprise or natural person.

*Regulations Relating to Employee Stock Incentive Plan*

On February 15, 2012, the SAFE promulgated the Stock Option Rules. In accordance with the Stock Option Rules and relevant rules and regulations, PRC citizens or non-PRC citizens residing in China for a continuous

period of not less than one year, who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with the SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain procedures. We and our employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who participate in our stock incentive plan will be subject to such regulation. In addition, the SAT has issued circulars concerning employee share options or restricted shares. Under these circulars, employees working in the PRC who exercise share options, or whose restricted shares vest, will be subject to PRC individual income tax, or the IIT. The PRC subsidiaries of an overseas listed company have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold IIT of those employees related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their IIT according to relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

*Regulations Relating to Foreign Exchange*

The PRC Foreign Exchange Administration Regulations promulgated by the State Council on January 29, 1996, which was amended on January 14, 1997 and August 5, 2008, respectively, are the principal regulations governing foreign currency exchange in China. Under the PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, may be made in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. In contrast, approval from or registration with appropriate government authorities or designated banks is required when RMB is to be converted into a foreign currency and remitted out of China to pay capital expenses such as the repayment of foreign currency-denominated loans.

Under current regulations, the capital of a foreign-invested enterprise and capital in RMB obtained by the foreign-invested enterprise from foreign exchange settlement must not be used for the following purposes: directly or indirectly used for the payment beyond the business scope of the enterprises or the payment prohibited by relevant laws and regulations; directly or indirectly used for investment in securities, unless otherwise provided by relevant laws and regulations; extending loans to non-related parties, unless permitted by the scope of business; and/or paying the expenses related to the purchase of real estate that is not for self-use, except for the real estate enterprises.

In 2017, new regulations were adopted which, among other things, relax the policy restriction on foreign exchange inflow to further enhance trade and investment facilitation and tighten genuineness and compliance verification of cross-border transactions and cross-border capital flows.

In 2019, SAFE promulgated SAFE Circular 28, which cancelled restrictions on domestic equity investments made with capital funds by non-investing foreign-funded enterprises. If a non-investing foreign-funded enterprise makes domestic equity investment with capital funds obtained from foreign exchange settlement, the investee shall undergo registration formalities for accepting domestic reinvestment and open the “capital account—account for settled foreign exchange to be paid” to receive the corresponding funds according to relevant provisions.

*SAFE Circular 37*

In July 2014, SAFE promulgated SAFE Circular 37, which replaces the previous SAFE Circular 75. SAFE Circular 37 requires PRC residents, including PRC individuals and PRC corporate entities, to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we may make in the future.

Under SAFE Circular 37, PRC residents who make, or have prior to the implementation of SAFE Circular 37 made, direct or indirect investments in offshore special purpose vehicles, or SPVs, are required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its registration with the local branch of SAFE with respect to that SPV, to reflect any change of basic information or material events. If any PRC resident shareholder of such SPV fails to make the required registration or to update the registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contributions into its subsidiaries in China. In February 2015, SAFE promulgated SAFE Notice 13. Under SAFE Notice 13, applications for foreign exchange registration of inbound foreign direct investments and outbound direct investments, including those required under SAFE Circular 37, must be filed with qualified banks instead of SAFE. Qualified banks should examine the applications and accept registrations under the supervision of SAFE.

*Regulations Relating to Dividend Distributions*

The principal laws, rules and regulations governing dividend distributions by foreign-invested enterprises in the PRC are the PRC Company Law, promulgated in 1993 and last amended in 2018 and the Foreign Investment Law and its Implementing Regulations, both came into effect on January 1, 2020. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. A PRC company is required to allocate at least 10% of their respective accumulated after-tax profits each year, if any, to fund certain capital reserve funds until the aggregate amount of these reserve funds have reached 50% of the registered capital of the enterprises. A PRC company is not permitted to distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

*Labor Laws and Labor Contract Law*

Pursuant to the PRC Labor Law promulgated by the Standing Committee of the NPC on July 5, 1994 and last amended on December 29, 2018 and the PRC Labor Contract Law promulgated by the Standing Committee of the NPC on June 29, 2007 and amended on December 28, 2012, employers must execute written labor contracts with full-time employees. All employers must comply with local minimum wage standards. Employers must establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury, and employers are required to truthfully inform prospective employees of the job description, working conditions, location, occupational hazards and status of safe production as well as remuneration and other conditions. Violations of the PRC Labor Contract Law and the PRC Labor Law may result in the imposition of fines and other administrative and criminal liability in the case of serious violations.

*Regulations Relating to Social Insurance and Housing Provident Funds*

In addition, according to the PRC Social Insurance Law promulgated on October 28, 2010 by the Standing Committee of the NPC and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds promulgated by the State Council on January 22, 1999 and amended on March 24, 2019, and the Regulations on the Administration of Housing Provident Funds promulgated by the State Council on April 3, 1999 and amended on March 24, 2002 and March 24, 2019, respectively, employers like our PRC subsidiary in China must provide employees with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing funds. These payments are made to local administrative authorities, and any employer who fails to contribute may be fined and ordered to pay the deficit amount within a stipulated time limit.

*Regulations Relating to Enterprise Income Tax*

Pursuant to the PRC Enterprise Income Tax Law effective as of January 1, 2008 and as amended on February 24, 2017 and December 29, 2018, respectively, the income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. To clarify certain provisions in the PRC Enterprise Income Tax Law, the State Council promulgated the Implementation Rules of the Enterprise Income Tax Law on December 6, 2007, which was amended and became effective on April 23, 2019. Under the PRC Enterprise Income Tax Law and the Implementation Rules of the PRC Enterprise Income Tax Law, enterprises are classified as either “resident enterprises” or “non-resident enterprises.” Aside from enterprises established within the PRC, enterprises established outside of China whose “de facto management bodies” are located in China are considered “resident enterprises” and are subject to the uniform 25% enterprise income tax rate for their global income. In addition, the PRC Enterprise Income Tax Law provides that a non-resident enterprise refers to an entity established under foreign law whose “de facto management bodies” are not within the PRC, but has an establishment or place of business in the PRC, or does not have an establishment or place of business in the PRC but has income sourced within the PRC.

The Implementation Rules of the PRC Enterprise Income Tax Law provide that since January 1, 2008, an income tax rate of 10% shall normally be applicable to dividends declared to non-PRC resident enterprise investors that do not have an establishment or place of business in the PRC, or have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC. The income tax on the dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which the non-PRC shareholders reside.

***Rest of World Regulation***

For other countries outside of the United States and the PRC, the requirements governing the conduct of clinical trials, drug licensing, pricing and reimbursement vary from country to country. In all cases the clinical trials must be conducted in accordance with GCP requirements and the applicable regulatory requirements and the ethical principles having their origin in the Declaration of Helsinki.

**Facilities**

Our principal executive offices are currently located at 10 Knightsbridge Road, Piscataway, New Jersey 08854, where we lease an approximately 22,000 square foot facility. In addition, we intend to move our principal executive offices in the first quarter of 2020 to a facility located at 2101 Cottontail Lane, Somerset, New Jersey 08873, where Legend Biotech USA, Inc. owns an approximately 85,371 square foot facility, including approximately 32,039 square feet of office space and 53,332 square feet of warehouse space. We believe that our current facilities are suitable and adequate to meet our current needs. If we need to add new facilities or expand existing facilities as we add employees, we believe that suitable additional space will be available to accommodate any such expansion of our operations.

**Employees**

As of December 31, 2019, we had 645 employees, 105 of whom hold Ph.D. and/or M.D. degrees. Of these 645 employees, 336 are engaged in research and development activities and 41 are engaged in business development, finance, information systems, facilities, human resources or administrative support. None of our employees is subject to a collective bargaining agreement. We consider our relationship with our employees to be good.

At each date shown, we had the following number of employees engaged in either administrative or research and development functions, as indicated below.

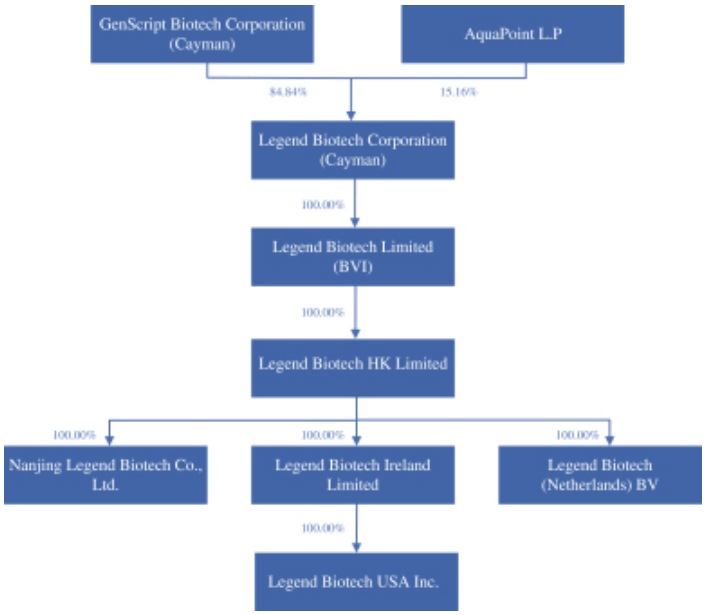
| | As of December 31, | |
|---|---|---|
| | 2018 | 2019 |
| **Function:** | | |
| General and administrative | 13 | 41 |
| Research and development | 179 | 336 |
| Sales and marketing | 7 | 17 |
| Others | 95 | 251 |
| Total | 294 | 645 |
| **Geography:** | | |
| United States | 37 | 158 |
| Asia-Pacific | 255 | 479 |
| Ireland | 2 | 8 |
| Total | 294 | 645 |

**Legal Proceedings**

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

**Corporate Structure**

The following diagram illustrates our corporate structure:



## MANAGEMENT

### Directors and Executive Officers

The following table sets forth certain information relating to our directors and executive officers as of March 31, 2020.

| Name | Age | Position |
|---|---|---|
| **Executive Officers:** | | |
| Yuan Xu, Ph.D.(3) | 52 | Chief Executive Officer and Director |
| Ying Huang, Ph.D. | 46 | Chief Financial Officer |
| **Non-Employee Directors:** | | |
| Fangliang (Frank) Zhang, Ph.D.(2)(3) | 55 | Chairman of the Board of Directors |
| Ye (Sally) Wang, M.S.(3) | 51 | Director |
| Darren Xiaohui Ji, M.D., Ph.D.(1)(2) | 57 | Director |
| Corazon D. Sanders, Ph.D.(1)(2) | 63 | Director |
| Yau Wai Man Philip, CPA(1) | 43 | Director |

(1) Member of the audit committee
(2) Member of the compensation committee
(3) Member of the nominating and corporate governance committee

#### *Executive Officers*

**Yuan Xu, Ph.D.,** has served as our chief executive officer and as a director since March 2018. Before joining us, Dr. Xu was Senior Vice President at Merck from August 2015 to August 2017, where she led teams in biologics and vaccines discovery, development and commercialization. Prior to Merck, Dr. Xu served as a Vice President of Biologics and Site Head at Gilead from March 2014 to August 2015, and previously held positions at Novartis, Amgen, Chiron, GlaxoSmithKline and Genentech. Dr. Xu received a B.S. in biochemistry from Nanjing University and a Ph.D. in biochemistry from the University of Maryland. Dr. Xu also completed her post-degree training in virology and gene therapy at the University of California.

**Ying Huang, Ph.D.,** has served as our chief financial officer since July 2019. Prior to joining us, Dr. Huang was a Managing Director and Head of Biotech Equity Research at BofA Securities, Inc. from August 2014 to July 2019, where he led a team of analysts covering more than 30 biotechnology companies including Amgen, Gilead, Celgene, Biogen and others that encompass a wide range of therapeutic areas. Dr. Huang has been a biotechnology analyst since 2007 and previously worked at Wells Fargo (formerly Wachovia), Credit Suisse, Gleacher and Barclays before joining BofA Securities, Inc. Prior to his Wall Street career, Dr. Huang was a Principal Scientist at Schering-Plough (now Merck & Co.) in the Department of Chemical Research focusing on small molecule drug discovery in the therapeutic areas of cardiovascular and central nervous system. He is also the co-author of multiple patents and peer-reviewed publications. Dr. Huang holds a Ph.D. in Bio-organic Chemistry from Columbia University. Dr. Huang also studied at Columbia Business School and in the Special Class for the Gifted Young at the University of Science and Technology of China.

#### *Non-Employee Directors*

**Fangliang (Frank) Zhang, Ph.D.,** has served as the chairman of our board of directors since May 2015. Dr. Zhang has been the chairman, an executive director and chief executive officer of GenScript since 2015. He co-founded the GenScript group in 2002 and has been the director of various group companies prior to GenScript becoming the holding company of the group companies pursuant to the corporate reorganization for GenScript's initial public offering in 2015. In 2015, Dr. Zhang founded our company as a subsidiary of GenScript, expanding GenScript's business goal to research, manufacture and commercialize a broad range of immunotherapy treatments. In 2018, Dr. Zhang was awarded Person of the Year at the China Healthcare Summit in recognition of

his contribution to and significant impact on the healthcare field. Dr. Zhang has also authored more than 20 articles published in peer-reviewed journals and is an inventor of 9 scientific patents. Before founding GenScript, Dr. Zhang worked as a Principal Scientist at Schering-Plough from 1995 to 2002 where he received its Presidential Award. Dr. Zhang holds a Ph.D. in biochemistry from Duke University, a Master's degree from Nanjing University and a Bachelor's degree from Chengdu Institute of Geology.

**Ye (Sally) Wang, M.S.,** has served as our director since May 2015. Ms. Wang has been the Chief Operating Officer of GenScript since 2015, has served on GenScript's board of directors since 2009 and has served as GenScript's President since December 2017, responsible for GenScript's strategies and overall operational management. She co-founded the GenScript group in 2002 and has taken various managerial positions in GenScript Corporation before GenScript becoming the holding company of the group companies. Prior to joining GenScript, she worked as an Environmental Monitoring Engineer at Shenzhen Futian Environment Protection Surveillance Station. Ms. Wang holds an M.S. degree from Wuhan University, a Master's degree in Computer Sciences from the University of Bridgeport and an Executive M.B.A degree from the China Europe International Business School.

**Darren Xiaohui Ji, M.D., Ph.D.,** has served as our director since May 2020. Dr. Ji currently serves as chief executive officer and chairman of Elpiscience Biopharmaceuticals, Inc., a clinical stage immunotherapy company that he co-founded in June 2017. He is also a Venture Partner of Lilly Asia Ventures (LAV), a position he has held since January 2017. Prior to that, Dr. Ji was Global Head and Vice President of Business Development in Asia and Emerging Markets at F. Hofmann-La Roche Ltd. from 2013 to December 2016. Dr. Ji started his career at Procter & Gamble Pharmaceuticals with responsibilities in drug R&D and business development from 1997 to 2007. He then co-founded and managed as CEO PharmaLegacy Laboratories in Shanghai in 2008. Since 2005, he has also served as a board member of the BayHelix Group, a community of business leaders of Chinese Heritage in life science. Dr. Ji holds an M.D. from China Medical University, a Ph.D. from University of Sheffield in the United Kingdom and an M.B.A. from the University of Chicago.

**Corazon (Corsee) Sanders, Ph.D.,** has served as our director since May 2020. Dr. Sanders has been a member of the board of directors of Molecular Templates, Inc. since December 2019 and of AbGenomics since March 2020. Dr. Sanders previously served as a Strategic Advisor to the Office of the Celgene Chief Medical Officer from March 2018 to November 2019. Prior to that, Dr. Sanders was a Member of the Juno Therapeutics Executive Committee as Executive Vice President of Development Operations, with responsibilities for strategic operations, quantitative sciences, biosample and clinical operations from January 2017 to March 2018. Dr. Sanders was a Member of the Genentech/Roche Late Stage Portfolio Committee from 2009 to 2017, and Global Head of the Genentech/Roche Late Stage Clinical Operations from 2012 to 2017. Dr. Sanders holds a B.S. and M.S. in statistics, graduating Magna Cum Laude from the University of the Philippines, and an M.A. and Ph.D. in statistics from the Wharton Doctoral Program at the University of Pennsylvania.

**Yau Wai Man Philip, CPA,** has served as our director since May 2020. Mr. Yau was the non-executive vice chairman of AMTD Group, at which he led strategy development, corporate finance and investment functions from 2016 to December 2019. From 2011 to March 2016, he worked at Ernst & Young China Practice as a partner, risk advisory China South market leader, serving clients in Greater China, where he advised on finance, management, and business issues. From 2006 to 2011, he worked at Protiviti Shanghai Co., Ltd. as a managing director and Shenzhen office leader, where he was primarily responsible for overall management of the company. From 1997 to 2006, he worked at PricewaterhouseCoopers and Arthur Andersen & Co., his most recent position being senior manager in the risk consulting practice. Mr. Yau is a certified public accountant in the United States, a fellow member of the Hong Kong Institute of Certified Public Accountants, and a certified internal auditor with the Institute of Internal Auditors. Mr. Yau holds a B.A. in accounting from the Lundquist College of Business of University of Oregon in the United States and an Executive M.B.A. from a joint school program by Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology.

**Board of Directors**

Our board of directors will consist of six directors upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. A director is not required to hold any shares in our company to qualify to serve as a director. A director may vote with respect to any contract or any proposed contract or arrangement in which he or she is interested, and if he or she does so his or her vote shall be counted and he or she may be counted in the quorum at any meeting of our directors at which any such contract or proposed contract or arrangement is considered, provided that (a) such director has declared the nature of his or her interest at the meeting of the board at which the question of entering into the contract or arrangement is first considered if he or she knows his or her interest then exists, or in any other case at the first meeting of the board after he or she knows that he or she is or has become so interested, 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. The directors may exercise all the powers of the company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service. In accordance with the Nasdaq listing requirements, as a foreign private issuer, we may rely on home country governance requirements and certain exemptions thereunder rather than relying on the stock exchange corporate governance requirements. However, our board of directors has undertaken a review of the independence of the directors. Based upon information requested from and provided by each director concerning such director's background, employment and affiliations, including family relationships, our board of directors determined that Darren Xiaohui Ji, Corazon D. Sanders and Yau Wai Man Philip, representing three of our six directors, are "independent directors" as defined under current rules and regulations of the SEC and Nasdaq. In making such determination, our board of directors considered whether any director has a material relationship with us that could compromise their ability to exercise independent judgment in carrying out their responsibilities. For an overview of our corporate governance principles, see the section of this prospectus entitled "Description of Share Capital."

A company of which more than 50 percent of the voting power is held by a single entity is considered a "controlled company" under the Nasdaq Stock Market Rules. A controlled company is not required to comply with the Nasdaq corporate governance rules requiring a board of directors to have a majority of independent directors, or to have fully independent compensation and nominating and corporate governance committees. Following the completion of this offering, we will be a "controlled company" as defined under the Nasdaq Stock Market Rules.

Following this offering and concurrent private placement, we intend to rely on the "controlled company" exemption, and we will not have a majority of independent directors, our compensation committee and our nominating and corporate governance committee will not consist entirely of independent directors and such committees will not be subject to annual performance evaluations; accordingly, you will not have the same protections afforded to shareholders of companies that are subject to all of the stock exchange rules. The foreign private issuer and controlled company exemptions do not modify the independence requirements for the audit committee, and we intend to comply with the requirements of the Sarbanes-Oxley Act and Nasdaq Stock Market Rules, which require that our audit committee be composed of at least three members, one of whom will be independent upon the listing of our ADSs on Nasdaq, a majority of whom will be independent within 90 days of the date of this prospectus, and each of whom will be independent within one year of the date of this prospectus.

**Duties of Directors**

Under Cayman Islands law, our directors have a fiduciary duty to act honestly and in good faith with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our amended and restated memorandum and articles of association. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- conducting and managing the business of our company;
- representing our company in contracts and deals;
- appointing attorneys for our company;
- selecting and removing senior management;
- providing employee benefits and pensions;
- managing our company's finance and bank accounts;
- evaluating the performance and determining the compensation level of chief executive officer;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- exercising any other powers conferred by the shareholders meetings or under our amended and restated memorandum and articles of association.

**Terms of Directors and Executive Officers**

Our directors may be elected by a resolution of our board of directors, or by an ordinary resolution of our shareholders, pursuant to our amended and restated memorandum and articles of association. Each director is currently elected to the board for a one-year term, to serve until the election and qualification of successor directors at the annual meeting of shareholders, or until the director's earlier removal, resignation or death. In accordance with our amended and restated memorandum and articles of association that we expect will become effective immediately prior to completion of this offering, our board of directors will be divided into three classes, each of which will consist, as nearly as possible, of one-third of the total number of directors constituting our entire board and which will serve staggered three-year terms. At each annual meeting of shareholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- Class I, which will consist of Ye Wang and Darren Xiaohui Ji, and their term will expire at our first annual meeting of shareholders to be held after the closing of this offering;
- Class II, which will consist of Yuan Xu and Yau Wai Man Philip, and their term will expire at our second annual meeting of shareholders to be held after the closing of this offering; and
- Class III, which will consist of Fangliang Zhang and Corazon D. Sanders, and their term will expire at our third annual meeting of shareholders to be held after the closing of this offering.

Our amended and restated memorandum and articles of association that we expect will become effective immediately prior to completion of this offering provides that the authorized number of directors may be changed only by resolution approved by a majority of our board of directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors.

The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change of control.

A director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his or her creditors, (ii) is found to be or becomes of unsound mind, (iii) resigns his or her office by notice in writing to the company, or (iv) by reason of an order made under any provisions of any law or enactment. Our officers are elected by and serve at the discretion of the board of directors.

**Board Committees**

Our board of directors intends to establish an audit committee, a compensation committee and a nominating and corporate governance committee prior to the completion of this offering. We have adopted a charter for each of the committees. Each committee's members and functions are described below.

*Audit Committee*

Our audit committee will initially consist of Darren Xiaohui Ji, Corazon D. Sanders and Yau Wai Man Philip. Mr. Yau will be the chairperson of our audit committee. Mr. Yau satisfies the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. Each of Dr. Ji, Dr. Sanders and Mr. Yau satisfies the requirements for an "independent director" within the meaning of Rule 5605(a)(2) of the Listing Rules of the Nasdaq and will meet the criteria for independence set forth in Rule 10A-3 of the Exchange Act.

The audit committee will oversee our accounting and financial reporting processes and the audits of our financial statements. Our audit committee will be responsible for, among other things:

- selecting the independent auditor;
- pre-approving auditing and non-auditing services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor's report describing the auditing firm's internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors and all relationships between the independent auditor and our company;
- review responsibilities, budget, compensation and staffing of our internal audit function;
- reviewing with the independent auditor any audit problems or difficulties and management's response;
- reviewing and, if material, approving all related party transactions on an ongoing basis;
- reviewing and discussing the annual audited financial statements with management and the independent auditor;
- reviewing and discussing with management and the independent auditors major issues regarding accounting principles and financial statement presentations;
- reviewing reports prepared by management or the independent auditors relating to significant financial reporting issues and judgments;
- discussing earnings press releases with management, as well as financial information and earnings guidance provided to analysts and rating agencies;
- reviewing with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on our financial statements;
- discussing policies with respect to risk assessment and risk management with management and internal auditors;
- timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by our company, all alternative treatments of financial information within IFRS that have been discussed with management and all other material written communications between the independent auditor and management;
- establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;

- such other matters that are specifically delegated to our audit committee by our board of directors from time to time; and
- meeting separately, periodically, with management, internal auditors and the independent auditor.

*Compensation Committee*

Our compensation committee will initially consist of Darren Xiaohui Ji, Corazon D. Sanders and Fangliang Zhang. Dr. Ji will be the chairperson of our compensation committee. Each of Dr. Ji and Dr. Sanders satisfies the requirements for an "independent director" within the meaning of Rule 5605(a)(2) of the Listing Rules of the Nasdaq.

Our compensation committee will be responsible for, among other things:

- reviewing, evaluating and, if necessary, revising our overall compensation policies;
- reviewing and evaluating the performance of our directors and relevant senior officers and determining the compensation of relevant senior officers;
- reviewing and approving our senior officers' employment agreements with us;
- setting performance targets for relevant senior officers with respect to our incentive compensation plan and equity-based compensation plans;
- administering our equity-based compensation plans in accordance with the terms thereof; and
- such other matters that are specifically delegated to the compensation committee by our board of directors from time to time.

*Nominating and Corporate Governance Committee*

Our nominating and corporate governance committee will initially consist of Yuan Xu, Ye Wang and Fangliang Zhang. Dr. Zhang will be the chairperson of our nominating and corporate governance committee.

The nominating and corporate governance committee will be responsible for, among other things:

- selecting and recommending to our board of directors nominees for election by the shareholders or appointment by the board;
- reviewing annually with our board of directors the current composition of our board of directors with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of our board of directors meetings and monitoring the functioning of the committees of our board of directors; and
- advising our board of directors 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.

**Compensation of Directors and Executive Officers**

For the year ended December 31, 2019, we paid an aggregate of $1,036,432 in cash and benefits to our executive officers. During the year ended December 31, 2019, we did not pay our non-employee directors. For share incentive grants to our officers and directors, see "—Equity 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 board of directors has adopted a non-employee director compensation policy, effective as of the effectiveness of the registration statement of which this prospectus forms a part, pursuant to which each of our directors who is not an employee of our company or affiliated with an entity that beneficially owns 5% or more of our outstanding shares of common stock, which as of the pricing of this offering will be Dr. Ji, Dr. Sanders and Mr. Yau, will be eligible to receive compensation for service on our board of directors and committees of our board of directors. Each eligible director will receive an annual cash retainer of $75,000 for serving on our board of directors. All annual cash compensation amounts will be payable in equal quarterly installments in advance within the first 30 days of each quarter in which the service will occur.

In addition, on the date the registration statement of which this prospectus forms a part becomes effective, each eligible director, and each new eligible director who joins our board of directors after the pricing of this offering, will be granted an option to purchase 30,000 ordinary shares, with one-fifth of the shares vesting on the first anniversary of the date of grant and the remaining shares vesting in four equal annual installments thereafter, subject to continued service as a director through the applicable vesting date. The exercise price per share of these options will be equal to one half of the price per share of the ADS in our initial public offering. On the date the registration statement of which this prospectus forms a part becomes effective, each eligible director, and each new eligible director who joins our board of directors after the pricing of this offering, will also receive a restricted share unit award for a number of ordinary shares equal to $200,000 divided by one half of the closing price of our ADSs on the date of grant. Additionally, on the date of each annual general shareholders meeting, each eligible director who continues to serve as a director following the meeting will be granted a restricted share unit award for a number of ordinary shares equal to $200,000 divided by one half of the closing price of our ADSs on the date of grant. The restricted share unit awards granted pursuant to our non-employee director compensation policy will vest one-third on the first anniversary of the date of grant and the remaining shares vest in eight equal quarterly installments thereafter, subject to continued service as a director through the applicable vesting date.

**Employment Agreements and Indemnification Agreements**

We have employment agreements with each of our executive officers. These agreements provide for base salaries and incentive compensation, and each component reflects the scope of each executive officer's anticipated responsibilities and the individual experience they bring to the company. In addition, each of our executive officers has executed a form of our standard intellectual property rights assignment, non-competition and confidentiality agreement and have agreed to be bound by non-competition and non-solicitation restrictions for 12 months following the date of termination of employment. Each executive officer has also agreed that Dr. Frank Zhang, the chairman of our board of directors, has voting power over any ordinary shares issued pursuant to the exercise of share options under an irrevocable proxy. The material terms of each agreement are described below.

Yuan Xu, Ph.D. We entered into an employment agreement with Dr. Xu in March 2018 setting forth the terms of her employment. The employment agreement has a six-year term, with an initial termination date of March 27, 2024, and is renewable for successive one-year terms unless either we or Dr. Xu gives notice of non-renewal at least 90 days prior to the end of the term. Pursuant to the employment agreement, Dr. Xu is entitled to an initial annual base salary of $470,000. Dr. Xu was also granted share options to purchase 4,400,000 ordinary shares at an exercise price of $1.00 per share, which vest in five equal annual installments of up to 880,000 shares per year, on each of the first five anniversaries of the grant date. The share options are subject to performance-based vesting criteria, including if: (a) the performance rating for Dr. Xu for the applicable annual performance period is A (Exceed Expectations) or S (Substantially Exceed Expectations), as determined by our board of directors, 880,000 shares will vest for that period or (b) the performance rating for the applicable annual performance period is B (Meet Expectations), 720,000 shares will vest for that period, and the remaining 160,000 shares will be cancelled. As long as Dr. Xu remains employed and her performance rating is B, A or S, the options will continue to vest in accordance with the above-referenced schedule. However, if Dr. Xu's performance fails to meet minimum expectations, she will be provided notice in writing of the deficiencies and

will have 90 days to cure these deficiencies. At the end of the 90-day cure period, if Dr. Xu's performance has improved to meet minimum expectations (to be decided at the discretion of our board of directors), her employment will remain and right to earn and vest share options for current and any subsequent annual performance period would not be affected. Dr. Xu is also eligible to receive an annual performance bonus, with a target bonus of 55% of her base salary.

Pursuant to the employment agreement, if Dr. Xu's employment with us ends due to her resignation for "good reason" or her termination by us other than for "cause," she is entitled to (i) severance equal to 12 months of the then-current base salary; and (ii) shares underlying options which are then eligible to vest at performance level "B" during the 18-month period following the termination date will become immediately vested and exercisable, irrespective of whether performance criteria are otherwise met, with any remaining unvested option shares to be forfeited.

In the event that we are acquired by another company, if the new ownership decides to terminate and/or not hire Dr. Xu under terms substantially similar in all material respects to Dr. Xu's employment prior to the acquisition, then Dr. Xu will receive severance equal to 24 months of her then-current base salary and all unvested options will vest immediately.

Ying Huang, Ph.D. We entered into an employment agreement with Dr. Huang in April 2019 setting forth the terms of his employment. The employment is "at will" and may be terminated at any time. Pursuant to the employment agreement, Dr. Huang is entitled to an initial annual base salary of $450,000. Dr. Huang was also granted share options to purchase 1,000,000 ordinary shares at an exercise price of $1.50 per share, which vest in five equal annual installments of 200,000 shares per year on each of the first five anniversaries of the grant date. Dr. Huang is also eligible to receive an annual performance bonus, with a target bonus of 40% of his base salary.

In the event that we are acquired by another company, if the new ownership decides to terminate and/or not hire Dr. Huang under terms substantially similar in all material respects to Dr. Huang's employment prior to the acquisition, then Dr. Huang will receive severance pay equal to six months of his then-current base salary and all unvested options will vest immediately upon approval by our board.

We intend to enter into indemnification agreements with each of our directors and executive officers prior to the completion of this offering. Under these agreements, we may 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.

**Equity Incentive Plans**

***Share Option Scheme***

On December 2, 2017, our shareholders approved (and on December 21, 2017, Genscript's shareholders approved) our share option scheme, or the Share Option Scheme, under which, subject to the approval of our board of directors, we may grant options to eligible participants. The material terms of the Share Option Scheme are set forth below.

The Share Option Scheme provides for the grant of share options, which for participants in the United States is represented by the grant of incentive options and nonstatutory options. Incentive options may be granted only to our employees and to employees of our subsidiaries. All other options may be granted to our employees and directors and to employees and directors of Genscript and subsidiaries, subject to applicable law. The Share Option Scheme will continue in effect following the completion of this offering.

The initial Share Option Scheme was sized at 20,000,000 shares, representing 10% of our authorized share capital as of the time the Share Option Scheme was approved. The overall limit on the number of ordinary shares

that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes that we may establish may not exceed 30% of our authorized share capital. The total number of ordinary shares issued and to be issued upon exercise of options to any one participant (including exercised, cancelled and outstanding options) in any 12-month period may generally not exceed 1% of our authorized share capital in issue. As of March 31, 2020, options covering 18,013,000 ordinary shares with a weighted-average exercise price of $0.93 per share were outstanding, and 1,987,000 ordinary shares remained available for the future option grants.

*Administration.* Our board of directors administers our Share Option Scheme and has the power to, among other things, determine the eligible persons to whom, and the times at which, options will be granted, to determine the terms and conditions of each option (including the number of shares subject to the option, the exercise price of the option, if any, and when the option will vest and become exercisable), to accelerate the time at which an option may vest or be exercised, and to construe and interpret the terms of our Share Option Scheme and options granted thereunder. Certain grants to directors and employees of Genscript are subject to the approval of Genscript's independent directors and/or Genscript's shareholders.

*Options.* The exercise price of options granted under the Share Option Scheme is no less than the fair market value of an ordinary share on the date of grant. Subject to the provisions of the Share Option Scheme, the board of directors determines the other terms of options, including any vesting and exercisability requirements, the method of payment of the option exercise price, the option expiration date, and the period following termination of service during which options may remain exercisable.

*Changes to Capital Structure.* In the event there is a specified type of change in our capital structure, such as a share split or reverse share split, appropriate adjustments will be made to the number of shares covered by, and the exercise price of, each outstanding option granted under the Share Option Scheme.

*Plan Amendment or Termination.* Subject to Hong Kong Stock Exchange listing rules applicable to Genscript and certain amendments requiring approval of Genscript shareholders, the board of directors may amend the Share Option Scheme at any time. An amendment that adversely affects the terms of options previously granted or agreed to be granted must generally be approved by at least three-fourths in nominal value of all shares then subject to options granted under the Share Option Scheme. The Share Option Scheme will terminate on December 21, 2027 and may be terminated prior to that date by the board of directors.

***Restricted Share Unit Incentive Plan***

***2020 Restricted Shares Plan***

On May 26, 2020, our shareholders approved our 2020 Restricted Shares Plan, or the RSU Scheme, under which, subject to the approval of our board of directors, we may grant restricted shares and restricted share units to eligible participants. The material terms of the RSU Scheme are set forth below.

The RSU Scheme provides for the grant of restricted shares and restricted share units (referred to as awards). Awards may be granted to our employees, consultants and directors, as well as to employees, consultants and directors of Genscript and our subsidiaries, subject to applicable law. The RSU Scheme will continue in effect following the completion of this offering.

The maximum aggregate number of shares that may be issued pursuant to all awards granted under the RSU Scheme is 11,000,000 shares.

*Administration.* Our board of directors or the compensation committee thereof (the administrator) administers our RSU Scheme and has the power to, among other things, determine the eligible persons to whom, and the times at which, awards will be granted, to determine the terms and conditions of each award (including the number of shares subject to the award, and when the award will vest), to accelerate the time at which an award may vest, and to construe and interpret the terms of our RSU Scheme and awards granted thereunder.

*Changes to Capital Structure.* In the event there is a specified type of change in our capital structure, such as a share split or reverse share split, appropriate adjustments will be made to the aggregate number and type of shares that may be issued; the terms and conditions of any outstanding awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and the grant or exercise price per share for any outstanding awards.

*Amendment or Termination.* The administrator may terminate, amend or modify the RSU Scheme; provided, however, that (a) to the extent necessary and desirable to comply with applicable laws or stock exchange rules, the Company must obtain shareholder approval of any amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice, and (b) unless the Company decides to follow home country practice, shareholder approval is required for any amendment to the RSU Scheme that (i) increases the number of shares available under the RSU Scheme, (ii) permits the compensation committee to extend the term of the RSU Scheme, or (iii) results in a material increase in benefits or a change in eligibility requirements. Generally, no termination, amendment, or modification of the RSU Scheme may adversely affect in any material way any award previously granted pursuant to the RSU Scheme without the prior written consent of the participant.

## PRINCIPAL SHAREHOLDERS

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 31, 2020:

- each of our directors and executive officers;
- all of our directors and executive officers as a group; and
- each person known to us to beneficially own more than 5% of our ordinary shares.

The calculations in the table below are based on 220,591,629 ordinary shares outstanding prior to giving effect to this offering and concurrent private placement, which consists of 200,000,000 ordinary shares outstanding as of March 31, 2020 and the conversion of all of our Series A Preference Shares into 20,591,629 ordinary shares immediately prior to the closing of this offering, and 258,704,787 ordinary shares issued and outstanding immediately after the completion of this offering (including 1,263,158 ordinary shares issued in the concurrent private placement to GenScript), assuming the underwriters do not exercise their over-allotment option.

Except as otherwise indicated, the business addresses of the persons listed in the table is c/o Legend Biotech Corporation, 2101 Cottontail Lane, Somerset, New Jersey, 08873.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. 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 of March 31, 2020, 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.

| | | Percentage of Shares Beneficially Owned | |
|---|---|---|---|
| | Number of Ordinary Shares Beneficially Owned | Before Offering | After Offering and Concurrent Private Placement |
| **5% or Greater Shareholders:** | | | |
| GenScript Biotech Corporation(1) | 170,943,158 | 76.9% | 66.1% |
| AquaPoint L.P.(2) | 30,320,000 | 13.7 | 11.7 |
| **Executive Officers and Directors:** | | | |
| Yuan Xu, Ph.D.(3) | 880,000 | * | * |
| Ying Huang, Ph.D. | — | — | — |
| Fangliang Zhang, Ph.D.(4) | 34,234,267 | 15.2 | 13.0 |
| Ye Wang, M.S. | — | — | — |
| All Current Executive Officers and Directors as a Group (4 persons)(5) | 34,234,267 | 15.2 | 13.0 |

* Represents beneficial ownership of less than 1% of our total outstanding shares.

(1) Consists of (i) 169,680,000 ordinary shares held by GenScript Biotech Corporation before this offering, and (ii) 1,263,158 ordinary shares to be issued to GenScript Biotech Corporation in the concurrent private placement. The address for GenScript is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. Following the completion of this offering and the concurrent private placement, GenScript intends to distribute up to 1,400,300 ordinary shares underlying ADSs to its shareholders to effect the assured entitlement distribution pursuant to the rules of the Hong Kong Stock Exchange.

(2) Consists of 30,320,000 ordinary shares held by AquaPoint L.P. The address for AquaPoint L.P. is Cayman Corporate Centre, 27 Hospital Road, P.O. Box 1748, George Town KY1-1109, Caymand Islands.

(3) Consists of 880,000 ordinary shares underlying options that are exercisable within 60 days of March 31, 2020, of which Dr. Xu has dispositive power but not voting power over these shares.

(4) Consists of (i) the shares described in footnote (2), and (ii) 3,914,267 ordinary shares underlying options that are exercisable within 60 days of March 31, 2020, of which Dr. Zhang has voting power over pursuant to an irrevocable proxy with the holders of such options, including those shares described in footnote (3). Dr. Zhang is the chairman and chief executive officer of GenScript Biotech Corporation, a publicly traded company on the Hong Kong Stock Exchange, but does not have voting or dispositive power over the shares held by GenScript Biotech Corporation.

(5) Consists of (i) 30,320,000 ordinary shares and (ii) 3,914,267 ordinary shares that all employees and directors as a group have the right to acquire within 60 days following March 31, 2020 pursuant to the exercise of options.

As of the date of this prospectus, 18,024,895 of our ordinary shares are held by seven record holders in the United States.

**Significant changes in percentage ownership**

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a summary of transactions since January 1, 2017 to which we have been a participant in which the amount involved exceeded or will exceed $120,000, and in which any of our then directors, executive officers or holders of more than 5% of any class of our voting securities at the time of such transaction, or any members of their immediate family, had or will have a direct or indirect material interest.

### Transactions with our Parent GenScript

GenScript is, and following the completion of this offering, will continue to be our parent corporation, owning approximately 66% of our outstanding ordinary shares after completion of this offering and the concurrent private placement. GenScript has agreed, concurrently with, and subject to, the completion of this offering, to purchase from us a certain number of ordinary shares with an aggregate value of $12 million at the public offering price per share adjusted to reflect the ADS-to-ordinary share ratio. Below are a summary of the other transactions we are party to with GenScript. As we continue to grow an execute on our business strategy, we anticipate that from time to time we will likely continue to enter into similar and other transactions with GenScript where we can take advantage of the resources and expertise that GenScript can provide. Any future transaction we enter into with GenScript would be evaluated at an arms' length basis and approved in accordance with our related person transaction policy described below.

#### *Animal Facility Lease Agreements*

We are party to an animal facility lease agreement with Nanjing Jinsirui Biotechnology Co., Ltd, or Nanjing Jinsirui, a subsidiary of GenScript. Under the agreement, we leased a 3,260 square meters animal facility in Nanjing, China, at a cost of approximately RMB0.2 million per month ($24,026 per month, based on the conversion rate of RMB6.9197 to $1.00, which was the average exchange rate for the year ended December 31, 2019) (value-added tax, or VAT, included). The term of the lease was from January 2019 to December 2019. In addition, in December 2019, we entered into an additional animal facility lease agreement with Nanjing Jinsirui for the same facility and cost per month. The term of the lease is from January 1, 2020 to December 31, 2025.

#### *Master Services and Technology Transfer Agreements*

In June 2017, we entered into the master services agreement with Nanjing Jinsirui. Pursuant to the agreement, we provided certain research services to Nanjing Jinsirui in accordance with the agreed upon work order, which we also entered into in June 2017 for consideration of RMB3.6 million per year ($0.5 million per year) (VAT included).

In June 2018, we entered into a technology transfer agreement with Nanjing Jinsirui. The term of the technology transfer agreement was from January 2018 to December 2018. Pursuant to the agreement, we transferred to the Biologics Development Department of Nanjing Jinsirui the sequences of certain antibodies for consideration of RMB3.6 million per year ($0.5 million per year) (VAT included).

#### *Plasmid Preparation Service Agreement*

In January 2018, we entered into a plasmid service preparation service agreement with Nanjing Jinsirui. Pursuant to the agreement, Nanjing Jinsirui was engaged by us to provide plasmid research and development services. The term of the agreement was from January 2018 to December 2018. For the term of the agreement, the service fee amounted to RMB6.6 million ($1.0 million) (VAT not included).

#### *Drug Testing Service Agreement*

In January 2018, we entered into a drug testing service agreement with Nanjing Jinsirui, with a term of five years from January 2018. Under the agreement, we provide drug testing services to GenScript. The payment

of the service fee will be settled within 3 months after the end of each year. For the year ended December 31, 2018, the service fee was RMB3.5 million ($0.5 million) (VAT not included).

***IT Department and Human Resources Service Level Agreements***

In December 2019, we entered into the IT department service level agreement, or the IT Service Agreement, with the IT department of GenScript. Pursuant to the agreement, the GenScript IT team provides us with IT foundational services. The GenScript IT team charges us the cost by hour based on the type of services provided.

In February 2020, we entered into the human resources service level agreement, or the Human Resources Agreement, with GenScript. Pursuant to the agreement, GenScript will provide human resources services to us. The term of the agreement is from January 2020 until being terminated by GenScript with one-month's written notice.

For the year ended December 31, 2019, the aggregate service fees paid under the IT Service Agreement and the Human Resources Agreement amounted to $0.6 million (VAT not included).

***Lease Agreement***

In February 2018, we entered into a lease agreement with GenScript USA Holdings, Inc., a subsidiary of GenScript. Under the lease agreement, we lease an approximately 22,000 square foot facility in Piscataway, New Jersey at a cost of $60,000 per month. In January 2020, we entered into an additional lease agreement. The lease term is from January 1, 2020 to December 31, 2021. The cost of the lease is expected to be approximately $0.6 million for each of 2020 and 2021.

***October 2019 Entrustment Loan from Nanjing Jinsikang***

In October 2019, Jinsikang Technology (Nanjing) Co., Ltd., or Nanjing Jinsikang, a wholly-owned subsidiary of GenScript, advanced RMB20.0 million ($2.9 million) to us. As of December 2019, the entrustment loan was paid off in full.

***December 2018 Cash Advancement from GenScript USA***

In December 2018, GenScript USA Inc., or GenScript USA, a wholly-owned subsidiary of GenScript, advanced $14.2 million to us. As of December 2018, the cash advancement was paid off in full.

***February 2018 Cash Advancement from GenScript (Hong Kong) Ltd.***

In February 2018, GenScript (Hong Kong) Ltd. advanced $4,000 to us. This cash advancement was paid off in full in January 2020.

***2018 Cash Advancement from Nanjing Jinsirui***

In 2018, Nanjing Jinsirui advanced $21.7 million to us. As of December 2018, the cash advancement has been partially paid off with a payment totaling $19.0 million. As of December 2019, the cash advancement was paid off in full.

***June 2018 Cash Advancement to Nanjing Jinsikang***

In June 2018, we advanced $1.5 million to Nanjing Jinsikang. As of June 2018, the cash advancement was paid off in full.

***April 2018 Cash Advancement to GenScript Biotech Corp.***

In April 2018, we advanced $55.0 million to GenScript Biotech Corp. As of December 2019, the cash advancement was paid off in full.

***March 2018 Cash Advancement to Nanjing Bestzyme***

In March 2018, we advanced $10.5 million to Nanjing Bestzyme. As of March 2018, the cash advancement was paid off in full.

***March 2018 Cash Advancement to GenScript USA***

In March 2018, we advanced $20.0 million to GenScript USA. As of December 2019, the cash advancement was paid in full.

***December 2017 Cash Advancement from GenScript USA***

In December 2017, GenScript USA advanced $0.5 million to us. As of December 2019, the cash advancement was paid off in full.

***August 2017 Cash Advancement from Nanjing Bestzyme***

In August 2017, Nanjing Bestzyme advanced $0.9 million to us. As of August 2017, the cash advancement was paid off in full.

***August 2017 Cash Advancement from Nanjing Jinsikang***

In August 2017, Nanjing Jinsikang advanced $0.5 million to us. As of August 2017, the cash advancement was paid off in full.

***2017 Cash Advancement from Nanjing Jinsirui***

In 2017, Nanjing Jinsirui advanced $2.3 million to us. As of September 2017, the cash advancement has been partially paid off with a payment totaling $0.8 million. As of December 2019, the cash advancement was paid off in full.

**ROFR and Co-Sale Agreement**

In March 2020 and April 2020, we issued and sold an aggregate of 20,591,629 Series A Preference Shares to new investors at a price of $7.792 per share, resulting in aggregate gross proceeds of $160.5 million. In connection with the sale of the Series A Preference Shares, we entered into a Right of First Refusal and Co-Sale Agreement on March 30, 2020, or the ROFR and Co-Sale Agreement, with GenScript, AquaPoint L.P. and the new investors. Under the ROFR and Co-Sale Agreement, GenScript and AquaPoint L.P. granted (i) us a right of first refusal to purchase all or any portion of our ordinary shares that they may propose to transfer, at the same price and on the same terms and conditions as those offered to the prospective transferee and (ii) the new investors a secondary right of first refusal to purchase all or any portion of the shares not purchased by us pursuant to our right of first refusal. In the event that a new investor does not exercise its secondary refusal right, such investor has a right of co-sale to participate in such sale on the same terms and conditions.

**Share Option Grants to Directors and Executive Officers**

We have granted share options to certain of our directors and executive officers. For more information regarding the share options granted to our directors and named executive officers see “Management—Compensation of Directors and Executive Officers.”

### Employment Agreements and Indemnification Agreements

We have entered employment agreements with each of our executive officers, and intend to enter into indemnification agreements with each of our executive officers and directors prior to the completion of this offering. For more information see “Management—Employment Agreements and Indemnification Agreements.”

### Policies and Procedures for Related Person Transactions

Prior to this offering, we have not had a formal policy regarding approval of transactions with related parties. We expect to adopt a related person transaction policy setting forth the policies and procedures for the identification, review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and a related person were or will be participants and the amount involved exceeds $120,000, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness and guarantees of indebtedness. In reviewing and approving any such transactions, our audit committee will consider all relevant facts and circumstances as appropriate, such as the purpose of the transaction, the availability of other sources of comparable products or services, whether the transaction is on terms comparable to those that could be obtained in an arm’s length transaction, management’s recommendation with respect to the proposed related person transaction, and the extent of the related person’s interest in the transaction.

## 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 Law (as amended) of the Cayman Islands, which we refer to as the Companies Law below and the common law by the Cayman Islands.

Upon the closing of this offering and concurrent private placement, our authorized share capital will be $200,000 divided into 2,000,000,000 shares, of which (i) 1,999,000,000 are designated as ordinary shares of a par value of $0.0001 each (the "Ordinary Shares") and (ii) 1,000,000 of such class or classes (however designated) of shares, par value $0.0001 each, as our board of directors may determine in accordance with our amended and restated memorandum and articles of association. All of our issued and outstanding ordinary shares are fully paid.

As of March 31, 2020, we had (i) 200,000,000 ordinary shares issued and outstanding and (ii) 19,308,262 Series A Preference Shares issued and outstanding. All of our shares issued and outstanding prior to the completion of the offering will be fully paid, and all of our shares to be issued in the offering will be issued as fully paid.

Subsequent to March 31, 2020, we issued an aggregate of 1,283,367 Series A Preference Shares in April 2020. Based on the assumed initial offering price of $19.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, we expect these shares and the 19,308,262 Series A Preference Shares we issued and sold in March 2020 will convert into 20,591,629 ordinary shares immediately prior to the closing of this offering. However, if our initial offering price is below $17.32 per ADS, the number of our ordinary shares to be issued upon the conversion of our Series A Preference Shares will increase and will depend on the initial public offering price per ADS.

The ratio at which each Series A Preference Share automatically converts into our ordinary shares in connection with this offering is its original issue price of $7.792 per share divided by a conversion price shall equal the lower of (i) the conversion price at the time in effect for such Series A Preference Share and (ii) the price per share that equals 90% of our initial offering price per ADS.

Upon the completion of this offering, our board of directors may, without further action by our stockholders, fix the rights, preferences, privileges, and restrictions of up to an aggregate of 1,000,000 other shares, including preference shares, in one or more classes or series and authorize their issuance. These rights, preferences, and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms, and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of our ordinary shares. The issuance of our other shares, including potentially preference shares, could adversely affect the voting power of holders of ADSs and the likelihood that such holders will receive dividend payments and payments upon liquidation. In addition, the issuance of other shares, including preference shares, could have the effect of delaying, deferring, or preventing a change of control or other corporate action. Upon the completion of this offering, no preference shares will be outstanding, and we have no present plan to issue any preference shares.

### Our Amended and Restated Memorandum and Articles of Association

Our shareholders intend to adopt an amended and restated memorandum and articles of association, which will become effective and replace our current 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 amended and restated memorandum and articles of association that we expect will become effective immediately prior to completion of this offering, and of the Companies Law, insofar as they relate to the material terms of our ordinary shares.

*Objects of Our Company.* Under our amended and restated 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 law of the Cayman Islands.

*Ordinary Shares.* Our ordinary shares are issued in registered form and are issued when registered in our register of shareholders. We may not issue shares to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

*Dividends.* The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. In addition, our shareholders may declare dividends by ordinary resolution, but no dividend shall exceed the amount recommended by our directors. Our amended memorandum and restated articles of association provide that 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 equalizing dividends or for any other purpose to which those funds may be properly applied. Under the laws of the Cayman Islands, our company may pay a dividend out of either profit or the credit standing in our company's share premium account, provided that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business immediately following the date on which the distribution or dividend is paid.

*Voting Rights.* Holders of our ordinary shares shall be entitled to one vote per ordinary share. Voting at any shareholders' meeting is by show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands). A poll may be demanded by the chairman of such meeting or any one or more shareholders who together hold not less than 10% of the votes attaching to the total ordinary shares which are present in person or by proxy at the meeting.

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 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 amended and restated memorandum and articles of association. Holders of the ordinary shares may, among other things, divide or combine their shares by ordinary resolution.

*General Meetings of Shareholders.* As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our amended and restated 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 shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by a majority of our board of directors. Advance notice of at least ten 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 at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to all of our shares in issue and entitled to vote.

The Companies Law 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 amended and restated memorandum and articles of association provide that upon the requisition of shareholders representing in aggregate not less than one-third of the votes attaching to the issued and 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. Shareholders seeking to bring business before the annual general meeting or to nominate candidates for election to our board of directors at the annual general meeting are required to deliver notice not later than the 90th day nor earlier than the 120th day prior to the scheduled date of the annual general meeting.

*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 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 Global 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 shall, within three months 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 Global 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 shall not be suspended nor the register closed for more than 30 days in any year.

*Liquidation.* On the winding up of our company, if the assets available for distribution amongst our shareholders 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 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 the whole of the share capital, the assets will be distributed so that 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 by our board of directors. We 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 Law, the redemption or repurchase of any share may be paid out of our 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 Law 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.

*Variations of Rights of Shares.* If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not our company is being wound-up, may be varied with the consent in writing of the holders of two-thirds of the issued shares of that class or series or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu with such existing class of shares.

*Issuance of Additional Shares.* Our amended and restated memorandum of association authorizes our board of directors to issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Our amended and restated memorandum of association also authorizes our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights;
- the rights and terms of redemption and liquidation preferences; and
- any other powers, preferences and relative, participating, optional and other special rights.

Our board of directors may issue preference shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary 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 corporate records (except for the memorandum and articles of association of our company, any special resolutions passed by our company and the register of mortgages and charges of our company). However, we will provide our shareholders with annual audited financial statements. See “Where You Can Find Additional Information.”

*Anti-Takeover Provisions.* Some provisions of our amended and restated 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 preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders; 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 amended and restated 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.

*Exempted Company.* We are an exempted company with limited liability under the Companies Law. The Companies Law 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).

**Differences in Corporate Law**

The Companies Law 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 Law and the current Companies Act of England. In addition, the Companies Law 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 Law applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

*Mergers and Similar Arrangements.* The Companies Law 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 consolidated or surviving 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 company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

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 limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the

parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Law. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Law also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, 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 Law.

The Companies Law also contains a statutory power of compulsory acquisition which may facilitate the “squeeze out” of dissentient minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected 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 to the offeror 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, 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 to sue for a wrong done to us as a company, 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 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. Our amended and restated memorandum and articles of association provide that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's 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 director or officer 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. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we intend to enter into indemnification agreements with our directors and executive officers prior to the completion of this offering, that provide such persons with additional indemnification beyond that provided in our 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 bona fide in the best interests of the company, a duty not to make a 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 Resolution.* 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. Our amended and restated articles of association provide that no action shall be taken by the shareholders except at an annual or extraordinary general meeting called in accordance with our amended and restated articles of association and no action shall be taken by the shareholders by written consent or electronic transmission.

*Shareholder Proposals.* Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided 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 Law provides shareholders with only limited rights to requisition a general meeting. However, these rights may be provided in a company's articles of association. Our amended and restated articles of association allow our shareholders holding in aggregate not less than one-third of all votes attaching to the 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. As an exempted Cayman Islands company, we may but are not obliged by law to call shareholders' annual general meetings. See "-Our Amended and Restated Memorandum and Articles of Association-General Meetings of Shareholders" for more information on the rights of our shareholders' rights to put proposals before the annual general meeting.

*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 for a single director, which increases the shareholder's voting power with respect to electing such director. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our amended and restated 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 outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our amended and restated articles of association, directors may be removed only for cause by an ordinary resolution of our shareholders. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind or dies; (iii) resigns his office by notice in writing to the company; (iv) without special leave of absence from our board of directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; or (v) is removed from office pursuant to any other provisions of our amended and restated memorandum and 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 share 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 the board.

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 Law and our amended and restated articles of association, 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 Cayman Islands law and our amended and restated articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the holders of two-thirds 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.

*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 Law and our amended and restated 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 amended and restated 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 amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

**History of Securities Issuances**

The following is a summary of the events that have changed the number of our share capital since January 1, 2017.

- On October 19, 2017, we issued an aggregate of 169,680,000 ordinary shares to GenScript Biotech Corporation.
- On October 19, 2017, we issued an aggregate of 30,320,000 ordinary shares to AquaPoint L.P.
- From January 1, 2017 to December 31, 2017, we issued options to purchase an aggregate of 8,100,000 ordinary shares to employees with an exercise price of $0.50.
- From January 1, 2018 to December 31, 2018, we issued options to purchase an aggregate of 7,990,000 ordinary shares to employees with an exercise price of $1.00.
- From January 1, 2019 to December 31, 2019, we issued options to purchase an aggregate of 20,000 ordinary shares to employees with an exercise price of $1.00 and options to purchase an aggregate of 3,737,000 ordinary shares to employees with an exercise price of $1.50.
- On March 30, 2020, we issued 19,308,262 Series A Preference Shares to new investors for aggregate gross proceeds of $150.5 million.

- On April 16, 2020, we issued 1,283,367 Series A Preference Shares to a new investor for aggregate gross proceeds of $10.0 million.

***Options***

As of March 31, 2020, there were options to purchase 18,013,000 ordinary shares outstanding with a weighted average exercise price of $0.93 per ordinary share. The options generally lapse after 10 years from date of grant.

**Registration Rights**

Upon the closing of this offering and the automatic conversion of all of our Series A Preference Shares into ordinary shares, holders of 20,591,629 ordinary shares, which we refer to as registrable securities, or their transferees will be entitled to the following rights with respect to the registration of such shares for public resale under the Securities Act pursuant to an investors' rights agreement by and among us and certain of our shareholders, until such shares can otherwise be sold without restriction under Rule 144, or until the rights otherwise terminate pursuant to the terms of the investors' rights agreement. The registration of our ordinary shares as a result of the following rights being exercised would enable holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective.

If at any time beginning 180 days after the closing date of this offering the holders of a majority of the registrable securities request in writing that we effect a registration with respect to at least 40% of such registrable securities then outstanding (or a lesser percent if the anticipated aggregate offering price, net of selling expenses, would exceed $30.0 million), we may be required to register their ordinary shares. We are obligated to effect at most two registrations in response to these demand registration rights.

If at any time after we become entitled under the Securities Act to register securities on a registration statement on Form F-3, 20% of the holders of the registrable securities then outstanding request in writing that we effect a registration with respect to registrable securities at an aggregate price to the public in the offering of at least $10.0 million, we will be required to file such registration statement within 45 days after the date of such request; provided, however, that we will not be required to effect such a registration if, within any twelve-month period, we have already effected two registrations on Form F-3 for the holders of registrable securities.

If the holders requesting registration intend to distribute their shares by means of an underwriting, the managing underwriter of such offering will have the right to limit the numbers of shares to be underwritten for reasons related to the marketing of the shares.

Ordinarily, other than selling expenses, we will be required to pay all expenses incurred by us related to any registration effected pursuant to the exercise of these registration rights. These expenses may include all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of our counsel; and reasonable fees and disbursements of a counsel for the selling securityholders up to $80,000.

The registration rights terminate upon the earliest of (i) the closing of a liquidation event, as defined in our second amended and restated articles of association, or, with respect to the registration rights of an individual holder, (ii) when the holder can sell all of such holder's registrable securities in a three-month period without restriction under Rule 144 under the Securities Act or (iii) upon the fifth anniversary of the closing of this offering.

**Listing**

We have applied to list our ADSs on The Nasdaq Global Market under the trading symbol "LEGN."

## DESCRIPTION OF AMERICAN DEPOSITARY SHARES

### American Depositary Receipts

JPMorgan Chase Bank, N.A., or JPMorgan, as depositary, will issue the ADSs which you will be entitled to receive in this offering. Each ADS will represent an ownership interest in a designated number of shares which we will deposit with the custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary, yourself as an ADR holder and all other ADR holders, and all beneficial owners of an interest in the ADSs evidenced by ADRs from time to time.

The depositary's office is located at 383 Madison Avenue, Floor 11, New York, NY 10179.

The ADS to share ratio is subject to amendment as provided in the form of ADR (which may give rise to fees contemplated by the form of ADR). In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which they have not distributed directly to you.

A beneficial owner is any person or entity having a beneficial ownership interest ADSs. A beneficial owner need not be the holder of the ADR evidencing such ADS. If a beneficial owner of ADSs is not an ADR holder, it must rely on the holder of the ADR(s) evidencing such ADSs in order to assert any rights or receive any benefits under the deposit agreement. A beneficial owner shall only be able to exercise any right or receive any benefit under the deposit agreement solely through the holder of the ADR(s) evidencing the ADSs owned by such beneficial owner. The arrangements between a beneficial owner of ADSs and the holder of the corresponding ADRs may affect the beneficial owner's ability to exercise any rights it may have.

An ADR holder shall be deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by the ADRs registered in such ADR holder's name for all purposes under the deposit agreement and ADRs. The depositary's only notification obligations under the deposit agreement and the ADRs is to registered ADR holders. Notice to an ADR holder shall be deemed, for all purposes of the deposit agreement and the ADRs, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs.

Unless certificated ADRs are specifically requested, all ADSs will be issued on the books of our depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In our description, references to American depositary receipts or ADRs shall include the statements you will receive which reflect your ownership of ADSs.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

As an ADR holder or beneficial owner, we will not treat you as a shareholder of ours and you will not have any shareholder rights. Cayman Island law governs shareholder rights. Because the depositary or its nominee will be the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. Your rights are those of an ADR holder or of a beneficial owner. Such rights derive from the terms of the deposit agreement to be entered into among us, the depositary and all holders and beneficial owners from time to time of ADRs issued under the deposit agreement and, in the case of a beneficial owner, from the arrangements between the beneficial owner and the holder of the corresponding ADRs. The obligations of the depositary and its agents are also set out in the deposit agreement. Because the depositary or its nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf.

The following is a summary of what we believe to be the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC's website at http://www.sec.gov.

**Share Dividends and Other Distributions**

***How will I receive dividends and other distributions on the shares underlying my ADSs?***

We may make various types of distributions with respect to our securities. The depositary has agreed that, to the extent practicable, it will pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars (if it determines such conversion may be made on a reasonable basis) and, in all cases, making any necessary deductions provided for in the deposit agreement. The depositary may utilize a division, branch or affiliate of JPMorgan to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement. Such division, branch and/or affiliate may charge the depositary a fee in connection with such sales, which fee is considered an expense of the depositary. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain registered ADR holders, and (iii) deduction of the depositary's and/or its agents' expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. *If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.*
- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.
- *Rights to receive additional shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we timely provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not timely furnish such evidence, the depositary may:

  (i) sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or

(ii) if it is not practicable to sell such rights by reason of the non-transferability of the rights, limited markets therefor, their short duration or otherwise, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing and the rights may lapse.

- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific registered ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

*The depositary is not responsible if it fails to determine that any distribution or action is lawful or reasonably practicable.*

*There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period. All purchases and sales of securities will be handled by the depositary in accordance with its then current policies, which are currently set forth in the "Depositary Receipt Sale and Purchase of Security" section of https://www.adr.com/Investors/FindOutAboutDRs, the location and contents of which the depositary shall be solely responsible for.*

**Deposit, Withdrawal and Cancellation**

***How does the depositary issue ADSs?***

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance. In the case of the ADSs to be issued under this prospectus, we will arrange with the underwriters named herein to deposit such shares.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of JPMorgan Chase Bank, N.A., as depositary for the benefit of holders of ADRs or in such other name as the depositary shall direct.

The custodian will hold all deposited shares (including those being deposited by or on our behalf in connection with the offering to which this prospectus relates) for the account and to the order of the depositary, in each case for the benefit of ADR holders. ADR holders and beneficial owners thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as "deposited securities."

Deposited securities are not intended to, and shall not, constitute proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in deposited securities is intended to be, and shall at all times during the term of the deposit agreement continue to be, vested in the beneficial owners of the ADSs representing

such deposited securities. Notwithstanding anything else contained herein, in the deposit agreement, in the form of ADR and/or in any outstanding ADSs, the depositary, the custodian and their respective nominees are intended to be, and shall at all times during the term of the deposit agreement be, the record holder(s) only of the deposited securities represented by the ADSs for the benefit of the ADR holders. The depositary, on its own behalf and on behalf of the custodian and their respective nominees, disclaims any beneficial ownership interest in the deposited securities held on behalf of the ADR holders.

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary's direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder's name. An ADR holder can request that the ADSs not be held through the depositary's direct registration system and that a certificated ADR be issued.

***How do ADR holders cancel an ADS and obtain deposited securities?***

When you turn in your ADR certificate at the depositary's office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares to you or upon your written order. Delivery of deposited securities in certificated form will be made at the custodian's office. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

**Record Dates**

The depositary may, after consultation with us if practicable, fix record dates (which, to the extent applicable, shall be as near as practicable to any corresponding record dates set by us) for the determination of the registered ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of deposited securities,
- to give instructions for the exercise of voting rights at a meeting of holders of shares, or
- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR,
- to receive any notice or to act in respect of other matters,

all subject to the provisions of the deposit agreement.

**Voting Rights**

***How do I vote?***

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. As soon as practicable after receipt from us of notice of any meeting at which the holders of shares are entitled to vote, or of our solicitation of consents or proxies from holders of shares, the depositary shall fix the ADS record date in accordance with the provisions of the deposit agreement, provided that if the depositary receives a written request from us in a timely manner and at least 30 days prior to the date of such vote or meeting, the depositary shall, at our expense, distribute to the registered ADR holders a "voting notice" stating (i) final information particular to such vote and meeting and any solicitation materials, (ii) that each ADR holder on the record date set by the depositary will, subject to any applicable provisions of Cayman Islands law, be entitled to instruct the depositary as to the exercise of the voting rights, if any, pertaining to the deposited securities represented by the ADSs evidenced by such ADR holder's ADRs and (iii) the manner in which such instructions may be given, or deemed to be given pursuant to the terms of the deposit agreement, including instructions for giving a discretionary proxy to a person designated by us. Each ADR holder shall be solely responsible for the forwarding of voting notices to the beneficial owners of ADSs registered in such ADR holder's name. There is no guarantee that ADR holders and beneficial owners generally or any holder or beneficial owner in particular will receive the notice described above with sufficient time to enable such ADR holder or beneficial owner to return any voting instructions to the depositary in a timely manner.

Following actual receipt by the ADR department responsible for proxies and voting of ADR holders' instructions (including, without limitation, instructions of any entity or entities acting on behalf of the nominee for DTC), the depositary shall, in the manner and on or before the time established by the depositary for such purpose, endeavor to vote or cause to be voted the deposited securities represented by the ADSs evidenced by such ADR holders' ADRs in accordance with such instructions insofar as practicable and permitted under the provisions of or governing deposited securities.

To the extent that (A) we have provided the depositary with at least 35 days' notice of the proposed meeting, (B) the voting notice will be received by all ADR holders and beneficial owners no less than 10 days prior to the date of the meeting and/or the cut-off date for the solicitation of consents, and (C) the depositary does not receive instructions on a particular agenda item from an ADR holder (including, without limitation, any entity or entities acting on behalf of the nominee for DTC) in a timely manner, such ADR holder shall be deemed, and in the deposit agreement the depositary is instructed to deem such ADR holder, to have instructed the depositary to give a discretionary proxy for such agenda item(s) to a person designated by us to vote the deposited securities represented by the ADSs for which actual instructions were not so given by all such ADR holders on such agenda item(s), provided that no such instruction shall be deemed given and no discretionary proxy shall be given unless (1) we inform the depositary in writing (and we agree to provide the depositary with such instruction promptly in writing) that (a) we wish such proxy to be given with respect to such agenda item(s), (b) there is no substantial opposition existing with respect to such agenda item(s) and (c) such agenda item(s), if approved, would not materially or adversely affect the rights of holders of shares, and (2) the depositary has obtained an opinion of counsel, in form and substance satisfactory to the depositary, confirming that (i) the granting of such discretionary proxy does not subject the depositary to any reporting obligations in the Cayman Islands, (ii) the granting of such proxy will not result in a violation of the laws, rules, regulations or permits of the Cayman Islands, (iii) the voting arrangement and deemed instruction as contemplated herein will be given effect under the laws, rules and regulations of the Cayman Islands, and (iv) the granting of such discretionary proxy will not under any circumstances result in the shares represented by the ADSs being treated as assets of the depositary under the laws, rules or regulations of the Cayman Islands.

The depositary may from time to time access information available to it to consider whether any of the circumstances described above exist, or request additional information from us in respect thereto. By taking any such action, the depositary shall not in any way be deemed or inferred to have been required, or have had any

duty or responsibility (contractual or otherwise), to monitor or inquire whether any of the circumstances described above existed. In addition to the limitations provided for in the deposit agreement, ADR holders and beneficial owners are advised and agree that (a) the depositary will rely fully and exclusively on us to inform it of any of the circumstances set forth above, and (b) neither the depositary, the custodian nor any of their respective agents shall be obliged to inquire or investigate whether any of the circumstances described above exist and/or whether we complied with our obligation to timely inform the depositary of such circumstances. Neither the depositary, the custodian nor any of their respective agents shall incur any liability to ADR holders or beneficial owners (i) as a result of our failure to determine that any of the circumstances described above exist or our failure to timely notify the depositary of any such circumstances or (ii) if any agenda item which is approved at a meeting has, or is claimed to have, a material or adverse effect on the rights of holders of shares. Because there is no guarantee that ADR holders and beneficial owners will receive the notices described above with sufficient time to enable such ADR holders or beneficial owners to return any voting instructions to the depositary in a timely manner, ADR holders and beneficial owners may be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us in such circumstances, and neither the depositary, the custodian nor any of their respective agents shall incur any liability to ADR holders or beneficial owners in such circumstances.

ADR holders are strongly encouraged to forward their voting instructions to the depositary as soon as possible. For instructions to be valid, the ADR department of the depositary that is responsible for proxies and voting must receive them in the manner and on or before the time specified, notwithstanding that such instructions may have been physically received by the depositary prior to such time. The depositary will not itself exercise any voting discretion in respect of deposited securities. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any voting instructions are given, or deemed to be given pursuant to the terms of the deposit agreement, including instructions to give a discretionary proxy to a person designated by us, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the depositary is instructed to grant a discretionary proxy (or deemed to have been instructed pursuant to the terms of the deposit agreement), or for the effect of any such vote. Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by any law, regulation, or requirement of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of or solicitation of consents or proxies from holders of deposited securities, distribute to the registered holders of ADRs a notice that provides such ADR holders with or otherwise publicizes to such ADR holders instructions on how to retrieve such materials or receive such materials upon request (*i.e.*, by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

We have advised the depositary that under Cayman Islands law and our constituent documents, each as in effect as of the date of the deposit agreement, voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with our constituent documents, the depositary will refrain from voting and the voting instructions received by the depositary from ADR holders shall lapse. The depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by ADR holders or beneficial owners.

There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.

**Reports and Other Communications**

***Will ADR holders be able to view our reports?***

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian the deposit agreement, the provisions of or governing deposited securities, and any written

communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depositary, it will distribute the same to registered ADR holders.

**Fees and Expenses**

***What fees and expenses will I be responsible for paying?***

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADRs are cancelled or reduced for any other reason, $5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, canceled or surrendered, or upon which a share distribution or elective distribution is made or offered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall also be incurred by the ADR holders, the beneficial owners, by any party depositing or withdrawing shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of U.S.$1.50 per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of U.S.$0.05 or less per ADS held for any cash distribution made, or for any elective cash/stock dividend offered, pursuant to the deposit agreement;
- an aggregate fee of U.S.$0.05 or less per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- a fee for the reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of its agents (including, without limitation, the custodian and expenses incurred on behalf of ADR holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against ADR holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such ADR holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the $0.05 per ADS issuance fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those ADR holders entitled thereto;
- stock transfer or other taxes and other governmental charges;

- cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares, ADRs or deposited securities;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities; and
- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

To facilitate the administration of various depositary receipt transactions, including disbursement of dividends or other cash distributions and other corporate actions, the depositary may engage the foreign exchange desk within JPMorgan Chase Bank, N.A., or the Bank, and/or its affiliates in order to enter into spot foreign exchange transactions to convert foreign currency into U.S. dollars. For certain currencies, foreign exchange transactions are entered into with the Bank or an affiliate, as the case may be, acting in a principal capacity. For other currencies, foreign exchange transactions are routed directly to and managed by an unaffiliated local custodian (or other third party local liquidity provider), and neither the Bank nor any of its affiliates is a party to such foreign exchange transactions.

The foreign exchange rate applied to an foreign exchange transaction will be either (a) a published benchmark rate, or (b) a rate determined by a third party local liquidity provider, in each case plus or minus a spread, as applicable. The depositary will disclose which foreign exchange rate and spread, if any, apply to such currency on the “Disclosure” page (or successor page) of www.adr.com. Such applicable foreign exchange rate and spread may (and neither the depositary, the Bank nor any of their affiliates is under any obligation to ensure that such rate does not) differ from rates and spreads at which comparable transactions are entered into with other customers or the range of foreign exchange rates and spreads at which the Bank or any of its affiliates enters into foreign exchange transactions in the relevant currency pair on the date of the foreign exchange transaction. Additionally, the timing of execution of an foreign exchange transaction varies according to local market dynamics, which may include regulatory requirements, market hours and liquidity in the foreign exchange market or other factors. Furthermore, the Bank and its affiliates may manage the associated risks of their position in the market in a manner they deem appropriate without regard to the impact of such activities on the depositary, us, holders or beneficial owners. *The spread applied does not reflect any gains or losses that may be earned or incurred by the Bank and its affiliates as a result of risk management or other hedging related activity.*

Notwithstanding the foregoing, to the extent we provide U.S. dollars to the depositary, neither the Bank nor any of its affiliates will execute a foreign exchange transaction as set forth herein. In such case, the depositary will distribute the U.S. dollars received from us.

*Further details relating to the applicable foreign exchange rate, the applicable spread and the execution of foreign exchange transactions will be provided by the depositary on ADR.com. Each holder and beneficial owner by holding or owning an ADR or ADS or an interest therein, and we, each acknowledge and agree that the terms applicable to foreign exchange transactions disclosed from time to time on ADR.com will apply to any foreign exchange transaction executed pursuant to the deposit agreement.*

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary.

The right of the depositary to receive payment of fees, charges and expenses survives the termination of the deposit agreement, and shall extend for those fees, charges and expenses incurred prior to the effectiveness of any resignation or removal of the depositary.

The fees and charges described above may be amended from time to time by agreement between us and the depositary.

The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time. The depositary collects its fees for issuance and cancellation 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 will generally set off the amounts owing from distributions made to holders of ADSs. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to ADR holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary.

**Payment of Taxes**

ADR holders or beneficial owners must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. If any taxes or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the custodian or the depositary with respect to any ADR, any deposited securities represented by the ADSs evidenced thereby or any distribution thereon, including, without limitation, any Chinese Enterprise Income Tax owing if the SAT Circular 82 issued by the SAT or any other circular, edict, order or ruling, as issued and as from time to time amended, is applied or otherwise, such tax or other governmental charge shall be paid by the ADR holder thereof to the depositary and by holding or owning, or having held or owned, an ADR or any ADSs evidenced thereby, the ADR holder and all beneficial owners thereof, and all prior ADR holders and beneficial owners thereof, jointly and severally, agree to indemnify, defend and save harmless each of the depositary and its agents in respect of such tax or other governmental charge. Notwithstanding the depositary's right to seek payment from current and former beneficial owners, by holding or owning, or having held or owned, an ADR, the ADR holder thereof (and prior ADR holder thereof) acknowledges and agrees that the depositary has no obligation to seek payment of amounts owing from any current or former beneficial owner. If an ADR holder owes any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any cash distributions, or (ii) sell deposited securities (by public or private sale) and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder remains liable for any shortfall. If any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combination of deposited securities or withdrawal of deposited securities until such payment is made. If any tax or governmental charge is required to be withheld on any cash distribution, the depositary may deduct the amount required to be withheld from any cash distribution or, in the case of a non-cash distribution, sell the distributed property or securities (by public or private sale) in such amounts and in such manner as the depositary deems necessary and practicable to pay such taxes and distribute any remaining net proceeds or the balance of any such property after deduction of such taxes to the ADR holders entitled thereto.

As an ADR holder or beneficial owner, you will be agreeing to indemnify us, the depositary, its custodian and any of our or their respective officers, directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

**Reclassifications, Recapitalizations and Mergers**

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any distributions of shares or other property not made to holders of ADRs or (iii) any recapitalization, reorganization, merger, consolidation,

liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to, and shall if reasonably requested by us:

- amend the form of ADR;
- distribute additional or amended ADRs;
- distribute cash, securities or other property it has received in connection with such actions;
- sell any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

**Amendment and Termination**

***How may the deposit agreement be amended?***

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders or beneficial owners. Such notice need not describe in detail the specific amendments effectuated thereby, but must identify to ADR holders and beneficial owners a means to access the text of such amendment. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder and any beneficial owner are deemed to agree to such amendment and to be bound by the deposit agreement as so amended. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

Any amendments or supplements which (i) are reasonably necessary (as agreed by us and the depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act of 1933 or (b) the ADSs or shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by ADR holders, shall be deemed not to prejudice any substantial rights of ADR holders or beneficial owners. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the deposit agreement in such circumstances may become effective before a notice of such amendment or supplement is given to ADR holders or within any other period of time as required for compliance.

Notice of any amendment to the deposit agreement or form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the ADR holders identifies a means for ADR holders and beneficial owners to retrieve or receive the text of such amendment (*i.e.*, upon retrieval from the SEC's, the depositary's or our website or upon request from the depositary).

***How may the deposit agreement be terminated?***

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in

such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered ADR holders unless a successor depositary shall not be operating under the deposit agreement within 60 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders of ADRs unless a successor depositary shall not be operating under the deposit agreement on the 60th day after our notice of removal was first provided to the depositary.

After the date so fixed for termination, (a) all direct registration ADRs shall cease to be eligible for the direct registration system and shall be considered ADRs issued on the ADR register maintained by the depositary and (b) the depositary shall use its reasonable efforts to ensure that the ADSs cease to be DTC eligible so that neither DTC nor any of its nominees shall thereafter be a registered holder of ADRs. At such time as the ADSs cease to be DTC eligible and/or neither DTC nor any of its nominees is a registered holder of ADRs, the depositary shall (a) instruct its custodian to deliver all shares to us along with a general stock power that refers to the names set forth on the ADR register maintained by the depositary and (b) provide us with a copy of the ADR register maintained by the depositary. Upon receipt of such shares and the ADR register maintained by the depositary, we have agreed to use our best efforts to issue to each registered ADR holder a Share certificate representing the Shares represented by the ADSs reflected on the ADR register maintained by the depositary in such registered ADR holder's name and to deliver such Share certificate to the registered ADR holder at the address set forth on the ADR register maintained by the depositary. After providing such instruction to the custodian and delivering a copy of the ADR register to us, the depositary and its agents will perform no further acts under the deposit agreement or the ADRs and shall cease to have any obligations under the deposit agreement and/or the ADRs.

Notwithstanding anything to the contrary, in connection with any such termination, the depositary may, in its sole discretion and without notice to us, establish an unsponsored American depositary share program (on such terms as the depositary may determine) for our shares and make available to ADR holders a means to withdraw the shares represented by the ADSs issued under the deposit agreement and to direct the deposit of such shares into such unsponsored American depositary share program, subject, in each case, to receipt by the depositary, at its discretion, of the fees, charges and expenses provided for under the deposit agreement and the fees, charges and expenses applicable to the unsponsored American depositary share program.

**Limitations on Obligations and Liability to ADR holders**

***Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs***

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time in the case of the production of proofs as described below, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;
- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial or other ownership of, or interest in, any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the deposit agreement.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares, may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depositary; provided that the ability to withdraw shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books of the depositary or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents, provided, however, that no disclaimer of liability under the Securities Act of 1933 is intended by any of the limitations of liabilities provisions of the deposit agreement. The deposit agreement provides that each of us, the depositary and our respective agents will:

- incur or assume no liability (including, without limitation, to holders or beneficial owners) if any present or future law, rule, regulation, fiat, order or decree of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or jurisdiction, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism, nationalization, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or circumstance beyond our, the depositary's or our respective agents' direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by us, the depositary or our respective agents (including, without limitation, voting);
- incur or assume no liability (including, without limitation, to holders or beneficial owners) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the deposit agreement it is provided shall or may be done or performed or any exercise or failure to exercise discretion under the deposit agreement or the ADRs including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable;
- incur or assume no liability (including, without limitation, to holders or beneficial owners) if it performs its obligations under the deposit agreement and ADRs without gross negligence or willful misconduct;
- in the case of the depositary and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities the ADSs or the ADRs;
- in the case of us and our agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities the ADSs or the ADRs, which in our or our agents' opinion, as the case may be, may involve it in expense or liability, unless indemnity satisfactory to us or our agent, as the case may be against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be requested;
- not be liable (including, without limitation, to holders or beneficial owners) for any action or inaction by it in reliance upon the advice of or information from any legal counsel, any accountant, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information and/or, in the case of the depositary, us; or
- may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by it to be genuine and to have been signed, presented or given by the proper party or parties.

Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities, the ADSs or the ADRs. We and our agents shall only be

obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities, the ADSs or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADRs or otherwise related to the deposit agreement or ADRs to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of JPMorgan. Notwithstanding anything to the contrary contained in the deposit agreement or any ADRs, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except to the extent that any registered ADR holder has incurred liability directly as a result of the custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the depositary or (ii) failed to use reasonable care in the provision of custodial services to the depositary as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The depositary and the custodian(s) may use third party delivery services and providers of information regarding matters such as, but not limited to, pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders of issuers. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services. The depositary shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale.

The depositary has no obligation to inform ADR holders or beneficial owners about the requirements of the laws, rules or regulations or any changes therein or thereto of the Cayman Islands, Hong Kong, the People’s Republic of China, the United States or any other country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system.

Additionally, none of us, the depositary or the custodian shall be liable for the failure by any registered holder of ADRs or beneficial owner therein to obtain the benefits of credits or refunds of non-U.S. tax paid against such ADR holder’s or beneficial owner’s income tax liability. The depositary is under no obligation to provide the ADR holders and beneficial owners, or any of them, with any information about our tax status. Neither we nor the depositary shall incur any liability for any tax or tax consequences that may be incurred by registered ADR holders or beneficial owners on account of their ownership or disposition of ADRs or ADSs.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, for the manner in which any voting instructions are given, or deemed to be given pursuant to the terms of the deposit agreement, including instructions to give a discretionary proxy to a person designated by us, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the depositary is instructed to grant a discretionary proxy (or deemed to have been instructed pursuant to the terms of the deposit agreement), or for the effect of any such vote. The depositary may rely upon instructions from us or our counsel in respect of any approval or license required for any currency conversion, transfer or distribution. The depositary shall not incur any liability for the content of any information submitted to it by us or on our behalf for distribution to ADR holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from us. The depositary shall not be

liable for 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. Neither the depositary nor any of its agents shall be liable for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation holders or beneficial owners of ADRs and ADSs), whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

In the deposit agreement each party thereto (including, for avoidance of doubt, each ADR holder and beneficial owner) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or us directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory). No provision of the deposit agreement or the ADRs is intended to constitute a waiver or limitation of any rights which an ADR holder or any beneficial owner may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

The depositary and its agents may own and deal in any class of securities of our company and our affiliates and in ADRs.

**Disclosure of Interest in ADSs**

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of, or interest in, deposited securities, other shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, you as ADR holders or beneficial owners agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof.

**Books of Depositary**

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. Registered holders of ADRs may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other ADR holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register may be closed at any time or from time to time, when deemed expedient by the depositary or, in the case of the issuance book portion of the ADR Register, when reasonably requested by the Company solely in order to enable the Company to comply with applicable law.

The depositary will maintain facilities for the delivery and receipt of ADRs.

**Appointment**

In the deposit agreement, each registered holder of ADRs and each beneficial owner, upon acceptance of any ADSs or ADRs (or any interest in any of them) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs,
- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR or ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof; and

- acknowledge and agree that (i) nothing in the deposit agreement or any ADR shall give rise to a partnership or joint venture among the parties thereto, nor establish a fiduciary or similar relationship among such parties, (ii) the depositary, its divisions, branches and affiliates, and their respective agents, may from time to time be in the possession of non-public information about us, ADR holders, beneficial owners and/or their respective affiliates, (iii) the depositary and its divisions, branches and affiliates may at any time have multiple banking relationships with us, ADR holders, beneficial owners and/or the affiliates of any of them, (iv) the depositary and its divisions, branches and affiliates may, from time to time, be engaged in transactions in which parties adverse to us, ADR holders, beneficial owners and/or their respective affiliates may have interests, (v) nothing contained in the deposit agreement or any ADR(s) shall (A) preclude the depositary or any of its divisions, branches or affiliates from engaging in any such transactions or establishing or maintaining any such relationships, or (B) obligate the depositary or any of its divisions, branches or affiliates to disclose any such transactions or relationships or to account for any profit made or payment received in any such transactions or relationships, (vi) the depositary shall not be deemed to have knowledge of any information held by any branch, division or affiliate of the depositary and (vii) notice to an ADR holder shall be deemed, for all purposes of the deposit agreement and the ADRs, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs. For all purposes under the deposit agreement and the ADRs, the ADR holders thereof shall be deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by such ADRs.

**Governing Law**

The deposit agreement, the ADSs and the ADRs are governed by and construed in accordance with the internal laws of the State of New York. In the deposit agreement, we have submitted to the non-exclusive jurisdiction of the courts of the State of New York and appointed an agent for service of process on our behalf. Any action based on the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby may also be instituted by the depositary against us in any competent court in the Cayman Islands, Hong Kong, the People's Republic of China, the United States and/or any other court of competent jurisdiction.

Under the deposit agreement, by holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each irrevocably agree that any legal suit, action or proceeding against or involving ADR holders or beneficial owners brought by us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may be instituted in a state or federal court in New York, New York, irrevocably waive any objection which you may have to the laying of venue of any such proceeding, and irrevocably submit to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each also irrevocably agree that any legal suit, action or proceeding against or involving the depositary brought by ADR holders or beneficial owners, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York.

Notwithstanding the foregoing, (i) the depositary may, in its sole discretion, elect to institute any dispute, suit, action, controversy, claim or proceeding directly or indirectly based on, arising out of or relating to the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, including without limitation any question regarding its or their existence, validity, interpretation, performance or termination, against any other party or parties to the deposit agreement (including, without limitation, against ADR holders and beneficial owners of interests in ADSs), by having the matter referred to and finally resolved by an arbitration conducted under the terms described below, and (ii) the depositary may in its sole discretion require, by written notice to the relevant party or parties, that any dispute, suit, action, controversy, claim or proceeding against the depositary by any party or parties to the deposit agreement (including, without limitation, by ADR holders and beneficial owners of interests in ADSs) shall be referred to and finally settled by an arbitration conducted under the terms described below. Any such arbitration shall be conducted in the English language

either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL).

**Jury Trial Waiver**

In the deposit agreement, each party thereto (including, for the avoidance of doubt, each holder and beneficial owner of, and/or holder of interests in, ADSs or ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or us directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory), including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial demand based on such waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable state and federal law, including whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. The waiver to right to a jury trial in the deposit agreement is not intended to be deemed a waiver by any holder or beneficial owner of ADSs of our or the depositary's compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

## SHARES AND ADSS ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have 18,425,000 ADSs outstanding, representing approximately 14% of our outstanding ordinary shares, assuming the underwriters do not exercise their over-allotment option to purchase additional ADSs. 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 have applied to apply to list the ADSs on The Nasdaq Global 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.

The remaining ordinary shares held by existing shareholders are "restricted securities," as that term is defined in Rule 144 under the Securities Act. Restricted securities may be sold in the public market only if registered or if their resale qualifies for exemption from registration described below under Rule 144 or 701 under the Securities Act.

Under the lock-up agreements described below and the provisions of Rules 144 and 701 under the Securities Act, and assuming no exercise of the underwriters' option to purchase additional ADSs, these restricted securities will be available for sale in the public market as follows:

- up to 1,400,300 ordinary shares underlying ADSs that GenScript intends to distribute to its shareholders to effect the assured entitlement distribution pursuant to the rules of the Hong Kong Stock Exchange may become freely tradable after the distribution compliance period pursuant to Regulation S under the Securities Act or pursuant to Rule 144 promulgated under the Securities Act; and
- the remaining ordinary shares (including ordinary shares purchased by GenScript in the concurrent private placement) will be eligible for sale upon the expiration of the lock-up agreements 180 days after the date of this prospectus, provided that shares held by our affiliates will remain subject to volume, manner of sale and other resale limitations set forth in Rule 144 of the Securities Act, as described below.

### Lock-up Agreements

For a period of 180 days after the date of this prospectus, we have agreed, subject to certain exceptions, not to directly or indirectly pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, except in this offering, any of our ordinary shares or ADSs or securities convertible into or exercisable or exchangeable for our ordinary shares or ADSs subject to certain exceptions, without the prior written consent of Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Jefferies LLC. See the section titled "Underwriters" for additional information.

Furthermore, each of our directors, executive officers and substantially all of our existing securityholders has also entered into a similar lock-up agreement for a period of 180 days from the date of this prospectus, subject to certain exceptions, with respect to our ordinary shares, ADSs and securities convertible into or exercisable or exchangeable for our ordinary shares or ADSs. These restrictions also apply to any ADSs acquired by our directors and executive officers in the offering, if any.

Other than this offering, we are not aware of any plans by any significant shareholders to dispose of significant numbers of the ADSs or ordinary shares. However, one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for the ADSs or ordinary shares may dispose of significant numbers of the ADSs or ordinary shares in the future. We cannot predict what effect, if any, future sales of the ADSs or ordinary shares, or the availability of ADSs or ordinary shares for future sale, will have on

the trading price of the ADSs from time to time. Sales of substantial amounts of the ADSs or ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the trading price of the ADSs.

**Rule 144**

All of our ordinary shares that will be outstanding upon the completion of this offering, other than those ordinary shares represented by ADSs 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 180 days after the date of this prospectus, a person (or persons whose shares are aggregated) 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 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 approximately 2.6 million ordinary shares, assuming the underwriters do not exercise their over-allotment option; 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 share 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. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

**Regulation S**

Regulation S provides generally that sales made in offshore transactions are not subject to the registration or prospectus-delivery requirements of the Securities Act. Accordingly, restricted securities, including our ordinary shares that will be distributed to GenScript shareholders who are not U.S. persons to effect the assured entitlement distribution, may be sold in offshore transactions in compliance with Regulation S.

## TAXATION

The following is a general summary of certain Cayman Islands, People's Republic of China and United States federal income tax consequences relevant to an investment in our ADSs and ordinary shares. To the extent that the discussion below relates to matters of Cayman Islands tax law, it is the opinion of Harney Westwood & Riegels, our Cayman Islands counsel. To the extent that the discussion below relates to matters of United States federal income tax law, it is the opinion of Cooley LLP, our United States counsel. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China and the United States. You should consult your tax advisors with respect to the consequences of acquisition, ownership and disposition of our ADSs and ordinary shares.

### Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty.

No other taxes are likely to be material to us levied by the Government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution brought within, the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties which are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares and ADSs will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of dividends or capital to any holder of our ordinary shares or ADSs, nor will gains derived from the disposal of our ordinary shares or ADSs be subject to Cayman Islands income or corporation tax.

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.

The Cayman Islands enacted the International Tax Co-operation (Economic Substance) Law, 2018, which became effective on January 1, 2019, together with the Guidance Notes published by the Cayman Islands Tax Information Authority from time to time. A Cayman Islands company is required to comply with the economic substance requirements from July 1, 2019 and make an annual report in the Cayman Islands as to whether or not it is carrying on any relevant activities and if it is, it would be required to satisfy an economic substance test.

### Material U.S. Federal Income Tax Consequences to U.S. Holders

The following discussion describes the material U.S. federal income tax consequences relating to the ownership and disposition of our ADSs by U.S. Holders (as defined below). This discussion applies to U.S. Holders that purchase ADSs pursuant to this offering and hold such ADSs as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended, or the Code. This discussion is based on the Code, U.S. Treasury regulations promulgated thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof and all of which are subject to change, possibly with retroactive effect. This discussion does not address all of the U.S. federal income tax consequences that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as certain financial institutions, insurance companies, broker-dealers and traders in securities or other persons that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain

former citizens or residents of the United States, persons who hold ADSs as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or integrated investment, persons who received their ADSs as compensatory payments, persons that have a "functional currency" other than the U.S. dollar, persons that own directly, indirectly or through attribution 10% or more of our shares by vote or value, persons who are subject to special tax accounting under Section 451(b) of the Code, corporations that accumulate earnings to avoid U.S. federal income tax, partnerships and other pass-through entities and arrangements that are classified as partnerships for U.S. federal income tax purposes, and investors in such pass-through entities). This discussion does not address any U.S. state or local or non-U.S. tax consequences or any U.S. federal estate, gift or alternative minimum tax consequences.

As used in this discussion, the term "U.S. Holder" means a beneficial owner of ADSs that is, for U.S. federal income tax purposes, (1) an individual who is a citizen or resident of the United States, (2) a corporation (or entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia, (3) an estate the income of which is subject to U.S. federal income tax regardless of its source or (4) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has elected under applicable U.S. Treasury regulations to be treated as a domestic trust for U.S. federal income tax purposes.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds ADSs, the U.S. federal income tax consequences relating to an investment in the ADSs will depend in part upon the status and activities of such entity or arrangement and the particular partner. Any such entity or arrangement should consult its own tax advisor regarding the U.S. federal income tax consequences applicable to it and its partners of the purchase, ownership and disposition of ADSs.

Persons considering an investment in ADSs should consult their own tax advisors as to the particular tax consequences applicable to them relating to the purchase, ownership and disposition of ADSs, including the applicability of U.S. federal, state and local tax laws and non-U.S. tax laws.

**Passive Foreign Investment Company Consequences**

In general, a corporation organized outside the United States will be treated as a passive foreign investment company, or PFIC, for any taxable year in which either (1) at least 75% of its gross income is "passive income", (the "PFIC income test"), or (2) on average at least 50% of its assets, determined on a quarterly basis, are assets that produce passive income or are held for the production of passive income, (the "PFIC asset test"). Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents, and gains from the sale or exchange of property that gives rise to passive income. Assets that produce or are held for the production of passive income generally include cash, even if held as working capital or raised in a public offering, marketable securities, and other assets that may produce passive income. Generally, in determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

Our status as a PFIC will depend on the nature and composition of our income and the nature, composition and value of our assets (which may be determined based on the fair market value of each asset, with the value of goodwill and going concern value being determined in large part by reference to the market value of our common shares, which may be volatile). Our status may also depend, in part, on how quickly we utilize the cash proceeds from this offering and the concurrent private placement in our business. Based on our operating history and the projected composition of our income and valuation of our assets, including goodwill, we do not expect to be a PFIC for our taxable year ending December 31, 2020. Even if we determine that we are not a PFIC for a taxable year, there can be no assurance that the IRS will agree with our conclusion and that the IRS would not successfully challenge our position. Our status as a PFIC is a fact-intensive determination made on an annual basis after the end of each taxable year. Accordingly, our U.S. counsel expresses no opinion with respect to our PFIC status for our

taxable year ending December 31, 2020, and expresses no opinion with regard to our expectations regarding our PFIC status in the future.

If we are a PFIC in any taxable year during which a U.S. Holder owns ADSs, the U.S. Holder could be liable for additional taxes and interest charges under the "PFIC excess distribution regime" upon (1) a distribution paid during a taxable year that is greater than 125% of the average annual distributions paid in the three preceding taxable years, or, if shorter, the U.S. Holder's holding period for the ADSs, and (2) any gain recognized on a sale, exchange or other disposition, including a pledge, of the ADSs, whether or not we continue to be a PFIC. Under the PFIC excess distribution regime, the tax on such distribution or gain would be determined by allocating the distribution or gain ratably over the U.S. Holder's holding period for ADSs. The amount allocated to the current taxable year (i.e., the year in which the distribution occurs or the gain is recognized) and any year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income earned in the current taxable year. The amount allocated to other taxable years will be taxed at the highest marginal rates in effect for individuals or corporations, as applicable, to ordinary income for each such taxable year, and an interest charge, generally applicable to underpayments of tax, will be added to the tax.

If we are a PFIC for any year during which a U.S. Holder holds ADSs, we must generally continue to be treated as a PFIC by that holder for all succeeding years during which the U.S. Holder holds the ADSs, unless we cease to meet the requirements for PFIC status and the U.S. Holder makes a "deemed sale" election with respect to the ADSs. If the election is made, the U.S. Holder will be deemed to sell the ADSs it holds at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain recognized from such deemed sale would be taxed under the PFIC excess distribution regime. After the deemed sale election, the U.S. Holder's ADSs would not be treated as shares of a PFIC unless we subsequently become a PFIC.

If we are a PFIC for any taxable year during which a U.S. Holder holds ADSs and one of our non-U.S. corporate subsidiaries is also a PFIC (i.e., a lower-tier PFIC), such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC and would be taxed under the PFIC excess distribution regime on distributions by the lower-tier PFIC and on gain from the disposition of shares of the lower-tier PFIC even though such U.S. Holder would not receive the proceeds of those distributions or dispositions. Each U.S. Holder is advised to consult its tax advisors regarding the application of the PFIC rules to our non-U.S. subsidiaries.

If we are a PFIC, a U.S. Holder will not be subject to tax under the PFIC excess distribution regime on distributions or gain recognized on ADSs if such U.S. Holder makes a valid "mark-to-market" election for our ADSs. A mark-to-market election is available to a U.S. Holder only for "marketable stock." Our ADSs will be marketable stock as long as they remain listed on The Nasdaq Global Market and are regularly traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter. If a mark-to-market election is in effect, a U.S. Holder generally would take into account, as ordinary income for each taxable year of the U.S. holder, the excess of the fair market value of ADSs held at the end of such taxable year over the adjusted tax basis of such ADSs. The U.S. Holder would also take into account, as an ordinary loss each year, the excess of the adjusted tax basis of such ADSs over their fair market value at the end of the taxable year, but only to the extent of the excess of amounts previously included in income over ordinary losses deducted as a result of the mark-to-market election. The U.S. Holder's tax basis in ADSs would be adjusted to reflect any income or loss recognized as a result of the mark-to-market election. Any gain from a sale, exchange or other disposition of ADSs in any taxable year in which we are a PFIC would be treated as ordinary income and any loss from such sale, exchange or other disposition would be treated first as ordinary loss (to the extent of any net mark-to-market gains previously included in income) and thereafter as capital loss.

A mark-to-market election will not apply to ADSs for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC. Such election will not apply to any non-U.S. subsidiaries that we may organize or acquire in the future. Accordingly, a U.S. Holder may continue to be subject to tax under the PFIC excess distribution regime with respect to any lower-tier PFICs

that we may organize or acquire in the future notwithstanding the U.S. Holder's mark-to-market election for the ADSs.

The tax consequences that would apply if we are a PFIC would also be different from those described above if a U.S. Holder were able to make a valid qualified electing fund, or QEF, election. At this time, we do not expect to provide U.S. Holders with the information necessary for a U.S. Holder to make a QEF election. Prospective investors should assume that a QEF election will not be available.

Each U.S. person that is an investor of a PFIC is generally required to file an annual information return on IRS Form 8621 containing such information as the U.S. Treasury Department may require. The failure to file IRS Form 8621 could result in the imposition of penalties and the extension of the statute of limitations with respect to U.S. federal income tax.

**The U.S. federal income tax rules relating to PFICs are very complex. Prospective U.S. Holders are strongly urged to consult their own tax advisors with respect to the impact of PFIC status on the purchase, ownership and disposition of ADSs, the consequences to them of an investment in a PFIC, any elections available with respect to the ADSs and the IRS information reporting obligations with respect to the purchase, ownership and disposition of ADSs of a PFIC.**

**Distributions**

As described in the section titled "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our ADSs in the foreseeable future. However, if we make a distribution contrary to the expectation, subject to the discussion above under "—Passive Foreign Investment Company Consequences," a U.S. Holder that receives a distribution with respect to ADSs generally will be required to include the gross amount of such distribution in gross income as a dividend when actually or constructively received to the extent of the U.S. Holder's pro rata share of our current and/or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent a distribution received by a U.S. Holder is not a dividend because it exceeds the U.S. Holder's pro rata share of our current and accumulated earnings and profits, it will be treated first as a tax-free return of capital and reduce (but not below zero) the adjusted tax basis of the U.S. Holder's ADSs. To the extent the distribution exceeds the adjusted tax basis of the U.S. Holder's ADSs, the remainder will be taxed as capital gain. Because we may not account for our earnings and profits in accordance with U.S. federal income tax principles, U.S. Holders should expect all distributions to be reported to them as dividends.

Distributions on ADSs that are treated as dividends generally will constitute income from sources outside the United States for foreign tax credit purposes and generally will constitute passive category income. Subject to certain complex conditions and limitations, Cayman Island taxes withheld on any distributions on ADSs may be eligible for credit against a U.S. Holder's federal income tax liability. The rules relating to the determination of the U.S. foreign tax credit are complex, and U.S. Holders should consult their tax advisors regarding the availability of a foreign tax credit in their particular circumstances and the possibility of claiming an itemized deduction (in lieu of the foreign tax credit) for any foreign taxes paid or withheld.

Distributions on ADSs that are treated as dividends generally will not be eligible for the "dividends received" deduction generally allowed to corporate shareholders with respect to dividends received from U.S. corporations. Dividends paid by a "qualified foreign corporation" are eligible for taxation to non-corporate U.S. Holders at a reduced capital gains rate rather than the marginal tax rates generally applicable to ordinary income provided that certain requirements are met. A non-United States corporation (other than a corporation that is classified as a PFIC for the taxable year in which the dividend is paid or the preceding taxable year) generally will be considered to be a qualified foreign corporation (a) if it is eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information provision, or (b) with respect to any dividend it pays on shares that are readily tradable on an established securities market in the United States. Our

ADSs will generally be considered to be readily tradable on an established securities market in the United States for so long as they are listed on The Nasdaq Global Market. Each U.S. Holder is advised to consult its tax advisors regarding the availability of the reduced tax rate on dividends with regard to its particular circumstances.

**Sale, Exchange or Other Disposition of ADSs**

Subject to the discussion above under "—Passive Foreign Investment Company Consequences," a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes upon the sale, exchange or other disposition of ADSs in an amount equal to the difference, if any, between the amount realized (*i.e.*, the amount of cash plus the fair market value of any property received) on the sale, exchange or other disposition and such U.S. Holder's adjusted tax basis in the ADSs. Such capital gain or loss generally will be long-term capital gain taxable at a reduced rate for non-corporate U.S. Holders or long-term capital loss if, on the date of sale, exchange or other disposition, the ADSs were held by the U.S. Holder for more than one year. Any capital gain of a non-corporate U.S. Holder that is not long-term capital gain is taxed at ordinary income rates. The deductibility of capital losses is subject to limitations. Any gain or loss recognized from the sale or other disposition of ADSs will generally be gain or loss from sources within the United States for U.S. foreign tax credit purposes.

**Medicare Tax**

Certain U.S. Holders that are individuals, estates or trusts and whose income exceeds certain thresholds generally are subject to a 3.8% tax on all or a portion of their net investment income, which may include their gross dividend income and net gains from the disposition of ADSs. If you are a United States person that is an individual, estate or trust, you are encouraged to consult your tax advisors regarding the applicability of this Medicare tax to your income and gains in respect of your investment in ADSs.

**Information Reporting and Backup Withholding**

U.S. Holders may be required to file certain U.S. information reporting returns with the IRS with respect to an investment in ADSs, including, among others, IRS Form 8938 (Statement of Specified Foreign Financial Assets). As described above under "—Passive Foreign Investment Company Consequences", each U.S. Holder who is a shareholder of a PFIC must file an annual report containing certain information. U.S. Holders paying more than US$100,000 for ADSs may be required to file IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) reporting this payment. Substantial penalties may be imposed upon a U.S. Holder that fails to comply with the required information reporting.

Dividends on and proceeds from the sale or other disposition of ADSs may be reported to the IRS unless the U.S. Holder establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if the holder (1) fails to provide an accurate United States taxpayer identification number or otherwise establish a basis for exemption (usually on IRS Form W-9), or (2) is described in certain other categories of persons. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

U.S. Holders should consult their own tax advisors regarding the backup withholding tax and information reporting rules.

**EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN ADSS IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.**

**PRC 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 as a Tax Resident Enterprise for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. The implementation rules of the PRC Enterprise Income Tax Law 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 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" text 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 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 located in China; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of board members with voting rights or senior executives habitually reside in China.

We believe that we should not be considered as a PRC resident enterprise for PRC tax purposes as (i) we are incorporated outside of China and not controlled by a PRC enterprise or PRC enterprise group; and (ii) we do not meet all of the conditions above. 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 PRC tax authorities will ultimately not take a different view.

If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, our worldwide income could be subject to 25% enterprise income tax; and any dividends payable to non-resident enterprise holders of our common shares or ADSs may be treated as income derived from sources within China and therefore, subject to a 10% withholding tax (or 20% in the case of non-resident individual holders) unless an applicable income tax treaty provides otherwise. In addition, capital gains realized by non-resident enterprise shareholders (including our ADS holders) upon the disposition of our common shares or ADSs may be treated as income derived from sources within PRC and therefore, subject to 10% income tax (or 20% in the case of non-resident individual shareholders or ADS holders) unless an applicable income tax treaty provides otherwise. 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. See "Risk Factors—Risks Related to Doing Business in China—If we are classified as a "resident enterprise" of China under the PRC Enterprise Income Tax Law, we and our non-PRC shareholders could be subject to unfavorable tax consequences, and our business, financial condition and results of operations could be materially and adversely affected. "

## UNDERWRITERS

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Jefferies LLC are acting as representatives, or the representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the number of ADSs indicated below:

| Name | Number of ADSs |
|---|---|
| Morgan Stanley & Co. LLC | |
| J.P. Morgan Securities LLC | |
| Jefferies LLC | |
| Total: | 18,425,000 |

The underwriters and the representatives are collectively referred to as the "underwriters" and the "representatives," respectively. The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken. However, the underwriters are not required to take or pay for the ADSs covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of ADSs directly to the public at the offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ per ADS under the public offering price. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the representatives.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to 2,763,750 additional ADSs at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ADSs offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ADSs as the number listed next to the underwriter's name in the preceding table bears to the total number of ADSs listed next to the names of all underwriters in the preceding table.

The following table shows the per ADS and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 2,763,750 ADSs.

| | Per ADS | Total | |
|---|---|---|---|
| | | No Exercise | Full Exercise |
| Public offering price | $ | $ | $ |
| Underwriting discounts and commissions to be paid by us | $ | $ | $ |
| Proceeds, before expenses, to us | $ | $ | $ |

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately $3.7 million. We have agreed to reimburse the underwriters for expense relating to clearance of this offering with the Financial Industry Regulatory Authority up to $40,000.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ADSs offered by them.

We have applied to list the ADSs on the Nasdaq Global Market, or Nasdaq, under the symbol "LEGN."

We have agreed that, without the prior written consent of the representatives on behalf of the underwriters, we and they will not, and will not publicly disclose an intention to, during the period ending 180 days after the date of this prospectus, or the restricted period, subject to certain exceptions: (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of our ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for our ordinary shares or ADSs; (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our ordinary shares or ADSs, whether any such transaction described in (1) or (2) above is to be settled by delivery of our ordinary shares or ADSs or such other securities, in cash or otherwise; or (3) file any registration statement with the SEC relating to the offering of any of our ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for our ordinary shares or ADSs.

The restrictions described in the immediately preceding paragraph to do not apply in certain circumstances, including:

(1) the sale of the ADSs and the ordinary shares represented by such ADSs in this offering;

(2) the issuance by us of ordinary shares or ADSs upon the exercise of an option or warrant or the conversion of a security outstanding on the date of this prospectus;

(3) the grant of options, restricted stock units or any other type of equity award described in this prospectus, or the issuance of our ordinary shares or ADSs by us (whether upon the exercise of stock options or otherwise) to our employees, officers, directors, advisors or consultants pursuant to employee benefit plans in effect on the date of this prospectus and described in this prospectus; provided that each recipient of ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares pursuant to this clause (3) shall execute a lock-up agreement with respect to the remaining portion of the restricted period;

(4) the filing by us of a registration statement on Form S-8 relating to the issuance, vesting, exercise or settlement of equity awards granted or to be granted pursuant to any employee benefit plan in effect on the date of this prospectus and described in this prospectus;

(5) facilitating the establishment of a trading plan on behalf of a shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of ordinary shares or ADSs, provided that (i) such plan does not provide for the transfer of ordinary shares or ADSs during the restricted period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by us regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of ordinary shares or ADSs may be made under such plan during the restricted period;

(6) the sale or issuance of or entry into an agreement to sell or issue ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs in connection with one or more mergers; acquisitions of securities, businesses, property or other assets, products or technologies; joint ventures; commercial relationships or other strategic corporate transactions or alliances; provided that the aggregate amounts of ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs (on an as-converted, as exercised or as-exchanged basis) that we may sell or issue or agree to sell or issue pursuant to this clause (6) shall not exceed 10% of the total number of ordinary shares or ADSs of the Company issued and outstanding immediately following the completion of this offering determined on a fully diluted basis, and provided further that each recipient of ordinary shares, ADSs or any securities convertible into or exercisable or

exchangeable for ordinary shares or ADSs pursuant to this clause (6) shall execute a lock-up agreement with respect to the remaining portion of the restricted period; or

(7) the ordinary shares to be sold pursuant to the concurrent private placement as described in this prospectus; *provided* that each recipient of ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares pursuant to this clause (7) shall execute a lock-up agreement with respect to the remaining portion of the restricted period.

Each of our directors, executive officers and substantially all of our securityholders have agreed that, without the prior written consent of the representatives on behalf of the underwriters, it will not, and will not publicly disclose an intention to, during the period ending 180 days after the date of this prospectus, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any of our ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for our ordinary shares or ADSs; (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our ordinary shares or ADSs, whether any such transaction described in (1) or (2) above is to be settled by delivery of our ordinary shares or ADSs or such other securities, in cash or otherwise.

The restrictions described in the immediately preceding paragraph to do not apply in certain circumstances, including:

(1) transactions relating to our ordinary shares or ADSs or other securities acquired in this offering or in open market transactions after the completion of this offering, provided that no filing under Section 16(a) of the Exchange Act or any other public filing or disclosure reporting a reduction in beneficial ownership of ordinary shares or ADSs shall be required or voluntarily made during the restricted period;

(2) transfers of our ordinary shares or ADSs as bona fide gifts, by will, to an immediate family member, not involving a change in beneficial ownership or to certain trusts, provided that no filing under Section 16(a) of the Exchange Act or any other public filing or disclosure reporting a reduction in beneficial ownership of ordinary shares or ADSs shall be required or voluntarily made during the restricted period and provided further that each transferee or donee signs a lock-up agreement;

(3) distributions of our ordinary shares or ADSs or any security convertible into or exercisable or exchangeable for our ordinary shares or ADSs to shareholders, direct or indirect affiliates, current partners (general or limited), members or managers of such holders, provided that such distribution shall not involve a disposition for value and no filing under Section 16(a) of the Exchange Act or any other public filing or disclosure reporting a reduction in beneficial ownership of ordinary shares or ADSs shall be required or voluntarily made during the restricted period and provided further that each distributee signs a lock-up agreement;

(4) the receipt by such holder of our ordinary shares or ADSs upon the exercise of options or warrants outstanding described in this prospectus provided that the ordinary shares or ADSs received upon exercise of such option or warrant shall remain subject to this agreement and provided further no filing under Section 16(a) of the Exchange Act, or any other public filing or disclosure of such receipt or transfer by or on behalf of such holder shall be required or shall be voluntarily made within 60 days after the date of this prospectus, and after such 60th day, any filing under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that (A) the filing relates to the circumstances described in this clause (4), (B) no shares were sold by the reporting person and (C) the shares received upon exercise of the option are subject to a lock-up agreement;

(5) transfers of our ordinary shares or ADSs to us upon a vesting event of our securities or upon the exercise of options or warrants to purchase our securities on a “cashless” or “net exercise” basis to the extent permitted by the instruments representing such options or warrants so long as such “cashless”

exercise or "net exercise" is effected solely by the surrender of outstanding options or warrants to us and our cancellation of all or a portion thereof to pay the exercise price and/or withholding tax obligations provided no filing under Section 16(a) of the Exchange Act, or any other public filing or disclosure of such receipt or transfer by or on behalf of such holder shall be required or shall be voluntarily made within 60 days after the date of this prospectus, and after such 60th day, any filing under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that (A) the filing relates to the circumstances described in this clause (5) and (B) no shares were sold by the reporting person;

(6) sales of securities pursuant to the terms of the underwriting agreement;

(7) the establishment by such holders of trading plans under Rule 10b5-1 under the Exchange Act provided that such plan does not provide for the transfer of ordinary shares or ADSs during the restricted period and provided further that to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of such holder or us regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of our ordinary shares or ADSs may be made under such plan during the restricted period;

(8) transfers of our ordinary shares or ADSs or any security convertible into or exercisable or exchangeable for our ordinary shares or ADSs pursuant to a qualified domestic order in connection with a divorce settlement or other court order provided that each transferee signs a lock-up agreement and provided further that no filing under Section 16(a) of the Exchange Act or any other public filing or disclosure shall be voluntarily made during the restricted period, and any required filing shall clearly indicate in the footnotes thereto that such transfer is by operation of law, court order or in connection with a divorce settlement, as the case may be;

(9) transfers of our ordinary shares or ADSs or any security convertible into or exercisable or exchangeable for our ordinary shares or ADSs to us pursuant to any contractual arrangement described in this prospectus under which we have the option to repurchase such shares or a right of first refusal over such shares in the event such holder ceases to provide services to us and provided further that no filing under the Exchange Act or other public filing, report or announcement shall be required or shall be voluntarily made during the restricted period within 60 days after such holder ceases to provide services to us, and after such 60th day, if such holder is required to file a report under the Exchange Act reporting a change in beneficial ownership during the restricted period, such holder shall clearly indicate in the footnotes thereto that the filing relates to the termination of such holder's employment or other services and no other filing or public announcement shall be made voluntarily during the restricted period in connection with such transfer;

(10) conversion of our outstanding preferred shares into ordinary shares or ADSs in connection with the closing of this offering provided that any such ordinary shares or ADSs received upon such conversion shall be subject to the terms of the lock-up agreement and provided further that any filing required under Section 16(a) of the Exchange Act during the restricted period shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause (10);

(11) transfers of our ordinary shares or ADSs or any security convertible into or exercisable or exchangeable for our ordinary shares or ADSs pursuant to a bona fide third-party tender offer, merger, consolidation, or other similar transaction that is approved by our board of directors; and

(12) a transfer pursuant to the "assured entitlement" requirement under Paragraph 3(f) of Practice Note 15 of the Rules Governing the Listing on Securities on the Stock Exchange of Hong Kong Limited by GenScript to its shareholders of our ordinary shares or ADSs or any security convertible into or exerciseable or exchangeable for our ordinary shares or ADSs.

The representatives, in their sole discretion, may release the ordinary shares, ADSs and other securities subject to the lock-up agreements described above in whole or in part at any time.

In order to facilitate the offering of the ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ADSs. Specifically, the underwriters may sell more ADSs than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale is covered if the short position is no greater than the number of ADSs available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing ADSs in the open market. In determining the source of ADSs to close out a covered short sale, the underwriters will consider, among other things, the open market price of ADSs compared to the price available under the over-allotment option. The underwriters may also sell ADSs in excess of the over-allotment option, creating a naked short position. 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. As an additional means of facilitating this offering, the underwriters may bid for, and purchase, ADSs in the open market to stabilize the price of the ADSs. These activities may raise or maintain the market price of the ADSs above independent market levels or prevent or retard a decline in the market price of the ADSs. The underwriters are not required to engage in these activities and may end any of these activities at any time.

We and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

A prospectus in electronic format may be made available on websites maintained by one or more underwriters, or selling group members, if any, participating in this offering. The representatives may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make Internet distributions on the same basis as other allocations.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. 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.

**Pricing of the Offering**

Prior to this offering, there has been no public market for our ADSs. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price were our future prospects and those of our industry in general, our sales, earnings and certain other financial and operating information in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours.

**Selling Restrictions**

***European Economic Area and the United Kingdom***

In relation to each Member State of the European Economic Area and the United Kingdom (each a "Relevant State"), no ADSs have been offered or will be offered pursuant to the offering to the public in that Relevant State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that it may make an offer to the public in that Relevant State of any ADSs at any time under the following exemptions under the Prospectus Regulation:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the ADSs shall require us 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,

provided that no such offer of the ADSs shall require us or any representative to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer to the public" in relation to the ADSs in any Relevant 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 Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

***United Kingdom***

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or FSMA, received by it in connection with the issue or sale of our ADSs in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to our ADSs in, from or otherwise involving the United Kingdom.

***Canada***

The ADSs may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the ADSs must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation,

provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

***Hong Kong***

Our ADSs may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation, or document relating to our ADSs may 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 in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to our ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

***Singapore***

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of our ADSs may not be circulated or distributed, nor may our 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 under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA) (ii) to a relevant person, or any person pursuant to Section 275(1A), 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.

Where our ADSs are subscribed or purchased under Section 275 by a relevant person which is: (i) a corporation (which is not an accredited investor) 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; or (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired our ADSs under Section 275 except: (i) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

Solely for purposes of the notification requirements under Section 309B(1)(c) of the Securities and Futures Act, Chapter 289 of Singapore. The ADSs are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

***Dubai International Financial Center***

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

***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.

***Australia***

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission ("ASIC"), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the ADSs may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the ADSs without disclosure to investors under Chapter 6D of the Corporations Act.

The ADSs applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring ADSs must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

***Switzerland***

The ADSs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("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, Legend Biotech Corporation, 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 ("FINMA"), and the offer of ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of ADSs.

***Japan***

No registration pursuant to Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the "FIEL") has been made or will be made with respect to the solicitation of the application for the acquisition of the ADSs.

Accordingly, the ADSs have not been, directly or indirectly, offered or sold and will not be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements, and otherwise in compliance with, the FIEL and the other applicable laws and regulations of Japan.

***For Qualified Institutional Investors ("QII")***

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ADSs constitutes either a "QII only private placement" or a "QII only secondary distribution" (each as described in Paragraph 1, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ADSs. The ADSs may only be transferred to QIIs.

***For Non-QII Investors***

Please note that the solicitation for newly-issued or secondary securities (each as described in Paragraph 2, Article 4 of the FIEL) in relation to the ADSs constitutes either a "small number private placement" or a "small number private secondary distribution" (each as is described in Paragraph 4, Article 23-13 of the FIEL). Disclosure regarding any such solicitation, as is otherwise prescribed in Paragraph 1, Article 4 of the FIEL, has not been made in relation to the ADSs. The ADSs may only be transferred en bloc without subdivision to a single investor.

***Cayman Islands***

This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. Each underwriter has represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares in the Cayman Islands.

***Indonesia***

This prospectus does not, and is not intended to, constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Market. This prospectus may not be distributed in the Republic of Indonesia

and the ADSs may not be offered or sold in the Republic of Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesia residents, in a manner which constitutes a public offering under the laws of the Republic of Indonesia.

***Israel***

In the State of Israel, the ADSs offered hereby may not be offered to any person or entity other than the following:

- a fund for joint investments in trust (i.e., mutual fund), as such term is defined in the Law for Joint Investments in Trust, 5754-1994, or a management company of such a fund;
- a provident fund as defined in Section 47(a)(2) of the Income Tax Ordinance of the State of Israel, or a management company of such a fund;
- an insurer, as defined in the Law for Oversight of Insurance Transactions, 5741-1981, a banking entity or satellite entity, as such terms are defined in the Banking Law (Licensing), 5741-1981, other than a joint services company, acting for their own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- a company that is licensed as a portfolio manager, as such term is defined in Section 8(b) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- a company that is licensed as an investment advisor, as such term is defined in Section 7(c) of the Law for the Regulation of Investment Advisors and Portfolio Managers, 5755-1995, acting on its own account;
- a company that is a member of the Tel Aviv Stock Exchange, acting on its own account or for the account of investors of the type listed in Section 15A(b) of the Securities Law 1968;
- an underwriter fulfilling the conditions of Section 56(c) of the Securities Law, 5728-1968;
- a venture capital fund (defined as an entity primarily involved in investments in companies which, at the time of investment, (i) are primarily engaged in research and development or manufacture of new technological products or processes and (ii) involve above-average risk);
- an entity primarily engaged in capital markets activities in which all of the equity owners meet one or more of the above criteria; and
- an entity, other than an entity formed for the purpose of purchasing the ADSs in this offering, in which shareholders' equity (including pursuant to foreign accounting rules, international accounting regulations and U.S. generally accepted accounting rules, as defined in the Securities Law Regulations (Preparation of Annual Financial Statements), 1993) is in excess of NIS 250 million.

Any offeree of the ADSs offered hereby in the State of Israel shall be required to submit written confirmation that it falls within the scope of one of the above criteria. This prospectus will not be distributed or directed to investors in the State of Israel who do not fall within one of the above criteria.

***Korea***

The ADSs may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Korea Securities and Exchange Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The ADSs have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the ADSs may not be resold to Korean residents unless the purchaser of the ADSs complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the ADSs.

***Kuwait***

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 ‘‘Regulating the Negotiation of Securities and Establishment of Investment Funds,’’ its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.

***Malaysia***

The offering of the ADSs has not been and will not be approved by the Securities Commission Malaysia, or SC, and this document has not been and will not be registered as a prospectus with the SC under the Malaysian Capital Markets and Services Act 2007, or CMSA. Accordingly, no ADSs or invitation to purchase is being made to any person in Malaysia under this document except to persons falling within any of paragraphs 2(g)(i) to (xi) of Schedule 5 of the CMSA and distributed only by a holder of a Capital Markets Services License who carries on the business of dealing in securities.

***People’s 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 and regulations of the PRC.

***Philippines***

**THE ADSS BEING OFFERED OR SOLD HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE PHILIPPINE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE OF THE PHILIPPINES, OR THE SRC. ANY FUTURE OFFER OR SALE OF THE ADSS WITHIN THE PHILIPPINES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE SRC UNLESS SUCH OFFER OR SALE QUALIFIES AS A TRANSACTION EXEMPT FROM THE REGISTRATION UNDER THE SRC.**

Accordingly, this prospectus, 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 in the Philippines, and the ADSs may not be offered or sold, or be made the subject of an invitation for subscription or purchase, to persons in the Philippines, other than (i) to qualified investors in transactions that are exempt from the registration requirements of the SRC; and (ii) by persons licensed to make such offers or sales in the Philippines.

***Qatar***

In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person’s request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Center Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

***Saudi Arabia***

This prospectus may not be distributed in the Kingdom except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not

make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus you should consult an authorized financial adviser.

***Taiwan***

The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan through a public offering or in such an offering that require registration, filing or approval of the Financial Supervisory Commission of Taiwan except pursuant to the applicable laws and regulations of Taiwan and the competent authority's rulings thereunder.

***Thailand***

This prospectus does not, and is not intended to, constitute a public offering in Thailand. The ADSs may not be offered or sold to persons in Thailand, unless such offering is made under the exemptions from approval and filing requirements under applicable laws, or under circumstances which do not constitute an offer for sale of the shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand, nor require approval from the Office of the Securities and Exchange Commission of Thailand.

***Vietnam***

This offering of ADSs has not been and will not be registered with the State Securities Commission of Vietnam under the Law on Securities of Vietnam and its guiding decrees and circulars. The ADSs will not be offered or sold in Vietnam through a public offering and will not be offered or sold to Vietnamese persons other than those who are licensed to invest in offshore securities under the Law on Investment of Vietnam.

## 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 Financial Industry Regulatory Authority, or FINRA, filing fee, and The Nasdaq Global Market, or Nasdaq, entry and listing fee, all amounts are estimates.

| | |
|---|---|
| SEC Registration Fee | $ 55,006 |
| FINRA Fee | 64,066 |
| Nasdaq Entry and Listing Fee | 125,000 |
| Printing and Engraving Expenses | 500,000 |
| Legal Fees and Expenses | 2,000,000 |
| Accounting Fees and Expenses | 800,000 |
| Miscellaneous | 155,928 |
| Total | $ 3,700,000 |

## LEGAL MATTERS

We are being represented by Cooley LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Davis Polk & Wardwell LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the ordinary shares represented by the ADSs offered in this offering and legal matters as to Cayman Islands law will be passed upon for us by Harney Westwood & Riegels. Certain legal matters as to the People's Republic of China, or PRC, law will be passed upon for us by JunHe LLP and the underwriters by Jingtian & Gongcheng. Cooley LLP may rely upon Harney Westwood & Riegels with respect to matters governed by Cayman Islands law and JunHe LLP with respect to matters governed by PRC law. Our controlling shareholder GenScript is being represented by Jones Day with respect to certain legal matters as to United States federal securities law, New York State law and Hong Kong law.

## EXPERTS

The consolidated financial statements of Legend Biotech Corporation at December 31, 2018 and 2019, and for the years then ended, appearing in this Prospectus and Registration Statement have been audited by Ernst & Young Hua Ming LLP, independent registered public accounting firm, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

The offices of Ernst & Young Hua Ming LLP are located at 50/F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area, Shanghai 200120, the People's Republic of China.

## 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 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. Statements made in this prospectus concerning the contents of any contract, agreement or other document are summaries of all material information about the documents summarized, but are not complete descriptions of all terms of these documents. If we file any of these documents as an exhibit to the registration statement, we refer you to the copy of the document that has been filed for a complete description of its terms. Each statement in this prospectus relating to a document filed as an exhibit is qualified in all respects by the filed exhibit.

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.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated combined financial statements prepared in conformity with IFRS, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, if we so request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

We maintain a corporate website at www.legendbiotech.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus and our website address is included in this prospectus as an inactive textual reference only.

**LEGEND BIOTECH CORPORATION**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Legend Biotech Corporation

**Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of financial position of Legend Biotech Corporation (the "Company") as of December 31, 2018 and 2019, the related consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2019, and the results of its operations and its cash flows for the years then ended, in conformity with International Financial Reporting Standards 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 audit 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/ Ernst & Young Hua Ming LLP
We have served as the Company's auditor since 2020.
Shanghai, the People's Republic of China

April 20, 2020

**LEGEND BIOTECH CORPORATION**
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

| | Notes | 2018<br>US$'000, except per share data | 2019<br>US$'000, except per share data |
|---|---|---|---|
| REVENUE | 5 | 49,133 | 57,264 |
| Other income and gains | 5 | 13,901 | 7,125 |
| Research and development expenses | | (60,637) | (161,943) |
| Administrative expenses | | (2,769) | (6,752) |
| Selling and distribution expenses | | (1,160) | (25,620) |
| Other expenses | | (2) | (221) |
| Finance costs | 7 | (82) | (223) |
| LOSS BEFORE TAX | 6 | (1,616) | (130,370) |
| Income tax expense | 8 | (1,168) | (2,602) |
| LOSS FOR THE YEAR | | (2,784) | (132,972) |
| Attributable to: | | | |
| Equity holders of the parent | | (2,784) | (132,972) |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 9 | | |
| Basic | | (0.01) | (0.66) |
| Diluted | | (0.01) | (0.66) |
| OTHER COMPREHENSIVE (LOSS)/INCOME | | | |
| Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences: | | | |
| Exchange differences on translation of foreign operations | | (1,437) | 182 |
| Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods | | (1,437) | 182 |
| OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX | | (1,437) | 182 |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR | | (4,221) | (132,790) |
| Attributable to: | | | |
| Equity holders of the parent | | (4,221) | (132,790) |

The accompanying notes are an integral part of the consolidated financial statements.

**LEGEND BIOTECH CORPORATION**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**
**AS AT DECEMBER 31, 2018 AND 2019**

| | Notes | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 10 | 28,155 | 70,079 |
| Advance payments for property, plant and equipment | | 1,237 | 665 |
| Right-of-use assets | 12 | 3,733 | 9,348 |
| Deferred tax assets | 21 | 68,917 | — |
| Intangible assets | 11 | 49 | 519 |
| Total non-current assets | | 102,091 | 80,611 |
| CURRENT ASSETS | | | |
| Inventories | 14 | 1,135 | 1,157 |
| Trade receivables | 15 | 26,221 | 29,991 |
| Prepayments, other receivables and other assets | 16 | 83,165 | 16,777 |
| Financial assets at fair value through profit or loss | 13 | 6,014 | — |
| Pledged short-term deposits | 17 | 255 | 256 |
| Time deposits | 17 | — | 75,559 |
| Cash and cash equivalents | 17 | 210,166 | 83,364 |
| Total current assets | | 326,956 | 207,104 |
| Total assets | | 429,047 | 287,715 |
| CURRENT LIABILITIES | | | |
| Trade and notes payables | 18 | 7,575 | 9,586 |
| Other payables and accruals | 19 | 36,377 | 70,854 |
| Lease liabilities | 12 | 373 | 1,027 |
| Tax payable | | 74,536 | — |
| Contract liabilities | 20 | 40,324 | 46,294 |
| Total current liabilities | | 159,185 | 127,761 |
| NON-CURRENT LIABILITIES | | | |
| Contract liabilities | 20 | 257,269 | 277,765 |
| Lease liabilities | 12 | 3,944 | 5,085 |
| Total non-current liabilities | | 261,213 | 282,823 |
| Total liabilities | | 420,398 | 410,584 |
| EQUITY | | | |
| Share capital | 22 | 20 | 20 |
| Reserves/(deficits) | 24 | 8,629 | (122,889) |
| Total ordinary shareholders' equity/(deficit) | | 8,649 | (122,869) |
| Total equity/(deficit) | | 8,649 | (122,869) |
| Total liabilities and equity | | 429,047 | 287,715 |

The accompanying notes are an integral part of the consolidated financial statements.

**LEGEND BIOTECH CORPORATION**
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

| | Attributable to equity holders of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Share capital | Share premium* | Share option reserves* | Foreign currency translation reserve* | Retained earnings/ (accumulated losses)* | Total (deficit)/ equity |
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| As January 1, 2018 | 20 | 3,908* | —* | (236)* | 8,474* | 12,166 |
| Loss for the year | — | — | — | — | (2,784) | (2,784) |
| Other comprehensive loss: | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | (1,437) | — | (1,437) |
| **Total comprehensive loss for the year** | **—** | **—** | **—** | **(1,437)** | **(2,784)** | **(4,221)** |
| Equity-settled share option arrangements | — | — | 704 | — | — | 704 |
| **As December 31, 2018** | **20** | **3,908*** | **704*** | **(1,673)*** | **5,690*** | **8,649** |
| Loss for the year | — | — | — | — | (132,972) | (132,972) |
| Other comprehensive income: | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | 182 | — | 182 |
| **Total comprehensive income/ (loss) for the year** | **—** | **—** | **—** | **182** | **(132,972)** | **(132,790)** |
| Equity-settled share option arrangements | — | — | 1,272 | — | — | 1,272 |
| **As December 31, 2019** | **20** | **3,908*** | **1,976*** | **(1,491)*** | **(127,282)*** | **(122,869)** |

* These reserve accounts comprise the consolidated reserves/(deficits) of US$8,629,000 and US$(122,889,000) in the consolidated statements of financial position as at December 31, 2018 and December 31, 2019, respectively.

The accompanying notes are an integral part of the consolidated financial statements.

**LEGEND BIOTECH CORPORATION**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

| | Notes | 2018<br>US$'000 | 2019<br>US$'000 |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (1,616) | (130,370) |
| Adjustments for: | | | |
| Finance income | 5 | (6,214) | (4,581) |
| Finance costs | 7 | 82 | 223 |
| (Reversal of) provision for the impairment of trade receivables | 15 | (60) | 1 |
| Depreciation of property, plant and equipment | 6 | 845 | 4,001 |
| Amortisation of intangible assets | 6 | 15 | 63 |
| Depreciation of right-of-use assets | 6 | 823 | 1,198 |
| Fair value gains on financial assets at | | | |
| fair value change through profit or loss | 5 | (89) | (474) |
| Foreign currency exchange gain, net | 5 | (7,237) | (250) |
| Equity-settled share option expenses | | 704 | 1,272 |
| | | (12,747) | (128,917) |
| Decrease/(increase) in trade receivables | | 207,606 | (3,771) |
| Increase in prepayments, other receivables and other assets | | (2,507) | (3,928) |
| Increase in inventories | | (1,124) | (22) |
| Increase in trade and notes payables | | 3,239 | 2,011 |
| Increase in other payables and accruals | | 18,310 | 31,727 |
| Increase in contract liabilities | | 93,183 | 26,466 |
| Cash generated from/(used in) operations | | 305,960 | (76,434) |
| Income tax paid | | — | (15,432) |
| Finance income received | | 1,804 | 9,024 |
| Interest on loan from related party | | — | (24) |
| Interest on lease payments | | (82) | (199) |
| Net cash flows from/(used in) operating activities | | 307,682 | (83,065) |

The accompanying notes are an integral part of the consolidated financial statements.

**LEGEND BIOTECH CORPORATION**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

| | Note | 2018 US$'000 | 2019 US$'000 |
|---|---|---|---|
| Net cash flows from/(used in) operating activities | | 307,682 | (83,065) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (20,958) | (38,636) |
| Purchase of intangible assets | | (63) | (534) |
| Purchase of financial assets at fair value through profit or loss | | (6,000) | (314,840) |
| Cash received from withdrawal of financial assets at fair value through profit or loss | | — | 320,854 |
| Cash advances to related parties | 27 | (86,943) | (13,006) |
| Collection of cash advances to related parties | 27 | 11,943 | 62,996 |
| Proceeds from disposal of items of property, plant and equipment | | 20 | 74 |
| Addition of short-term time deposits | | — | (75,559) |
| Addition of pledged short-term deposits | | (255) | (256) |
| Decrease in pledged short-term deposits | | — | 255 |
| Net cash flows used in investing activities | | (102,256) | (58,652) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from cash advances from related parties | 27 | 35,939 | 38,945 |
| Repayment of cash advances from related parties | 27 | (33,219) | (19,223) |
| Proceeds from loans from related parties | 27 | — | 2,867 |
| Repayments of loans from related parties | 27 | — | (2,867) |
| Principal portion of lease payments | | (219) | (5,056) |
| Net cash flows from financing activities | | 2,501 | 14,666 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | | 207,927 | (127,051) |
| Effect of foreign exchange rate changes, net | | 124 | 249 |
| Cash and cash equivalents at beginning of year | 17 | 2,115 | 210,166 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 17 | 210,166 | 83,364 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 210,421 | 159,179 |
| Less: Pledged short-term deposits | | 255 | 256 |
| Time deposits | | — | 75,559 |
| Cash and cash equivalents as stated in the statement of financial position | 17 | 210,166 | 83,364 |
| Cash and cash equivalents as stated in the statement of cash flows | | 210,166 | 83,364 |

The accompanying notes are an integral part of the consolidated financial statements.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 1. CORPORATE INFORMATION

Legend Biotech Corporation (the "Company") was incorporated on May 27, 2015 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is PO Box 10240, Harbour Place, 103 South Church Street, George Town, Grant Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in research and development of biological products.

In the opinion of the Directors, the ultimate holding company of the Company is Genscript Corporation ("GS Corp"), which was incorporated in the United States of America.

***Information about subsidiaries***

| Company | Place and date of incorporation | Issued ordinary shares/paid-up capital | Percentage of equity interest attributable to the Company | | Principal activities |
|---|---|---|---|---|---|
| | | | Direct % | Indirect % | |
| Legend Biotech Limited ("Legend BVI") | The British Virgin Islands June 2, 2015 | — | 100 | — | Investment holding |
| Legend Biotech HK Limited ("Legend HK") | Hong Kong June 3, 2015 | — | — | 100 | Investment holding |
| Nanjing Legend Biotechnology Co., Ltd. ("Legend Nanjing") | PRC November 17, 2014 | US$ 22,500,000 | — | 100 | Manufacture and sale of life science research products and services |
| Legend Biotech USA Incorporated ("Legend USA") | United States of America August 31, 2017 | — | — | 100 | Manufacture and sale of life science research products and services |
| Legend Biotech Ireland Limited. ("Legend Ireland") | Ireland November 13, 2017 | — | — | 100 | Manufacture and sale of life science research products and services |
| Legend Biotech (Netherlands) B.V. ("Legend Netherlands") | Netherlands June 12, 2017 | — | — | 100 | Sale of life science research products |

## 2.1 BASIS OF PREPARATION

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (the "IASB"), which comprise all standards and interpretations approved by the IASB.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**2.1 BASIS OF PREPARATION (Continued)**

All IFRSs issued by the IASB, effective for the accounting period commencing from January 1, 2019 (including *IFRS 16 Leases* and *IFRIC Interpretation 23 Uncertainty Over Income Tax* Treatments, which are early adopted by the Group), together with the relevant transitional provisions, have been adopted by the Group on a retrospective basis in all periods presented.

The Group prepared the consolidated financial statements that comply with IFRS applicable as at January 1, 2019, together with the comparative period data for the year ended December 31, 2018, as described in the summary of significant accounting policies.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities which have been measured at fair value. The consolidated financial statements are presented in US dollars ("US$") and all values are rounded to the nearest thousand except when otherwise indicated.

***Basis of consolidation***

The consolidated financial statements include the financial statements of the Group for the years ended December 31, 2018 and 2019. 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) the contractual arrangement with the 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 the 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 or loss are attributed to the equity holders 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.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

| | |
|---|---|
| Amendments to IFRS 3 | *Definition of a Business*[1] |
| Amendments to IFRS 9 IAS 39 and IFRS 7 | *Interest Rate Benchmark Reform*[1] |
| Amendments to IFRS 10 and IAS 28 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4] |
| IFRS 17 | *Insurance Contracts*[2] |
| Amendments to IAS 1 and IAS 8 | *Definition of Material*[1] |
| Amendments to IAS 1 | *Classification of Liabilities as Current or Non-current*[3] |

1 Effective for annual periods beginning on or after January 1, 2020
2 Effective for annual periods beginning on or after January 1, 2021
3 Effective for annual periods beginning on or after January 1, 2022
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from January 1, 2020. Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from January 1, 2020. The amendments are not expected to have any significant impact on the Group’s consolidated financial statements.

## 2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Fair value measurement***

The Group measures its financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 the 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised 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 recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

***Impairment of non-financial assets***

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets and financial assets,), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs 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 recognised 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 the statement of 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 reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists,

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

the recoverable amount is estimated. A previously recognised 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/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of 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;

(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;

(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 (or valuation) 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 the statement of 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 capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Freehold land | Not depreciated |
| Buildings | 2% to 2.6% |
| Machinery and equipment | 10% to 25% |
| Computer and office equipment | 20% to 33⅓% |
| Transportation equipment | 10% |

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. Useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents equipment under installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of installation. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

***Intangible assets***

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 amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are amortised on the straight-line basis over the following useful economic lives:

| | |
|---|---|
| Software | 3 years |

***Research and development costs***

All research costs are charged to the statement of profit or loss as incurred.

Expenditures incurred on projects to develop new products is capitalised 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 ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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 recognises 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 recognised at the commencement date of the lease (that is 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 includes the amount of lease liabilities recognised, 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:

| | |
|---|---|
| Leasehold land | 50 years |
| Buildings | 2 to 10 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 recognised 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 a 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 variable lease payments that do not depend on an index or a rate are recognised 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.

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(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 machinery and 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).

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

*Group as a lessor*

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

***Investments and other financial assets***

***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, 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 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, 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.

All regular way purchases and sales of financial assets are recognised 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.

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent measurement***

*Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, 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 recognised in the statement of 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 derecognised (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 recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises 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 recognises 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 recognised 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

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 each reporting date, 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 at the reporting date with the risk of a default occurring on the financial instrument as at 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 amortised 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 and contract assets 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 recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

***Financial liabilities***

***Initial recognition and measurement***

All financial liabilities are recognised 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, and lease liabilities.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent measurement***

*Financial liabilities at amortised cost (Loans and borrowings)*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised 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 recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised 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 amortisation is included in finance costs in the statement of profit or loss.

***Derecognition of financial liabilities***

A financial liability is derecognised 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 recognised in the statement of profit or loss.

***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

***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 an original maturity of three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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.

***Income tax***

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 recognised for all taxable temporary differences, except:

- where 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, 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 recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference 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, deferred tax assets are only recognised 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 utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised 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 at the end of the reporting period.

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.

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Government grants***

Government grants are recognised 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 recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

***Revenue recognition***

***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services 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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

*(a) License and collaboration revenue*

The Group enters into a license and collaboration agreement for research, development, manufacturing and commercialization services with one customer. The terms of the arrangement include: non-refundable upfront fees of US$350 million, milestone payments for the achievement of specified manufacturing milestones, specified development milestones, specified regulatory milestones and specified net trade sales milestones of US$125 million, US$215 million, US$800 million and US$210 million. Milestone payment is 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. The contracts generally do not include a significant financing component.

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.

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Upon contract inception, the Group has estimated that the total transaction price is constrained to US$400 million which included upfront fees of US$350 million and milestone payments of US$50 million. 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 satisfying the performance obligation, the Group generally allocates that milestone amount entirely to that performance obligation once it is 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.
- 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 upfront fees of US$350 million was included in the transaction price upon contract inception in 2017 and fully received by the Group in 2018.

*Milestone payments*

At the inception of each arrangement that includes milestone payments, the Group evaluates whether the milestones are considered probable of being achieved and estimates the amount to be included in the transaction price using the most likely amount method. If it is 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 probable of being achieved until those approvals are received. The Group evaluates factors such as the scientific, clinical, regulatory,

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 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. The milestone payments were allocated to the 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, where the milestone payments are allocated entirely to the performance obligation which the milestone payments are specifically related to.

The initial two milestone payments of US$50 million were included in the transaction price at contract inception in 2017. Subsequently in 2019, an additional two milestones payments of US$60 million were included in the transaction price when the milestones triggered by dosing of a specified numbers of patients in the CARTITUDE-1 clinical trial were achieved. At December 31, 2019, the Group is eligible to receive further milestone payments up to $125 million for the achievement of specified manufacturing milestones and an additional $1,115 million, consisting of $105 million for the achievement of specified future development milestones, $800 million for the achievement of specified regulatory milestones and $210 million for the achievement of specified net trade sales milestones. The Company accessed that achievement of the remaining milestones are highly uncertain and the related milestone payments are not included in the transaction price. The milestone is achieved when the triggering event described in the agreement occurs.

*Licenses of intellectual property*

In assessing whether a license is distinct from the other promises, the Group considers factors such as the research, development, manufacturing and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace. In addition, the Group considers whether the counterparty can benefit from a license for its intended purpose without the receipt of the remaining promise(s) by considering whether the value of the license is dependent on the unsatisfied promise(s), whether there are other vendors that could provide the remaining promise(s), and whether it is separately identifiable from the remaining promise(s). The Group evaluates the nature of a promise to grant a license in order to determine whether the promise is satisfied over time or at a point in time. The Group evaluated that the licenses are separate performance obligations which represent a right to use the Group's license as it exists at the point in time that the license is granted. Revenue from licenses is recognized when the control of the right to use of the license is transferred to the customer.

*Steering committee services*

In assessing whether the preparation and participation in a Joint Steering Committee which leads to the commercialization of a new drug ("JSC service") is a promised service in the arrangement, the Group concluded that the services are capable of being distinct from the intellectual property licenses and distinct within the context of the contract based on a careful evaluation of the specific facts and circumstances. It was determined that the largest portion of the transaction price should be allocated to the JSC service as the Group is responsible for a significant portion of the development work prior to commercialization. The performance obligation is satisfied over time as services are rendered. Revenue from JSC service is recognized on a straight-line basis over the period when the JSC service is provided.

Pursuant to the license and collaboration agreement, both the Group and the customer jointly perform research and development activities and share the related costs. The research and development activities conducted by the Company are included within the JSC service performance obligation and are a significant input to the JSC service to achieve commercialisation of the new drug. Therefore, performing such research and development activities under the arrangement is not considered a distinct performance obligation.

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*(b) Rendering of services*

The Group render research and development services to customers by delivering research report. Revenue is recognized at the point in time when the research report is delivered and accepted by the customers.

*(c) Sale of goods*

Revenue from the sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

*Other 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.

Dividend income is recognised when the shareholders' right to receive 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

Rental income is recognised on a time proportion basis over the lease terms.

***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

***Contract liabilities***

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

***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 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 23 to the consolidated financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The

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**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

cumulative expense recognised for equity-settled transactions at the end of each reporting period 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 for a period represents the movement in the cumulative expense recognised as at 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.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

***Other employee benefits***

***Pension scheme***

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

***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 consolidated financial statements of each entity are measured using that functional currency. Foreign currency

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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 determined. 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 recognised in other comprehensive income or profit or loss is also recognised 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 initial transaction is the date on which the Group initially recognises 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.

The functional currencies of certain subsidiaries established in the PRC and Europe are currencies other than the United States dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into United States dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into United States dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of the subsidiaries established in the PRC and Europe are translated into United States dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the companies established in the PRC and Europe which arise throughout the year are translated into United States dollars at the weighted average exchange rates for the year.

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.

**LEGEND BIOTECH CORPORATION**
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**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

***Judgement***

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the consolidated financial statements:

***Revenue from contracts with customers***

The Group has applied the following judgements that significantly affect the determination of the performance obligations and the method to estimate variable consideration of revenue from contracts with customers:

*(i) Determining the performance obligations of the contract*

A good or service that is promised to a customer is distinct if both of the following criteria are met: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and (b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract. The Group determined that both license and JSC service are each capable of being distinct. In assessing whether each item has standalone value to the customer, the Group considers factors such as the research, manufacturing, and commercialization capabilities of the collaboration partner and the availability of the associated expertise in the general marketplace, which indicates that the customer can benefit from both license and service on their own. The Group also determined that the promises to transfer the license and to provide JSC service are distinct within the context of the contract. The license is separately identifiable in the contract and will be granted at contract inception. The license is not an input that will be integrated with the service which represents a combined output. The preparation and attendance of the various steering committees is to assist in conducting clinical trials and obtaining regulatory approval of the technology, but does not modify the technology itself. In addition, the license and JSC service are not highly interdependent or highly interrelated, because the delivery of license is not dependent on the service to be provided in the future, and accordingly, it is not interdependent or interrelated with the service.

In determining whether the license transfers to a customer either at a point in time or over time, the Group considers whether the nature of the Group's promise in granting the license to a customer is to provide a right to access or a right to use the Group's intellectual property. The Group assessed that the Group provides a right to use the license as the license exists (in terms of form and functionality) at a point in time at which it is granted. The license is already developed and has positive results on cancer patient candidates. The next step is to perform clinical trials again in a controlled and monitored environment.

The Group has allocated the transaction price to license and JSC service based on relative standalone selling prices. The standalone selling prices are not directly observable, and therefore, the Group estimates it using income approach for license and expected cost plus margin approach for JSC service with the assistance of an independent third-party valuer. The Group has considered all information that is reasonably available, including but not limited to, third-party or industry pricing, costs incurred to provide the good or service, related profit margins.

*(ii) Determining the method to estimate variable consideration*

Certain contract includes milestone payment that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount

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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**

method based on which method better predicts the amount of consideration to which it will be entitled. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for the milestone payments as this method better predicts the amount of variable consideration to which the Group will be entitled.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. 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.

***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.

***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 reporting period. 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 recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The outcome of their actual utilisation may be different. The amount of unrecognised deferred tax assets for deductible temporary differences and unused tax losses as at December 31, 2018 and 2019 was US$1,873,000 and US$46,717,000, respectively. Further details are contained in note 21 to the consolidated financial statements.

***Share-based compensation***

The fair value of share options granted by the Group is estimated using the binomial model. The use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Management estimates expected volatility based on the historical volatility of the stock of comparable companies. Expiration date is the basis for determining the expected life of an option. The risk-free interest rate is based on treasury yield curve rates with a remaining term which approximates to the expected life assumed at the date of grant. Changes in these input variables would affect the amount of expense associated with share-based compensation. The compensation expense recognised for all share-based awards is net of estimated

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**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)**

forfeitures. The Company estimates forfeiture rates based on historical analysis of option forfeitures. If actual forfeitures vary from estimated forfeitures, adjustments to the compensation expense may be required. For the years ended December 31, 2018 and 2019, the equity-settled share option expense was US$704,000 and US $1,272,000 respectively. Further details are contained in note 23 to the consolidated financial statements.

**4. OPERATING SEGMENT INFORMATION**

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purposes of resource allocation and assessment of performance does not contain discrete operation segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore no further information on the operating segment is presented.

***Geographic information***

*(a) Revenue from external customers*

| | 2018<br>US$'000 | 2019<br>US$'000 |
|---|---|---|
| North America | 48,104 | 57,261 |
| China | 1,029 | 3 |
| Total | 49,133 | 57,264 |

The revenue information above is based on the locations of the customers.

*(b) Non-current assets*

| | December 31, 2018<br>US$'000 | December 31, 2019<br>US$'000 |
|---|---|---|
| China | 13,457 | 27,731 |
| Other countries | 19,717 | 52,880 |
| Total | 33,174 | 80,611 |

The non-current asset information above is based on the locations of assets and excludes deferred tax assets.

***Information about major customer***

Revenue of US$48,104,000 and US$57,261,000 for the years ended December 31, 2018 and 2019, respectively, was derived from sales to a single customer.

**LEGEND BIOTECH CORPORATION**
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## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Revenue from contracts with customers* | | |
| Rendering of services | 1,029 | — |
| Sales of goods | — | 3 |
| License and collaboration revenue | | |
| - Licensing of intellectual property | 7,570 | 4,523 |
| - JSC service | 40,534 | 52,738 |
| | 49,133 | 57,264 |

Revenue from the rendering of services, sales of goods and licensing of intellectual property is recognized at a point in time. The U.S. right-to-use license amount of US$22.2 million was recognized in 2017 by Legend USA and the non-U.S. territories license amount of US$7.6 million was recognized in 2018 by Legend Ireland. Revenue from licensing of intellectual property in 2018 represents revenue recognized for the right to use the license in non-US territories, which was transferred in 2018 when the customer is able to use and benefit from the license. Revenue from licensing of intellectual property in 2019 represents variable consideration relating to the milestone payments which were constrained in prior years but included in the transaction price in 2019 when the milestones were highly probable achieved. At inception, the amount allocated to licensing of intellectual property was US$30 million, which was updated to US$34.5 million as at December 2019.

Revenue from JSC service is recognized overtime. Transaction price allocated to JSC service is recognized as revenue on straight-line basis over the service period, which is estimated to be 9 years, starting from the point when the license is transferred and JSC activities are initiated. At inception the amount allocated to JSC service was US$370 million, which was updated to US$425.5 million as at December 2019.

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Revenue recognized that was included in contract liabilities at the beginning of the reporting period: | | |
| License and collaboration revenue | | |
| - JSC service | 30,212 | 40,324 |

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Revenue recognized from performance obligation satisfied in previous periods: | | |
| License and collaboration revenue | | |
| - Licensing of intellectual property | — | 4,523 |
| - JSC service | — | 6,334 |
| | — | 10,857 |

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## 5. REVENUE, OTHER INCOME AND GAINS (Continued)

*(i) Performance obligations*

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2018 and 2019 are as follows:

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Amounts expected to be recognized as revenue: | | |
| Within 1 year | 40,324 | 46,294 |
| 1 - 2 years | 40,324 | 46,294 |
| 2 - 3 years | 40,324 | 46,294 |
| 3 - 4 years | 40,324 | 46,294 |
| After 4 years | 160,935 | 138,883 |
| | 322,231 | 324,059 |

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue relate to JSC service, of which the performance obligations are to be satisfied over the collaboration period, which is estimated to be 9 years. The amounts disclosed above do not include variable consideration which is constrained.

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Other income and gains | | |
| Foreign currency exchange gain, net | 7,237 | 250 |
| Government grants* | 361 | 1,682 |
| Finance income | 6,214 | 4,581 |
| Fair value gains on financial assets at fair value change through profit or loss | 89 | 474 |
| Rental income | — | 138 |
| | 13,901 | 7,125 |

* The amount represents subsidies received from local government authorities to support the Group's business. There were no unfulfilled conditions and other contingencies attached to these government grants.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

| | Notes | 2018 US$'000 | 2019 US$'000 |
|---|---|---|---|
| Research and development expense | | 16,568 | 32,997 |
| Depreciation of property, plant and equipment | 10 | 845 | 4,001 |
| Amortization of intangible assets * | 11 | 15 | 63 |
| Depreciation of right-of-use assets | 12 | 823 | 1,198 |
| Lease payments not included in the measurement of lease liabilities | 12 | — | 272 |
| (Reversal of)/provision for the impairment of trade receivables, net | 15 | (60) | 1 |
| Government grants | | (361) | (1,682) |
| Collaborative research and development expenses ** | | 30,943 | 83,440 |
| Collaborative selling and distribution expenses *** | | — | 19,580 |
| Employee benefit expense (excluding directors' remuneration): | | | |
| Wages and salaries | | 12,039 | 37,038 |
| Pension scheme contributions (defined contribution schemes) | | 416 | 1,166 |
| Equity-settled share option expense | | 704 | 1,272 |
| Foreign currency exchange gain, net | | (7,237) | (250) |

* The amortization of intangible assets for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

** Collaborative research and development expenses represented research and development expenses charged by a customer under a license and collaboration agreement and are included in "Research and development expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** Collaborative selling and distribution expenses represented selling and distribution expenses charged by a customer under a license and collaboration agreement and are included in "Selling and distribution expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

## 7. FINANCE COSTS

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Interest on lease liabilities | 82 | 199 |
| Interest on an entrusted loan from a related party | — | 24 |
| Total | 82 | 223 |

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits 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.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
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**8. INCOME TAX (Continued)**

***British Virgin Islands***

Under the current laws of the British Virgin Islands ("BVI"), Legend Biotech Limited ("Legend BVI") is not subject to tax on income or capital gains. Additionally, upon payments of dividends by the Group's subsidiaries incorporated in the British Virgin Islands to their shareholders, no withholding tax will be imposed.

***Hong Kong***

Under the current laws of Hong Kong, the subsidiary which operates in Hong Kong is subject to a corporate income tax ("CIT") at a rate of 16.5% on the taxable income. Under the Hong Kong tax law, the subsidiaries in Hong Kong are exempted from income tax on their foreign derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

***United States of America***

Under the current laws of the United States of America ("USA"), the subsidiary which operates in the United States of America is subject to federal tax at a rate of 21% and state tax at a rate of 11.5% in New Jersey. Dividends payable by the Group's US entity, to non US resident enterprises shall be subject to 30% withholding tax, unless the respective non US resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with US that provides for a reduced withholding tax rate or an exemption from withholding tax.

***Ireland***

Under the current laws of the Ireland, the subsidiary which operates in Ireland is subject to CIT at a rate of 12.5% on the taxable income. Dividend withholding tax is imposed on distributions made by Irish companies at a rate of 20% with many exemptions provided.

***Mainland China***

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. During the years ended December 31, 2018 and 2019, the applicable income tax rate was 25%. Dividends, interests, rent or royalties payable by the Group's PRC entities, to non PRC resident enterprises, and proceeds from any such non-resident enterprise investor's disposition of assets (after deducting the net value of such assets) shall be subject to 10% EIT, namely withholding tax, unless the respective non PRC resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

***Netherlands***

Under the current laws of Netherlands, the subsidiary which operates in Ireland is subject to CIT at a rate of 25% on the taxable income. A tax rate of 19% (2018: 20%) applies to the first EUR200,000 of taxable income. The statutory withholding tax rate for dividends is 15% while several exemptions and reductions can apply.

| | 2018<br>US$'000 | 2019<br>US$'000 |
|---|---|---|
| Current – United States of America | 64,312 | (65,948) |
| Current – Elsewhere | 913 | (371) |
| Deferred (note 21) | (64,057) | 68,921 |
| Total tax charge for the year | 1,168 | 2,602 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 8. INCOME TAX (Continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries (or jurisdictions) in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

| | 2018 | | 2019 | |
|---|---|---|---|---|
| | US$'000 | % | US$'000 | % |
| Loss before tax | (1,616) | | (130,370) | |
| At the statutory blended income tax rate of 30.1% (2018: 30.1%) | (486) | 30.1 | (39,222) | 30.1 |
| Effect of tax rate differences in other countries | (605) | 37.4 | 6,395 | (4.9) |
| Research and development credit | (2,341) | 144.9 | (3,746) | 2.9 |
| Statutory income/expense | 46 | (2.9) | — | — |
| Effect of non-deductible expenses | 112 | (6.9) | 188 | (0.1) |
| Tax losses and deductible temporary differences not recognized | 1,462 | (90.5) | 44,844 | (34.5) |
| Prior year true up | (76) | 4.7 | (6,598) | 5.1 |
| Uncertain tax positions | 3,056 | (189.1) | 272 | (0.2) |
| Withholding tax on interest | — | — | 393 | (0.3) |
| Others | — | — | 76 | (0.1) |
| Tax charge at the Group's effective rate | 1,168 | (72.3) | 2,602 | (2.0) |

## 9. 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 200,000,000 and 200,000,000 in issue during the years 2018 and 2019, respectively.

The calculation of the diluted earnings per share amount is based on the loss for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2018 and 2019 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

| | 2018 | 2019 |
|---|---|---|
| | US$'000 | US$'000 |
| Earnings | | |
| Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | (2,784) | (132,972) |

| | Number of shares | |
|---|---|---|
| | 2018 | 2019 |
| Shares | | |
| Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation | 200,000,000 | 200,000,000 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 10. PROPERTY, PLANT AND EQUIPMENT

| | Buildings US$'000 | Machinery and equipment US$'000 | Computer and office equipment US$'000 | Transportation equipment US$'000 | Construction in progress US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| **December 31, 2018** | | | | | | |
| At January 1, 2018: | | | | | | |
| Cost | 32 | 2,668 | 88 | — | 171 | 2,959 |
| Accumulated depreciation and impairment | (7) | (295) | (19) | — | — | (321) |
| Net carrying amount | 25 | 2,373 | 69 | — | 171 | 2,638 |
| At January 1, 2018, net of accumulated depreciation and impairment | 25 | 2,373 | 69 | — | 171 | 2,638 |
| Additions | 98 | 138 | 45 | — | 26,729 | 27,010 |
| Disposals | — | (20) | — | — | — | (20) |
| Depreciation provided during the year | (23) | (762) | (59) | (1) | — | (845) |
| Exchange realignment | (3) | (156) | (10) | (2) | (457) | (628) |
| Transfers from construction in progress | — | 1,814 | 250 | 44 | (2,108) | — |
| At December 31, 2018, net of accumulated depreciation and impairment | 97 | 3,387 | 295 | 41 | 24,335 | 28,155 |
| At December 31, 2018: | | | | | | |
| Cost | 127 | 4,217 | 367 | 43 | 24,335 | 29,089 |
| Accumulated depreciation and impairment | (30) | (830) | (73) | (1) | — | (934) |
| Net carrying amount | 97 | 3,387 | 294 | 42 | 24,335 | 28,155 |

LEGEND BIOTECH CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

**10. PROPERTY, PLANT AND EQUIPMENT (Continued)**

| | Freehold land US'000 | Buildings US$'000 | Machinery and equipment US$'000 | Computer and office equipment US$'000 | Transportation equipment US$'000 | Construction in progress US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|
| **December 31, 2019** | | | | | | | |
| At January 1, 2019: | | | | | | | |
| Cost | — | 127 | 4,217 | 367 | 43 | 24,335 | 29,089 |
| Accumulated depreciation and impairment | — | (30) | (830) | (73) | (1) | — | (934) |
| Net carrying amount | — | 97 | 3,387 | 294 | 42 | 24,335 | 28,155 |
| At January 1, 2019, net of accumulated depreciation and impairment | — | 97 | 3,387 | 294 | 42 | 24,335 | 28,155 |
| Additions | 2,889 | 9,476 | 1,586 | 53 | — | 32,310 | 46,314 |
| Disposals | — | — | (74) | — | — | — | (74) |
| Depreciation provided during the year | — | (1,505) | (2,219) | (273) | (4) | — | (4,001) |
| Exchange realignment | — | (77) | (70) | (4) | (2) | (162) | (315) |
| Transfers from construction in progress | — | 23,002 | 22,442 | 903 | — | (46,347) | — |
| At December 31, 2019, net of accumulated depreciation and impairment | 2,889 | 30,993 | 25,052 | 973 | 36 | 10,136 | 70,079 |
| At December 31, 2019: | | | | | | | |
| Cost | 2,889 | 32,527 | 27,992 | 1,314 | 42 | 10,136 | 74,900 |
| Accumulated depreciation and impairment | — | (1,534) | (2,940) | (341) | (6) | — | (4,821) |
| Net carrying amount | 2,889 | 30,993 | 25,052 | 973 | 36 | 10,136 | 70,079 |

During the years ended December 31, 2018 and 2019, the additions of property, plant and equipment included the charge from a customer under a license and collaboration agreement amounting to US$13,684,000 and US$19,765,000, respectively.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 11. INTANGIBLE ASSETS

| | Software US$'000 |
|---|---|
| **December 31, 2018** | |
| At January 1, 2018: | |
| Cost | 5 |
| Accumulated amortization | (3) |
| Net carrying amount | 2 |
| At January 1, 2018, net of accumulated amortisation | 2 |
| Additions | 63 |
| Amortisation provided during the year | (15) |
| Exchange realignment | (1) |
| At December 31, 2018, net of accumulated amortisation | 49 |
| At December 31, 2018: | |
| Cost | 67 |
| Accumulated amortisation | (18) |
| Net carrying amount | 49 |
| **December 31, 2019** | |
| At January 1, 2019: | |
| Cost | 67 |
| Accumulated amortisation | (18) |
| Net carrying amount | 49 |
| At January 1, 2019, net of accumulated amortisation | 49 |
| Additions | 534 |
| Amortisation provided during the year | (63) |
| Exchange realignment | (1) |
| At December 31, 2019, net of accumulated amortisation | 519 |
| At December 31, 2019: | |
| Cost | 598 |
| Accumulated amortisation | (79) |
| Net carrying amount | 519 |

## 12. LEASES

***The Group as a lessee***

The Group has lease contracts for land and buildings. Leases of buildings (including car park spaces) generally have lease terms between 2 and 10 years. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Other buildings and rooms generally have lease terms of 12 months.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**12. LEASES (Continued)**

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

| | Prepaid land lease payments US$'000 | Buildings US$'000 | Total US$'000 |
|---|---|---|---|
| **December 31, 2018** | | | |
| Right-of-use assets at January 1, 2018, net of accumulated depreciation | — | 291 | 291 |
| Additions | — | 4,280 | 4,280 |
| Exchange realignment | — | (15) | (15) |
| Depreciation of right-of-use assets | — | (823) | (823) |
| At December 31, 2018 | — | 3,733 | 3,733 |
| **December 31, 2019** | | | |
| Right-of-use assets at January 1, 2019, net of accumulated depreciation | — | 3,733 | 3,733 |
| Additions | 4,677 | 2,163 | 6,840 |
| Exchange realignment | — | (27) | (27) |
| Depreciation of right-of-use assets | (47) | (1,151) | (1,198) |
| At December 31, 2019 | 4,630 | 4,718 | 9,348 |

(b) Lease liabilities

Lease liabilities are as indicated below:

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Carrying amount at January 1 | 269 | 4,317 |
| New leases | 4,280 | 6,840 |
| Accretion of interest recognised during the year | 82 | 199 |
| Payments | (301) | (5,255) |
| Exchange | (13) | (16) |
| Carrying amount at December 31 | 4,317 | 6,085 |
| Analyzed into: | | |
| Current portion | 373 | 1,027 |
| Non-current portion | 3,944 | 5,058 |
| | 4,317 | 6,085 |

LEGEND BIOTECH CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

**12. LEASES (Continued)**

(c) The amounts recognised in profit or loss in relation to leases are as follows:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Interest on lease liabilities | 82 | 199 |
| Depreciation charge of right-of-use assets | 823 | 1,198 |
| Expense relating to short-term leases | — | 272 |
| Total amount recognized in profit or loss | 905 | 1,669 |

The maturity analysis of lease liabilities is disclosed in note 30 to the financial statements. The total cash outflow for leases is disclosed in note 25(c) to the financial statements.

**The Group as a lessor**

The Group leases its right-of-use assets above consisting of five car parking spaces in Ireland for a lease term of 12 months and buildings (note 10) consisting of one office in the US under operating lease arrangements for a lease term of 3 months. Rental income recognised by the Group for the year ended December 31, 2019 was US$138,000 (2018: none), details of which are included in note 5 to the financial statements.

At December 31, 2019, the undiscounted minimum lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Within one year | — | 16 |

**13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| **Financial assets at fair value through profit or loss** | | |
| Investments in financial products, at fair value | 6,014 | — |
| | 6,014 | — |

The above investments in financial products at December 31, 2018 were classified as financial assets at fair value through profit or loss as their contractual cash flows do not qualify for solely payments of principal and interest.

**14. INVENTORIES**

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Raw materials and consumables | 1,135 | 1,157 |

LEGEND BIOTECH CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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## 15. TRADE RECEIVABLES

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Trade receivables | 26,229 | 30,000 |
| Less: Impairment of trade receivables | (8) | (9) |
| | 26,221 | 29,991 |

The Group's trading terms with its customers are mainly on credit. The credit period is 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. Trade receivables are non-interest-bearing. The Group has concentration of credit risk as 96.2% and 100% of trade receivables were due from one single customer under a license and collaboration agreement as at December 31, 2018 and 2019, respectively.

Included in the Group's trade receivables were amounts due from the Group's related parties of US$1,005,000 and nil as at December 31, 2018 and 2019, respectively, which are repayable on credit terms similar to those offered to the major customers of the Group (note 27).

An aging analysis of the trade receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Within 3 months | 26,221 | 29,991 |

Movements in the loss allowance for impairment of trade receivables were as follows:

| | Total US$'000 |
|---|---|
| At January 1, 2018 | 68 |
| Impairment losses reversed (note 6) | (60) |
| At December 31, 2018 | 8 |
| At January 1, 2019 | 8 |
| Impairment losses recognised (note 6) | 1 |
| At December 31, 2019 | 9 |

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group performed an impairment analysis at the end of each year by considering the probability of default of the debtors or comparable companies with published credit ratings.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
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## 15. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

| | As at December 31, 2018 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Expected credit loss |
| | USD'000 | | USD'000 |
| Within 3 months | 26,229 | 0.03% | 8 |

| | As at December 31, 2019 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Expected credit loss |
| | USD'000 | | USD'000 |
| Within 3 months | 30,000 | 0.03% | 9 |

## 16. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

| | December 31, 2018 | December 31, 2019 |
|---|---|---|
| | US$'000 | US$'000 |
| Interest receivable | 4,486 | 516 |
| Other receivables | 75,111 | 1,044 |
| Prepaid income tax | — | 7,210 |
| VAT recoverable | 2,750 | 4,206 |
| Prepayments | 759 | 3,190 |
| Prepaid expense | 59 | 611 |
| | 83,165 | 16,777 |

As at December 31, 2018 and 2019, included in the Group's other receivables were amounts due from the Group's related parties that are repayable on demand of US$75,051,000 and US$291,000, respectively (note 27).

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. The majority of the above balances were settled within 12 months and had no history of default. The Group estimated that the expected credit loss for the above receivables is insignificant.

LEGEND BIOTECH CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019

## 17. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Cash and bank balances | 210,421 | 159,179 |
| Less: pledged short-term deposits | (255) | (256) |
| time deposits for periods over three months | — | (75,559) |
| Cash and cash equivalents | 210,166 | 83,364 |
| Denominated in USD | 208,120 | 69,846 |
| Denominated in RMB | 1,611 | 13,180 |
| Denominated in EUR | 435 | 338 |
| Cash and cash equivalents | 210,166 | 83,364 |

The cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US$1,611,000 and US$13,180,000 in the consolidated statements of financial position as at December 31, 2018 and December 31, 2019, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The pledged deposit as at December 31, 2019 was pledged for credit card facilities and the pledged deposit as at December 31, 2018 was pledged for issuing bank notes payables to suppliers of the Group.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

## 18. TRADE AND NOTES PAYABLES

An aging analysis of the trade and notes payables as at the end of the year, based on the invoice date, is as follows:

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Trade payables | 7,320 | 9,586 |
| Notes payable | 255 | — |
| | 7,575 | 9,586 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 18. TRADE AND NOTES PAYABLES (Continued)

An aging analysis of the trade and notes payables at the end of each year, based on the transaction date, is as follows:

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Within 3 months | 7,575 | 9,392 |
| 3 months to 6 months | — | 194 |
| 6 months to 12 months | — | — |
| Over 1 year | — | — |
| | 7,575 | 9,586 |

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

As at December 31, 2018 and 2019, included in the Group's trade payables were amounts due to the Group's related parties of US$5,667,000 and US$5,225,000, respectively (note 27).

## 19. OTHER PAYABLES AND ACCRUALS

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Accrued payroll | 2,473 | 6,633 |
| Other payables | 33,904 | 64,221 |
| | 36,377 | 70,854 |

Other payables are non-interest-bearing and repayable on demand.

As at December 31, 2018 and 2019, included in the Group's other payables were amounts due to the Group's related parties of US$7,174,000 and US$1,544,000, respectively (note 27).

## 20. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| *Advances received from customers* | | |
| License and collaboration revenue | | |
| - JSC service | 297,593 | 324,059 |
| Current | 40,324 | 46,294 |
| Non-current | 257,269 | 277,765 |

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## 20. CONTRACT LIABILITIES (Continued)

The movements in contract liabilities during the year are as follows:

| | US$'000 |
|---|---|
| At January 1, 2018 | 204,410 |
| Advance received/due for payment | 140,923 |
| Transferred to revenue | (48,104) |
| Exchange realignment | 364 |
| At December 31, 2018 | 297,593 |
| At January 1, 2019 | 297,593 |
| Advance received/due for payment | 85,217 |
| Transferred to revenue | (57,261) |
| Exchange realignment | (1,490) |
| At December 31, 2019 | 324,059 |

Contract liabilities include advances received/due for payment under the license and collaboration agreement at the end of each year. Contract liabilities are recognized as revenue upon the Group satisfying its performance obligations under the agreement. The US$204.4 million balance of contract liabilities at January 1, 2018 represented the amount of US$227.5 million to be paid by a customer to Legend USA less the license revenue and JSC service revenue of US$23.1 million recognized in 2017. The US$227.5 million was received in January 2018. The remaining US$122.5 million of the US$350 million upfront payment under the agreement became due in 2018 when Legend Ireland, owner of the non-U.S. license, began its collaboration with a customer in 2018. The US$122.5 million was received in March 2018. The increase in contract liabilities in 2018 and 2019 was mainly due to the increase in upfront and milestone payments from a customer in relation to the agreement.

## 21. DEFERRED TAX

The movements in deferred tax assets during the year are as follows:

*Deferred tax assets*

| | Amortized and accrued US$'000 | Expense of share Options US$'000 | Unrealised profit from intercompany US$'000 | Contract liabilities US$'000 | Losses available for offsetting against future taxable profits US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| At January 1, 2018 | 540 | — | 4,282 | — | 38 | 4,860 |
| Deferred tax credited/(charged) to the statement of profit or loss during the year | 413 | 90 | 3,205 | 60,387 | (38) | 64,057 |
| Gross deferred tax assets at December 31, 2018 | 953 | 90 | 7,487 | 60,387 | — | 68,917 |
| At January 1, 2019 | 953 | 90 | 7,487 | 60,387 | — | 68,917 |
| Deferred tax charged to the statement of profit or loss during the year | (953) | (90) | (7,487) | (60,391) | — | (68,921) |
| Exchange realignment | — | — | — | 4 | — | 4 |
| Gross deferred tax assets at December 31, 2019 | — | — | — | — | — | — |

**LEGEND BIOTECH CORPORATION**
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**21. DEFERRED TAX (Continued)**

The Group has tax losses arising in Hong Kong of US$919,000 in 2019 (2018: US$130,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group has tax losses arising in Mainland China of US$30,766,000 in 2019 (2018: US$4,736,000) that will expire in 5 years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has tax losses arising in the Netherlands of US$2,000 in 2019 (2018: Nil) that can be carried back for 1 year and carried forward for 9 years for offsetting against taxable profits of the company.

The Group has tax losses arising in Ireland of US$31,594,000 in 2019 (2018: Nil) that can be carried back for 1 year and carried forward indefinitely for offsetting against taxable profits of the company.

The Group has tax losses arising in the United States of US$57,792,000 in 2019 (2018: Nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Deferred tax assets have not been recognized in respect of these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Deferred tax assets have not been recognised in respect of the following items:

| | 2018<br>US$'000 | 2019<br>US$'000 |
|---|---|---|
| Deductible temporary differences | 1,020 | 59,399 |
| Tax losses | 4,889 | 121,073 |
| | 5,909 | 180,472 |

Deferred income tax assets are recognised for tax losses carried-forward to the extent that realization of the related tax benefit through future taxable profits is probable. Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilized.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008.

At December 31, 2018, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future as the Group's fund will be retained in PRC for the expansion of the Group's operation. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized in total was US$1,344,000 at December 31, 2018. At December 31, 2019, the subsidiary in Mainland China had no distributable retained earnings.

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**21. DEFERRED TAX (Continued)**

According to the US tax laws, dividends payable by the Group's US entity, to non-US resident enterprises shall be subject to 30% withholding tax. A lower withholding tax rate may be applied if there is a tax treaty between US and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in US.

At December 31, 2018, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in US. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future as the Group's fund will be retained in US for the expansion of the Group's operation. The aggregate amount of temporary differences associated with investments in subsidiaries in US for which deferred tax liabilities have not been recognized in total was US$525,000 at December 31, 2018. At December 31, 2019, the subsidiary in US had no distributable retained earnings.

**22. SHARE CAPITAL AND SHARE PREMIUM**

The Company was incorporated in the Cayman Islands on May 27, 2015. The authorized share capital of the Company was US$50,000 divided into 50,000,000 ordinary shares with a par value of US$0.001 each on the date of incorporation. On May 27, 2015, 50,000,000 ordinary shares were allotted and issued to Genscript Biotech Corporation but not paid. On October 19, 2017, 50,000,000 ordinary shares were redeemed from Genscript Biotech Corporation and cancelled by the Company. On the same day, each of the shares with a par value of US$0.001 was subdivided into 10 shares of the Company with a par value of US$0.0001 each, after which, the authorized share capital of the Company was US$50,000 divided into 500,000,000 shares with par value of US$0.0001 each. On October 19, 2017, 169,680,000 and 30,320,000 ordinary shares were allocated and issued to Genscript Biotech Corporation and AquaPoint L.P., respectively, with the share capital fully paid.

*Shares*

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Authorised: | | |
| 500,000,000 ordinary shares of US$0.0001 each | 50 | 50 |
| Issued and fully paid: | | |
| 200,000,000 ordinary shares of US$0.0001 each | 20 | 20 |

A summary of movements in the Company's share capital and share premium is as follows:

| | Number of shares in issue | Share capital US$'000 | Share premium US$'000 | Total US$'000 |
|---|---|---|---|---|
| At December 31, 2018, January 1, 2019 and December 31, 2019 | 200,000,000 | 20 | 3,908 | 3,928 |

**23. SHARE OPTION SCHEME**

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, and employees of

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**23. SHARE OPTION SCHEME (Continued)**

any member of the Group. The Scheme became effective on December 21, 2017 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The Scheme has a performance vesting condition and is subject to forfeiture if the participants cannot meet certain performance targets set by the board of directors.

Share options do not confer any voting rights, or rights to participate in any dividends or distributions.

The following share options were outstanding under the Scheme during the year:

| | 2018 | | 2019 | |
|---|---|---|---|---|
| | Weighted average exercise price US$ per share | Number of options '000 | Weighted average exercise price US$ per share | Number of options '000 |
| At January 1, | 0.5000 | 8,100 | 0.7782 | 14,311 |
| Granted during the year | 1.0000 | 7,990 | 1.4973 | 3,757 |
| Forfeited during the year | 0.5073 | (1,779) | 1.0909 | (55) |
| At December 31, | 0.7782 | 14,311 | 0.9273 | 18,013 |

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

December 31, 2018

| Number of options '000 | Exercise price* US$ per share | Exercise period |
|---|---|---|
| 6,347 | 0.5 | 2019/12/25 - 2027/12/25 |
| 7,288 | 1.0 | 2019/07/01 - 2028/08/29 |
| 676 | 1.0 | 2019/12/31 - 2028/12/30 |
| 14,311 | | |

December 31, 2019

| Number of options '000 | Exercise price* US$ per share | Exercise period |
|---|---|---|
| 6,347 | 0.5 | 2019/12/25 - 2027/12/25 |
| 7,283 | 1.0 | 2019/07/01 - 2028/08/29 |
| 656 | 1.0 | 2019/12/31 - 2028/12/30 |
| 3,225 | 1.5 | 2020/07/02 - 2029/07/01 |
| 502 | 1.5 | 2020/11/29 - 2029/11/28 |
| 18,013 | | |

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year was US$1,099,000 (US$0.294 each) (2018: US$4,329,189, US$0.269 each), of which the Group recognised a share option expense of US$1,272,000 (2018: US$704,000) during the year ended December 31, 2019.

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**23. SHARE OPTION SCHEME (Continued)**

The fair value of equity-settled share options granted during the period was estimated, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

| | 2018 | 2019 |
|---|---|---|
| Dividend yield (%) | — | — |
| Expected volatility (%) | 64.2-66.4 | 66.4-80.3 |
| Risk-free interest rate (%) | 2.48-2.87 | 1.98-2.69 |
| Expected life of options (year) | 10 | 10 |
| Weighted average share price (US$ per share) | 0.609-0.615 | 0.590-0.615 |

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of comparable listed companies in the same industry.

As at December 31, 2019, the Company had 18,013,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 18,013,000 additional ordinary shares of the Company, an additional share capital of US$1,801 and a share premium of US$16,701,654 (before issue expenses).

**24. RESERVES**

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page F-5 of the consolidated financial statements.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with a functional currency other than US$.

Under PRC laws and regulations, there are restrictions on the Company's PRC subsidiaries with respect to transferring certain of their net assets to the Company either in the form of dividends, loans, or advances. Amounts of net assets restricted include paid in capital and statutory reserve funds of the Company's PRC subsidiaries and the net assets, totalling US$4.0 million and US$24.0 million as at December 31, 2018 and 2019, respectively.

**25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**

(a) Major non-cash transactions

For the years ended December 31, 2018 and 2019, the Group had non-cash additions to right-of-use assets of US$4,280,000 and US$2,163,000, and lease liabilities of US$4,280,000 and US$2,163,000, in respect of lease arrangements for buildings, respectively.

For the years ended December 31, 2018 and 2019, the Group had non-cash additions to property, plant and equipment of US$7,280,000 and US$8,945,000, respectively.

For the year ended December 31, 2019, Genscript Biotech Corporation utilized the balance due from the Group to settle the balance due to Genscript USA Incorporated in the amount of US$4,364,000.

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## 25. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended December 31, 2019, Genscript Biotech Corporation and Genscript USA Incorporated utilized the outstanding balance due from the Group to settle part of the outstanding balance due to the Group of US$19,510,000 and US$5,539,000, respectively.

(b) Changes in liabilities arising from financing activities

| | Other payables to related parties US$'000 | Lease liabilities US$'000 |
|---|---|---|
| At January 1, 2018 | 1,968 | 269 |
| Additions of lease liabilities | — | 4,280 |
| Changes from financing cash flows | 2,720 | (219) |
| Interest expense | — | 82 |
| Interest paid classified as operating cash flows | — | (82) |
| Foreign exchange movement | — | (13) |
| At December 31, 2018 | 4,688 | 4,317 |
| At January 1, 2019 | 4,688 | 4,317 |
| Additions of lease liabilities | — | 6,840 |
| Changes from financing cash flows | 19,722 | (5,056) |
| Non-cash transaction (note 25(a)) | (24,374) | — |
| Interest expense | — | 199 |
| Interest paid classified as operating cash flows | — | (199) |
| Foreign exchange movement | (32) | (16) |
| At December 31, 2019 | 4 | 6,085 |

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Right-of-use assets | | |
| Within operating activities | 82 | 199 |
| Within financing activities | 219 | 5,056 |
| Short-term leases | - | 272 |
| | 301 | 5,527 |

## 26. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the year:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Construction in progress | 2,628 | 2,844 |

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
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## 27. RELATED PARTY TRANSACTIONS

| Company | Relationship |
|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | Company controlled by the ultimate holding company |
| Jinsikang Technology (Nanjing) Co., Ltd. | Company controlled by the ultimate holding company |
| Nanjing Bestzyme Bioengineering Co., Ltd. | Company controlled by the ultimate holding company |
| Shanghai Jingrui Biotechnology Co., Ltd. | Company controlled by the ultimate holding company |
| Jiangsu Genscript Biotech Co., Ltd | Company controlled by the ultimate holding company |
| Genscript (HongKong) Ltd. | Company controlled by the ultimate holding company |
| Genscript USA Incorporated | Company controlled by the ultimate holding company |
| Genscript USA Holdings Inc | Company controlled by the ultimate holding company |
| Genscript Biotech (Netherlands) B.V. | Company controlled by the ultimate holding company |
| Yangtze Investment USA Inc. | Company controlled by the ultimate holding company |
| Genscript Biotech Corporation | Company controlled by the ultimate holding company |

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

(i) Services provided to related parties:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | 1,029 | — |

(ii) Sales of materials to related parties:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | — | 3 |

The terms of these services and materials were charged based on the prices agreed by both parties.

(iii) Purchases from related parties:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | 2,500 | 4,480 |
| Genscript USA Incorporated | 191 | 296 |
| Shanghai Jingrui Biotechnology Co., Ltd. | 18 | — |
| Jiangsu Genscript Biotech Co., Ltd | 2 | 198 |
| Genscript USA Holdings Inc | — | 4 |
| | 2,711 | 4,978 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**27. RELATED PARTY TRANSACTIONS (Continued)**

The transactions were made according to the published prices and conditions offered by related parties to their major customers.

(iv) Management fee:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | 511 | — |
| Genscript USA Incorporated | 222 | 198 |
| | 733 | 198 |

The management fee was charged by related parties based on the cost of services provided.

(v) Shared services:

During the years ended December 31, 2018 and 2019, Nanjing Jinsirui Biotechnology Co., Ltd. provided certain accounting, legal, IT and administrative shared services to the Group for a consideration of nil and US$2,121,000, respectively.

(vi) Short term lease of properties:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | — | 265 |

The lease was made according to the contractual price and the lease term is 12 months.

(vii) Cash advances from related parties:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Genscript Biotech Corporation | — | 28,199 |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 21,735 | 2,168 |
| Genscript USA Incorporated | 14,200 | 8,000 |
| Jinsikang Technology (Nanjing) Co., Ltd. | — | 578 |
| Genscript (HongKong) Ltd. | 4 | — |
| | 35,939 | 38,945 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**27. RELATED PARTY TRANSACTIONS (Continued)**

(viii) Repayment of cash advances from related parties:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Genscript Biotech Corporation | — | 4,335 |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 19,019 | 6,310 |
| Genscript USA Incorporated | 14,200 | 8,000 |
| Jinsikang Technology (Nanjing) Co., Ltd. | — | 578 |
| | 33,219 | 19,223 |

(ix) Cash advances to related parties:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Genscript Biotech Corporation | 55,000 | 13,006 |
| Genscript USA Incorporated | 20,000 | — |
| Jinsikang Technology (Nanjing) Co., Ltd. | 1,493 | — |
| Nanjing Bestzyme Bioengineering Co., Ltd. | 10,450 | — |
| | 86,943 | 13,006 |

(x) Collection of cash advances to related parties:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Genscript Biotech Corporation | — | 48,496 |
| Genscript USA Incorporated | — | 14,500 |
| Jinsikang Technology (Nanjing) Co., Ltd. | 1,493 | — |
| Nanjing Bestzyme Bioengineering Co., Ltd. | 10,450 | — |
| | 11,943 | 62,996 |

The above cash advances from/to related parties were unsecured, interest free and repayable on demand.

(xi) Entrusted loan from a related party:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Jinsikang Technology (Nanjing) Co., Ltd. | — | 2,867 |

(xii) Repayments of entrusted loan from a related party:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Jinsikang Technology (Nanjing) Co., Ltd. | — | 2,867 |

The above entrusted loan from a related party was unsecured, bearing an interest rate of 4.35% p.a. and was repaid in December 2019, with an interest expense of US$24,000 recognized in 2019.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**27. RELATED PARTY TRANSACTIONS (Continued)**

(xiii) Purchase of equipment

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | 14 | 7 |

(xiv) Sale of equipment

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | 12 | 13 |

The sale or purchase of equipment was made at their respective carrying values.

(b) Outstanding balances with related parties:

The Group had the following significant balances with its related parties at the end of the year:

(i) Due from related parties

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Trade receivables | | |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 1,005 | — |

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Other receivables | | |
| Genscript Biotech Corporation. | 55,000 | — |
| Yangtze Investment USA Inc. | — | 20 |
| Genscript USA Incorporated | 20,007 | 93 |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 44 | 178 |
| | 75,051 | 291 |

(ii) Due to related parties

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Trade payables | | |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 4,725 | 4,109 |
| Genscript USA Incorporated | 921 | 1,097 |
| Shanghai Jingrui Biotechnology Co., Ltd. | 19 | - |
| Jiangsu Genscript Biotech Co., Ltd | 2 | 15 |
| Genscript USA Holdings Inc | - | 4 |
| | 5,667 | 5,225 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 27. RELATED PARTY TRANSACTIONS (Continued)

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Other payables | | |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 4,558 | — |
| Genscript USA Incorporated | 2,055 | 1,006 |
| Genscript (HongKong) Ltd. | 545 | 538 |
| Genscript Biotech Corporation | 10 | — |
| Jiangsu Genscript Biotech Co., Ltd | 6 | — |
| | 7,174 | 1,544 |

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Lease liabilities | | |
| Genscript USA Holdings Inc | 2,073 | 2,114 |
| Nanjing Jinsirui Biotechnology Co., Ltd. | — | 1,303 |
| | 2,073 | 3,417 |

Except for lease liabilities with incremental borrowing rates between 2.00% and 7.28% repayable over 5 years, all other related party balances are unsecured and repayable on demand.

(c) Compensation of key management personnel of the Group:

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Short-term employee benefits | 692 | 1,036 |
| Equity-settled share option expense | 210 | 590 |
| Total compensation paid to key management personnel | 902 | 1,626 |

## 28. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the reporting periods are as follows:

As at December 31, 2018

*Financial assets*

| | Financial assets at fair value through profit or loss US$'000 | Financial assets at amortised cost US$'000 | Total US$'000 |
|---|---|---|---|
| Financial assets at fair value through profit or loss | 6,014 | — | 6,014 |
| Trade receivables | — | 26,221 | 26,221 |
| Financial assets included in prepayments, other receivables and other assets (note 16) | — | 79,597 | 79,597 |
| Pledged deposits | — | 255 | 255 |
| Cash and cash equivalents | — | 210,166 | 210,166 |
| | 6,014 | 316,239 | 322,253 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**28. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**

*Financial liabilities*

| | Financial liabilities at amortised cost US$'000 |
|---|---|
| Trade and notes payables | 7,575 |
| Financial liabilities included in other payables and accruals (note 19) | 36,377 |
| Lease liabilities | 4,317 |
| | 48,269 |

As at December 31, 2019

*Financial assets*

| | Financial assets at amortised cost US$'000 |
|---|---|
| Trade receivables | 29,991 |
| Financial assets included in prepayments, other receivables and other assets (note 16) | 1,560 |
| Time deposits | 75,559 |
| Pledged deposits | 256 |
| Cash and cash equivalents | 83,364 |
| | 190,730 |

*Financial liabilities*

| | Financial liabilities at amortised cost US$'000 |
|---|---|
| Trade and notes payables | 9,586 |
| Financial liabilities included in other payables and accruals (note 19) | 64,221 |
| Lease liabilities | 6,085 |
| | 79,892 |

**29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

As at December 31, 2018 and 2019, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, time deposits, financial assets included in prepayments, other receivables and other assets, trade receivables, trade and notes payables 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 department reports directly to the finance manager. At each reporting date, the finance department analyzed the movements in the values of

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for 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 fair values of the financial assets at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

***Fair value hierarchy***

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

***Assets measured at fair value:***

As at December 31, 2018

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Financial assets at fair value through profit or loss: | — | 6,014 | — | 6,014 |
| | — | 6,014 | — | 6,014 |

During the year ended December 31, 2018, 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.

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, pledged deposits, time deposits, financial assets at fair value through profit or loss, prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals. 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 receivables and trade and notes payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

***Foreign currency risk***

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 22% in 2019 (2018: 39%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

As at December 31, 2018 and 2019, the Group had no outstanding foreign currency forward exchange contract. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR and RMB exchange rate against US$, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities).

| | Increase/ (decrease) in the rate of foreign currency % | Decrease/ (increase) in loss before tax US$'000 |
|---|---|---|
| Year ended December 31, 2018 | | |
| If US$ strengthens against RMB | 5 | 343 |
| If US$ weakens against RMB | (5) | (343) |
| If US$ strengthens against EUR | 5 | 3,829 |
| If US$ weakens against EUR | (5) | (3,829) |
| | | |
| Year ended December 31, 2019 | | |
| If US$ strengthens against RMB | 5 | 329 |
| If US$ weakens against RMB | (5) | (329) |
| If US$ strengthens against EUR | 5 | 3,310 |
| If US$ weakens against EUR | (5) | (3,310) |

***Credit risk***

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, financial assets at fair value through profit or loss and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are disclosed in notes 15 and 16 to the consolidated financial statements, respectively.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by debtor. The Group had certain concentrations of credit risk with respect to trade receivables, which are disclosed in note 15 to the consolidated financial statements.

***Liquidity risk***

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

**30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

As at December 31, 2018

| | Less than 1 years US$'000 | Over 1 years US$'000 | Total US$'000 |
|---|---|---|---|
| Trade and notes payables | 7,575 | — | 7,575 |
| Other payables and accruals | 36,377 | — | 36,377 |
| Lease liabilities | 373 | 4,301 | 4,674 |
| | 44,325 | 4,301 | 48,626 |

As at December 31, 2019

| | Less than 1 years US$'000 | Over 1 years US$'000 | Total US$'000 |
|---|---|---|---|
| Trade and notes payables | 9,586 | — | 9,586 |
| Other payables and accruals | 64,221 | — | 64,221 |
| Lease liabilities | 1,027 | 5,860 | 6,887 |
| | 74,834 | 5,860 | 80,694 |

***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 a strong credit rating and healthy capital ratios in order to support its business and maximise 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 reporting periods.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratios as at the end of each year were as follows:

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Total liabilities | 420,398 | 410,584 |
| Total assets | 429,047 | 287,715 |
| Gearing ratio | 98% | 143% |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 31. SUBSEQUENT EVENT

*(a) The COVID-19 coronavirus impact*

The COVID-19 situation is very fluid across the world where each country or the sites within a country could be impacted differently. The Group is in the process of assessing the situation case by case as the pandemic evolves. In the US, the Group has implemented a work-from-home policy for all non-essential employees and have implemented segregation policies within essential personnel to minimize contact among personnel along with other precautions to minimize any potential impact.

Following the guidance recently issued by FDA and EMA on conducting clinical trials in this uncertain period, the Group is working closely with investigators, putting patient's safety first, while trying their best to move the studies forward.

In China, IIT studies slowed down due to clinical sites priority shifting to COVID-19 related work and local policy of quarantine after Chinese New Year. The situation has been improving gradually and majority of IIT studies work resumed since March 2020. Product manufacture and patient treatment have continued unabated, however the Group is experiencing lower enrollment rates in Cartifan-1 trial.

Product manufacturing in both the US and China have continued. Currently the Group has not experienced any material impact to their material supply chain. Increased quantities of certain raw materials and consumables have been stocked as an appropriate safety measure. The Group has established robust sourcing strategies for all necessary materials and does not expect any significant impact.

The Group will continue to monitor and assess the impact of the ongoing development of the epidemic on the financial position and operating results of the Group and respond accordingly. Up to the date of the report, the assessment is still in progress.

*(b) Issuance of Series A Preference Shares*

In March 2020 and April 2020, the Company issued and sold an aggregate of 20,591,629 Series A Preference Shares to new investors at a price of $7.792 per share, resulting in aggregate gross proceeds of $160,450,000.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

CONDENSED STATEMENTS OF FINANCIAL POSITION

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| NON-CURRENT ASSETS | | |
| Investments in subsidiaries | 704 | 1,976 |
| Total non-current assets | 704 | 1,976 |
| CURRENT ASSETS | | |
| Due from subsidiaries | 3,927 | 3,874 |
| Total current assets | 3,927 | 3,874 |
| Total assets | 4,631 | 5,850 |
| CURRENT LIABILITIES | | |
| Due to subsidiaries | — | 22 |
| Other payables and accruals | 58 | 58 |
| Total current liabilities | 58 | 80 |
| Total liabilities | 58 | 80 |
| EQUITY | | |
| Share capital | 20 | 20 |
| Reserves | 4,553 | 5,750 |
| Total ordinary shareholders' equity | 4,573 | 5,770 |
| Total equity | 4,573 | 5,770 |
| Total liabilities and equity | 4,631 | 5,850 |

CONDENSED STATEMENTS OF PROFIT OR LOSS

| | December 31, 2018 US$'000 | December 31, 2019 US$'000 |
|---|---|---|
| Administrative expenses | (39) | (74) |
| Other expenses | — | (1) |
| LOSS BEFORE TAX | (39) | (75) |
| LOSS FOR THE YEAR | (39) | (75) |

CONDENSED STATEMENTS OF CASH FLOWS

| | 2018 US$'000 | 2019 US$'000 |
|---|---|---|
| Net cash flows from operating activities | — | — |
| Net cash flows from investing activities | — | — |
| Net cash flows from financing activities | — | — |
| Net increase in cash and cash equivalents | — | — |
| Cash and cash equivalents at beginning of the year | — | — |
| Cash and cash equivalents at end of the year | — | — |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2019**

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

There was no cash flow for the years ended December 31, 2018 and 2019. All expenses were paid by the Company's subsidiaries. The Company issued equity-settled share options to employees of its subsidiaries and recognized investments in subsidiaries of US$704,000 and US$1,272,000, for the years ended December 31, 2018 and 2019, respectively.

***Basis of presentation***

Information about the statement of financial position of the Company at the end of the reporting period was prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company accounts for its investments in subsidiaries, using the cost method.

The parent company's condensed financial statements should be read in conjunction with the Company's consolidated financial statements.

## 33. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on April 20, 2020.

**LEGEND BIOTECH CORPORATION**
**UNAUDITED INTERIM CONDENSED**
**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020**

| | Notes | Three months ended March 31 | |
|---|---|---|---|
| | | 2019 (Unaudited) | 2020 (Unaudited) |
| | | (in thousands, except per share data) | |
| REVENUE | 4 | 10,053 | 11,546 |
| Other income and gains | 4 | 2,852 | 2,531 |
| Research and development expenses | | (21,289) | (48,003) |
| Administrative expenses | | (1,105) | (3,430) |
| Selling and distribution expenses | | (2,756) | (6,545) |
| Other expenses | | (147) | (45) |
| Finance costs | | (38) | (3,991) |
| LOSS BEFORE TAX | 5 | (12,430) | (47,937) |
| Income tax credit | 6 | — | 3,709 |
| LOSS FOR THE PERIOD | | (12,430) | (44,228) |
| Attributable to: | | | |
| Equity holders of the parent | | (12,430) | (44,228) |
| LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 7 | | |
| Ordinary shares—basic and diluted | | (US0.06) | (US0.22) |
| PRO FORMA LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | 7 | | |
| Ordinary shares—basic and diluted | | | (US0.22) |
| OTHER COMPREHENSIVE (LOSS)/INCOME | | | |
| Other comprehensive income that may be reclassified to profit or loss in subsequent periods: | | | |
| Exchange differences: | | | |
| Exchange differences on translation of foreign operations | | 541 | 461 |
| Net other comprehensive income that may be reclassified to profit or loss in subsequent periods | | 541 | 461 |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX | | 541 | 461 |
| TOTAL COMPREHENSIVE LOSS FOR THE PERIOD | | (11,889) | (43,767) |
| Attributable to: | | | |
| Equity holders of the parent | | (11,889) | (43,767) |

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

**LEGEND BIOTECH CORPORATION**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2019 AND MARCH 31, 2020**

| | Notes | December 31, 2019 US$'000 | March 31, 2020 US$'000 (Unaudited) | Pro forma liabilities and shareholders' deficit as of March 31, 2020 US$'000 (Unaudited) |
|---|---|---|---|---|
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 8 | 70,079 | 82,127 | |
| Advance payments for property, plant and equipment | | 665 | 1,879 | |
| Right-of-use assets | | 9,348 | 9,217 | |
| Intangible assets | | 519 | 491 | |
| Total non-current assets | | 80,611 | 93,714 | |
| CURRENT ASSETS | | | | |
| Inventories | | 1,157 | 1,334 | |
| Trade receivables | 9 | 29,991 | — | |
| Prepayments, other receivables and other assets | | 16,777 | 23,155 | |
| Financial assets at fair value through profit or loss | | — | 2,120 | |
| Pledged short-term deposits | 10 | 256 | 256 | |
| Time deposits | 10 | 75,559 | 75,559 | |
| Cash and cash equivalents | 10 | 83,364 | 168,797 | |
| Total current assets | | 207,104 | 271,221 | |
| Total assets | | 287,715 | 364,935 | |
| CURRENT LIABILITIES | | | | |
| Trade payables | 11 | 9,586 | 10,123 | 10,123 |
| Other payables and accruals | | 70,854 | 54,794 | 54,794 |
| Lease liabilities | | 1,027 | 1,419 | 1,419 |
| Contract liabilities | | 46,294 | 46,095 | 46,095 |
| Total current liabilities | | 127,761 | 112,431 | 112,431 |
| NON-CURRENT LIABILITIES | | | | |
| Contract liabilities | | 277,765 | 265,048 | 265,048 |
| Lease liabilities | | 5,058 | 3,337 | 3,337 |
| Convertible redeemable preferred shares | 12 | — | 150,450 | — |
| Total non-current liabilities | | 282,823 | 418,835 | 268,385 |
| Total liabilities | | 410,584 | 531,266 | 380,816 |
| EQUITY | | | | |
| Share capital | 13 | 20 | 20 | 22 |
| Deficits | | (122,889) | (166,351) | (15,903) |
| Total ordinary shareholders' deficit | | (122,869) | (166,331) | (15,881) |
| Total deficit | | (122,869) | (166,331) | (15,881) |
| Total liabilities and deficit | | 287,715 | 364,935 | 364,935 |

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

**LEGEND BIOTECH CORPORATION**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020**

| | Attributable to equity holders of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Share capital US$'000 | Share premium* US$'000 | Share option reserves* US$'000 | Foreign currency translation reserve* US$'000 | Retained earnings/ (accumulated) losses* US$'000 | Total (deficit)/ equity US$'000 |
| As January 1, 2019 | 20 | 3,908 | 704 | (1,673) | 5,690 | 8,649 |
| Loss for the period | — | — | — | — | (12,430) | (12,430) |
| Other comprehensive loss: | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | 541 | — | 541 |
| **Total comprehensive income/(loss) for the period** | **—** | **—** | **—** | **541** | **(12,430)** | **(11,889)** |
| Equity-settled share option arrangements | — | — | 367 | — | — | 367 |
| **As March 31, 2019 (Unaudited)** | **20** | **3,908** | **1,071** | **(1,132)** | **(6,740)** | **(2,873)** |
| **As January 1, 2020** | **20** | **3,908** | **1,976** | **(1,491)** | **(127,282)** | **(122,869)** |
| Loss for the period | — | — | — | — | (44,228) | (44,228) |
| Other comprehensive income: | | | | | | |
| Exchange differences on translation of foreign operations | — | — | — | 461 | — | 461 |
| **Total comprehensive income/ (loss) for the period** | **—** | **—** | **—** | **461** | **(44,228)** | **(43,767)** |
| Equity-settled share option arrangements | — | — | 305 | — | — | 305 |
| **As March 31, 2020 (Unaudited)** | **20** | **3,908** | **2,281** | **(1,030)** | **(171,510)** | **(166,331)** |

* These reserve accounts comprise the consolidated deficits of US$(122,889,000) and US$(166,351,000) in the consolidated statements of financial position as at and December 31, 2019 and March 31, 2020, respectively.

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

**LEGEND BIOTECH CORPORATION**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020**

| | Note | Three months ended March 31, 2019 US$'000 (Unaudited) | Three months ended March 31, 2020 US$'000 (Unaudited) |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (12,430) | (47,937) |
| Adjustments for: | | | |
| Finance income | 4 | (1,753) | (849) |
| Finance costs | | 38 | 3,991 |
| Reversal of provision for the impairment of trade receivables | 9 | (8) | (9) |
| Depreciation of property, plant and equipment | | 326 | 1,619 |
| Amortisation of intangible assets | | 5 | 23 |
| Depreciation of right-of-use assets | | 249 | 379 |
| Fair value gains on financial assets at fair value change through profit or loss | | (3) | (3) |
| Foreign currency exchange gain, net | 4 | (977) | (568) |
| Equity-settled share option expenses | | 367 | 305 |
| | | (14,186) | (43,049) |
| Decrease in trade receivables | | 25,269 | 30,000 |
| Increase in prepayments, other receivables and other assets | | (4,097) | (2,061) |
| Increase in inventories | | (76) | (177) |
| (Decrease)/ increase in trade payables | | (2,541) | 537 |
| Increase/ (decrease) in other payables and accruals | | 1,267 | (18,300) |
| Decrease in contract liabilities | | (11,637) | (12,916) |
| Cash used in operations | | (6,001) | (45,966) |
| Finance income received | | 1,780 | 241 |
| Interest on lease payments | | (38) | (71) |
| Net cash flows used in operating activities | | (4,259) | (45,796) |

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

**LEGEND BIOTECH CORPORATION**
**UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020**

| | Note | Three months ended March 31, 2019 US$'000 (Unaudited) | Three months ended March 31, 2020 US$'000 (Unaudited) |
|---|---|---|---|
| Net cash flows used in operating activities | | (4,259) | (45,796) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (19,427) | (15,382) |
| Purchase of financial assets at fair value through profit or loss | | — | (2,117) |
| Cash received from withdrawal of financial assets at fair value through profit or loss | | 4,544 | — |
| Addition of time deposit | | (100,000) | — |
| Decrease in pledged short-term deposits | | 5 | — |
| Net cash flows used in investing activities | | (114,878) | (17,499) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from cash advances from related parties | 16 | 28,688 | — |
| Repayment of cash advances from related parties | 16 | — | (4) |
| Proceeds from convertible redeemable preferred shares | 12 | — | 150,450 |
| Payments of expenses for convertible redeemable preferred shares | | — | (75) |
| Principal portion of lease payments | | (11) | (1,616) |
| Net cash flows from financing activities | | 28,677 | 148,755 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| Effect of foreign exchange rate changes, net | | 5 | (27) |
| Cash and cash equivalents at beginning of period | 10 | 210,166 | 83,364 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 10 | 119,711 | 168,797 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | | 219,961 | 244,612 |
| Less: Pledged short-term deposits | | 250 | 256 |
| Time deposits | | 100,000 | 75,559 |
| Cash and cash equivalents as stated in the statement of financial position | 10 | 119,711 | 168,797 |
| Cash and cash equivalents as stated in the statement of cash flows | | 119,711 | 168,797 |

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

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 1. CORPORATE INFORMATION

Legend Biotech Corporation (the "Company") was incorporated on May 27, 2015 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is PO Box 10240, Harbour Place, 103 South Church Street, George Town, Grant Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in research and development of biological products.

In the opinion of the Directors, the ultimate holding company of the Company is Genscript Biotech Corporation ("Genscript Corp"), which was incorporated in the Cayman Islands on May 21, 2015 and listed on the main board of Hong Kong Stock Exchange since December 30, 2015.

## 2.1. BASIS OF PREPARATION

The Group's unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS34") issued by the International Accounting Standards Board ("IASB").

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended December 31, 2019, except for the adoption of new standards effective as of January 1, 2020 set out below. The Group has not early adopted any other standards, interpretation or amendments that has been issued but is not yet effective.

During the three months ended March 31, 2020, the Group issued convertible redeemable preferred shares with embedded derivatives whose economic risks and characteristics are not closely related to those of the host contract (the liability component) as a whole and are designated as financial liabilities at fair value through profit or loss on initial recognition. Any directly attributable transaction costs are recognised as finance costs in profit or loss. Subsequent to initial recognition, the convertible redeemable preferred shares are carried at fair value with changes in fair value recognised in the profit or loss. Further details are set out in note 12 to the unaudited interim condensed consolidated financial statements.

In the opinion of the Company's management, the accompanying unaudited interim condensed consolidated financial statements contain all normal recurring adjustments necessary to present fairly the financial position, operating results and cash flows of the Company for each of the periods presented. The results of operations for the three months ended March 31, 2020 are not necessarily indicative of results to be expected for any other interim periods or for the year ended December 31, 2020. The condensed consolidated statement of financial position as of December 31, 2019 was derived from the audited consolidated financial statements at that date but does not include all of the disclosures required by IFRS for annual financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the years ended December 31, 2018 and 2019.

***Pro forma information (unaudited)***

Pursuant to the Company's Second Amended and Restated Memorandum and Articles of Association, each convertible redeemable preferred share("Series A Preference Share") will be automatically converted upon the closing of a Qualified Initial Public Offering ("Qualified IPO"). Unaudited pro forma liabilities and shareholders'

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**2.1. BASIS OF PREPARATION (Continued)**

deficit as of March 31, 2020 reflecting the conversion of all the preferred shares, is set forth in the unaudited interim consolidated statement of financial position, as if the 19,308,262 Series A Preference Shares were fully converted to the same number of ordinary shares.

The unaudited pro forma loss per ordinary share is computed using the weighted-average number of ordinary shares outstanding as of March 31, 2020 and assumes the automatic conversion of all of the Company's Series A Preference Shares into the weighted-average shares of ordinary stock upon the closing of the Company's Qualified IPO, as if it had occurred on January 1, 2020.

**2.2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP**

In the three months ended March 31, 2020, the Group has applied, for the first time, the following new and revised international financial reporting standards ("IFRS") issued by the IASB that are mandatorily effective for the period.

| | |
|---|---|
| Amendments to IFRS 3 | *Definition of a Business* |
| Amendments to IFRS 9 IAS 39 and IFRS 7 | *Interest Rate Benchmark Reform* |
| Amendments to IAS 1 and IAS 8 | *Definition of Material* |

The prospective adoption of the above new and revised IFRSs does not have a material effect on the Group's interim condensed consolidated financial statements.

**3. OPERATING SEGMENT INFORMATION**

IFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operation segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

***Geographic information***

*(a) Revenue from external customers*

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| North America | 10,053 | 11,546 |

The revenue information above is based on the locations of the customers.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 3. OPERATING SEGMENT INFORMATION (Continued)

*(b) Non-current assets*

| | December 31, 2019 US$'000 | March 31, 2020 US$'000 |
|---|---|---|
| (Unaudited) | | |
| China | 27,731 | 28,315 |
| Other countries | 52,880 | 65,399 |
| Total | 80,611 | 93,714 |

The non-current asset information above is based on the locations of assets.

***Information about major customer***

Revenue of US$10,053,000 and US$11,546,000 for the three months ended March 31, 2019 and 2020, respectively, was derived from sales to a single customer.

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 US$'000 (Unaudited) | 2020 US$'000 (Unaudited) |
| Revenue from contracts with customers | | |
| License and collaboration revenue | | |
| - JSC service | 10,053 | 11,546 |

Revenue from JSC service is recognized overtime.

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 US$'000 (Unaudited) | 2020 US$'000 (Unaudited) |
| Revenue recognized that was included in contract liabilities at the beginning of the reporting period: | | |
| License and collaboration revenue | | |
| - JSC service | 10,053 | 11,546 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**4. REVENUE, OTHER INCOME AND GAINS (Continued)**

*(i) Performance obligations*

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2019 and March 31, 2020 are as follows:

| | December 31, 2019 US$'000 | March 31, 2020 US$'000 (Unaudited) |
|---|---|---|
| Amounts expected to be recognized as revenue: | | |
| Within 1 year | 46,294 | 46,095 |
| 1 - 2 years | 46,294 | 46,095 |
| 2 - 3 years | 46,294 | 46,095 |
| 3 - 4 years | 46,294 | 46,095 |
| After 4 years | 138,883 | 126,763 |
| | 324,059 | 311,143 |

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to JSC service, of which the performance obligations are to be satisfied over the collaboration period, which are estimated to be 9 years. The amounts disclosed above do not include variable consideration which is constrained.

| | Three months ended March 31, | |
|---|---|---|
| | 2019 US$'000 (Unaudited) | 2020 US$'000 (Unaudited) |
| Other income and gains | | |
| Foreign currency exchange gain, net | 977 | 568 |
| Government grants* | 119 | 1,111 |
| Finance income | 1,753 | 849 |
| Fair value gains on financial assets at fair value change through profit or loss | 3 | 3 |
| | 2,852 | 2,531 |

* The amount represents subsidies received from local government authorities to support the Group's business. There were no unfulfilled conditions and other contingencies attached to these government grants.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

| | Notes | Three months ended March 31, 2019 US$'000 (Unaudited) | Three months ended March 31, 2020 US$'000 (Unaudited) |
|---|---|---|---|
| Research and development expense | | 3,700 | 8,684 |
| Depreciation of property, plant and equipment | | 326 | 1,619 |
| Amortization of intangible assets * | | 5 | 23 |
| Depreciation of right-of-use assets | | 249 | 379 |
| Reversal for the impairment of trade receivables, net | 9 | (8) | (9) |
| Government grants | | 119 | 1,111 |
| Collaborative research and development expenses ** | | 11,429 | 26,098 |
| Collaborative selling and distribution expenses *** | | 1,448 | 5,498 |
| IPO expenses | | — | 560 |
| Employee benefit expense (excluding directors' remuneration): | | | |
| Wages and salaries | | 7,271 | 12,208 |
| Pension scheme contributions (defined contribution schemes) | | 242 | 184 |
| Equity-settled share option expense | | 201 | 195 |
| Foreign currency exchange gain, net | | (977) | (568) |

* The amortization of intangible assets for the year is included in "Administrative expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

** Collaborative research and development expenses represented research and development expenses charged by a customer under a license and collaboration agreement and are included in "Research and development expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

*** Collaborative selling and distribution expenses represented selling and distribution expenses charged by a customer under a license and collaboration agreement and are included in "Selling and distribution expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.

## 6. INCOME TAX

The Group is subject to income tax on an entity basis on profits 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*

Under the current laws of the British Virgin Islands ("BVI"), Legend Biotech Limited ("Legend BVI") is not subject to tax on income or capital gains. Additionally, upon payments of dividends by the Group's subsidiaries incorporated in the British Virgin Islands to their shareholders, no withholding tax will be imposed.

*Hong Kong*

Under the current laws of Hong Kong, the subsidiary which operates in Hong Kong is subject to a corporate income tax ("CIT") at a rate of 16.5% on the taxable income. Under the Hong Kong tax law, the subsidiaries in

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**6. INCOME TAX (Continued)**

Hong Kong are exempted from income tax on their foreign derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

*United States of America*

Under the current laws of the United States of America ("USA"), the subsidiary which operates in the United States of America is subject to federal tax at a rate of 21% (2019: 21%) and state tax at a rate of 10.5% (2019: 11.5%) in New Jersey. Dividends payable by the Group's US entity, to non US resident enterprises shall be subject to 30% withholding tax, unless the respective non US resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with US that provides for a reduced withholding tax rate or an exemption from withholding tax.

*Ireland*

Under the current laws of the Ireland, the subsidiary which operates in Ireland is subject to CIT at a rate of 12.5% on the taxable income. Dividend withholding tax is imposed on distributions made by Irish companies at a rate of 20% with many exemptions provided.

*Mainland China*

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Mainland China are subject to CIT at a rate of 25% on the taxable income. During 2019 and 2020, the applicable income tax rate was 25%. Dividends, interests, rent or royalties payable by the Group's PRC entities, to non PRC resident enterprises, and proceeds from any such non-resident enterprise investor's disposition of assets (after deducting the net value of such assets) shall be subject to 10% CIT, namely withholding tax, unless the respective non PRC resident enterprise's jurisdiction of incorporation has a tax treaty or arrangements with China that provides for a reduced withholding tax rate or an exemption from withholding tax.

*Netherlands*

Under the current laws of Netherlands, the subsidiary which operates in Ireland is subject to CIT at a rate of 25% on the taxable income. A tax rate of 16.5% applies to the first EUR200,000 of taxable income. The statutory withholding tax rate for dividends is 15% while several exemptions and reductions can apply.

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Current – United States of America | — | 3,709 |
| Current – Elsewhere | — | — |
| Deferred | — | — |
| Total tax credit for the period | — | 3,709 |

**7. 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 period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 200,000,000 and 200,000,000 in issue during the three months ended March 31, 2019 and 2020, respectively.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 7. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

The calculation of the diluted earnings per share amount is based on the loss for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment was made to the basic loss per share amounts presented for the three months ended March 31, 2019 and 2020 in respect of a dilution as the impact of the outstanding share options had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Earnings | | |
| Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | (12,430) | (44,228) |

| | Number of shares Three months ended March 31, | | Number of pro forma shares Three months ended March 31 |
|---|---|---|---|
| | 2019 | 2020 | 2020 |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| Shares | | | |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation | 200,000,000 | 200,000,000 | 200,424,357 |

## 8. PROPERTY, PLANT AND EQUIPMENT

During the three months ended March 31, 2020, the Group acquired items of property, plant and equipment with a cost of US$13,968,000 (for the three months ended March 31, 2019: US$16,733,000). Among which, the charge from a customer under a license and collaboration agreement amounted to US$5,085,000 (for the three months ended March 31, 2019: US$1,690,000).

## 9. TRADE RECEIVABLES

| | December 31, 2019 | March 31, 2020 |
|---|---|---|
| | US$'000 | US$'000 (Unaudited) |
| Trade receivables | 30,000 | — |
| Less: Impairment of trade receivables | (9) | — |
| | 29,991 | — |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**9. TRADE RECEIVABLES (Continued)**

The Group's trading terms with its customers are mainly on credit. The credit period is 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management. Trade receivables are non-interest-bearing. The Group has concentration of credit risk as 100% of trade receivables were due from one single customer under a license and collaboration agreement as at December 31, 2019, which was fully settled in the three months ended March 31, 2020.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date and net of loss allowance, is as follows:

| | December 31, 2019 | March 31, 2020 |
|---|---|---|
| | US$'000 | US$'000 (Unaudited) |
| Within 3 months | 29,991 | — |

Movements in the loss allowance for impairment of trade receivables were as follows:

| | Total |
|---|---|
| | US$'000 |
| At January 1, 2019 | 8 |
| Impairment losses recognised | 1 |
| At December 31, 2019 | 9 |
| At January 1, 2020 (Unaudited) | 9 |
| Impairment losses reversed (note 5) | (9) |
| At March 31, 2020 (Unaudited) | — |

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group performed an impairment analysis at the end of each year by considering the probability of default of the debtors or comparable companies with published credit ratings.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

| | As at 31 December 2019 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Expected credit loss |
| | USD'000 | | USD'000 |
| Within 3 months | 30,000 | 0.03% | 9 |

| | As at 31 March 2020 | | |
|---|---|---|---|
| | Gross carrying amount | Expected loss rate | Expected credit loss |
| | USD'000 (Unaudited) | | USD'000 (Unaudited) |
| Within 3 months | — | — | — |

LEGEND BIOTECH CORPORATION
NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)
CONSOLIDATED FINANCIAL STATEMENTS

## 10. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

| | December 31, 2019 US$'000 | March 31, 2020 US$'000 (Unaudited) |
|---|---|---|
| Cash and bank balances | 159,179 | 244,612 |
| Less: pledged short-term deposits | (256) | (256) |
| time deposits | (75,559) | (75,559) |
| Cash and cash equivalents | 83,364 | 168,797 |
| Denominated in USD | 69,846 | 162,062 |
| Denominated in RMB | 13,180 | 6,544 |
| Denominated in EUR | 338 | 191 |
| Cash and cash equivalents | 83,364 | 168,797 |

The cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to US$13,180,000 and US$6,544,000 in the consolidated statements of financial position as at December 31, 2019 and March 31, 2020, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

The pledged deposit was pledged for credit cards facility.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

## 11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the year/period, based on the invoice date, is as follows:

| | December 31, 2019 US$'000 | March 31, 2020 US$'000 (Unaudited) |
|---|---|---|
| Trade payables | 9,586 | 10,123 |

An aging analysis of the trade payables at the end of each year/period, based on the transaction date, is as follows:

| | December 31, 2019 US$'000 | March 31, 2020 US$'000 (Unaudited) |
|---|---|---|
| Within 3 months | 9,392 | 9,987 |
| 3 months to 6 months | 194 | 5 |
| 6 months to 12 months | — | 131 |
| | 9,586 | 10,123 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**11. TRADE PAYABLES (Continued)**

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

As at December 31, 2019 and March 31, 2020, included in the Group's trade payables are amounts due to the Group's related parties of US$5,225,000 and US$7,202,000, respectively (note 16).

**12. CONVERTIBLE REDEEMABLE PREFERRED SHARES**

On March 30, 2020, the Company issued 19,308,262 Series A convertible redeemable preferred shares (the "Series A Preference Shares") to independent third parties, at the price of US$7.792 per share for an aggregate purchase consideration of US$150,450,000.

The key terms of the Series A Preference Shares are summarised as follows:

(1) Dividends rights

Each Series A Preference Shares holder is entitled to dividends at the rate of 8% of the Series A original issue price per annum per share shall accrue on such Series A Preference Shares. Such dividends (i) will be declared by the board of directors and paid to the holders of Series A Preference Shares each fiscal quarter, or (ii) if not declared and, with respect to any fiscal quarter, paid to the holders of Series A Preference Shares within thirty days after such fiscal quarter, such undeclared and unpaid dividends will accrue day to day from the last day of such fiscal quarter, will be cumulative and compound annually, and will only be paid upon a redemption or liquidation event or converted into ordinary shares upon an initial public offering.

(2) Conversion rights

*Optional conversion*

Each Series A Preference Share is convertible, at the option of the holder, at any time after the date of issuance of such Series A Preference Share, into such number of fully paid and non-assessable ordinary shares as is determined by dividing the Series A original issue price, by a conversion price equal to the lower of (i) the conversion price at the time in effect for such Series A Preference Share and (ii) the price per share that equals the lowest net price per ordinary share received by the Company in a public offering that is not a Qualified IPO.

*Automatic conversion*

Each Series A Preference Share will be automatically converted upon the closing of a Qualified IPO into a number of ordinary shares as is determined by dividing the Series A original issue price by a conversion price is equal to the lower of (i) the conversion price at the time in effect for such Series A Preference Share and (ii) the price per share that equals 90% of the lowest net price per ordinary share received by the Company in the Qualified IPO.

(3) Redemption rights

At any time on or after the occurrence of a Trigger Event (as defined below), each investor may require the Company to redeem the Series A Preference Shares issued to the investor and require the Company to immediately pay the investor an amount equal to the redemption price, plus 8% annualized. A "Trigger Event" means the occurrence of one or more of the following events: (A) as of September 30, 2021, the Company has

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**12. CONVERTIBLE REDEEMABLE PREFERRED SHARES (Continued)**

not consummated a qualified IPO, (B) the Company consummates a non-Qualified IPO, (C) the License Agreement (i) is terminated as a result of a material breach by any party thereto or (ii) is amended in such a way that with (or without) the passage of time would reasonably be expected to adversely affect the value of the Company or the Series A Preference Shares in any material respect and (D) there occurs or it is discovered that there is a material adverse issue with respect to the patents, know-how and all other intellectual property owned or controlled by the Company or its affiliates and licensed to a customer under a license and collaboration agreement, which is not capable of being cured within a reasonable period.

(4) Liquidation

Upon any liquidation, dissolution or winding up of the Company (collectively, a"Liquidation Event"), before any distribution or payment shall be made to the holders of any Ordinary Shares, the holders of Series A Preference Shares will be entitled to be paid out of the assets of the Company legally available for distribution for each Series A Preference Share, an amount per Series A Preference Share equal to the sum of (i) the Series A Original Issue Price, plus (ii) any accrued but unpaid Dividends on each Series A Preference Share. If, upon any such Liquidation Event, the assets of the Company will be insufficient to make payment in full to all holders of Series A Preference Shares, then such assets (or consideration) will be distributed among the holders of Series A Preference Shares at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

The movement of the convertible redeemable preferred shares is set out as below:

| | USD'000 |
|---|---|
| At January 1, 2020 | — |
| Issuance of the Series A Preference Shares on March 30, 2020 | 150,450 |
| At March 31, 2020 (Unaudited) | 150,450 |

**13. SHARE CAPITAL AND SHARE PREMIUM**

*Shares*

| | December 31, 2019 US$'000 | March 31, 2020 US$'000 (Unaudited) |
|---|---|---|
| Authorised: | | |
| 500,000,000 ordinary shares of US$0.0001 each | 50 | 50 |
| Issued and fully paid: | | |
| 200,000,000 ordinary shares of US$0.0001 each | 20 | 20 |

A summary of movements in the Company's share capital and share premium is as follows:

| | Number of shares in issue | Share capital US$'000 | Share premium US$'000 | Total US$'000 |
|---|---|---|---|---|
| At January 1, 2019, December 31, 2019, January 1, 2020 and March 31, 2020 (Unaudited) | 200,000,000 | 20 | 3,908 | 3,928 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 14. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

For the three months ended March 31, 2020, the Group had non-cash additions to right-of-use assets of US$352,000 and lease liabilities of US$352,000, in respect of lease arrangements for buildings.

For the three months ended March 31, 2020, the Group had non-cash additions to finance costs of US$3,845,000 and other payable of US$3,845,000, in respect of expenses for convertible redeemable preferred shares.

(b) Changes in liabilities arising from financing activities

| | Convertible redeemable preferred shares US$'000 | Other payable to related parties US$'000 | Lease liabilities US$'000 |
|---|---|---|---|
| At January 1, 2019 | — | 4,688 | 4,317 |
| Additions of lease liabilities | — | — | — |
| Changes from financing cash flows | — | 28,688 | (11) |
| Interest expense | — | — | 38 |
| Interest paid classified as operating cash flows | — | — | (38) |
| Foreign exchange movement | — | — | (217) |
| At March 31, 2019 (Unaudited) | — | 33,376 | 4,089 |
| At January 1, 2020 | — | 4 | 6,085 |
| Additions of lease liabilities | — | — | 352 |
| Changes from financing cash flows | 150,450 | (4) | (1,616) |
| Interest expense | — | — | 71 |
| Interest paid classified as operating cash flows | — | — | (71) |
| Foreign exchange movement | — | — | (65) |
| At March 31, 2020 (Unaudited) | 150,450 | — | 4,756 |

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 US$'000 (Unaudited) | 2020 US$'000 (Unaudited) |
| Right-of-use assets | | |
| Within operating activities | 38 | 71 |
| Within financing activities | 11 | 1,616 |
| | 49 | 1,687 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 15. CAPITAL COMMITMENTS

The Group had the following capital commitments as at March 31, 2020:

| | Less than one year (Unaudited) |
|---|---|
| Construction in progress | 17,294 |

## 16. RELATED PARTY TRANSACTIONS

| Company | Relationship |
|---|---|
| Nanjing Jinsirui Biotechnology Co., Ltd. | Company controlled by the ultimate holding company |
| Jinsikang Technology (Nanjing) Co., Ltd. | Company controlled by the ultimate holding company |
| Nanjing Bestzyme Bioengineering Co., Ltd. | Company controlled by the ultimate holding company |
| Shanghai Jingrui Biotechnology Co., Ltd. | Company controlled by the ultimate holding company |
| Jiangsu Genscript Biotech Co., Ltd | Company controlled by the ultimate holding company |
| Genscript (HongKong) Ltd. | Company controlled by the ultimate holding company |
| Genscript USA Incorporated | Company controlled by the ultimate holding company |
| Genscript USA Holdings Inc | Company controlled by the ultimate holding company |
| Genscript Biotech (Netherlands) B.V. | Company controlled by the ultimate holding company |
| Yangtze Investment USA Inc. | Company controlled by the ultimate holding company |
| Genscript Biotech Corporation | Company controlled by the ultimate holding company |

(a) In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

(i) Purchases from related parties:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 977 | 809 |
| Genscript USA Incorporated | 92 | 162 |
| Jiangsu Genscript Biotech Co., Ltd | 15 | 13 |
| | 1,084 | 984 |

The transactions were made according to the published prices and conditions offered by related parties to their major customers.

(ii) Management fee:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Genscript USA Incorporated | 7 | 28 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**16. RELATED PARTY TRANSACTIONS (Continued)**

The management fee was charged by related parties based on the cost of services provided.

(iii) Shared services:

During the three months ended March 31, 2019 and 2020, Nanjing Jinsirui Biotechnology Co., Ltd. provided certain accounting, legal, IT and administrative shared services for US$676,000 and US$931,000, respectively.

(iv) Short term lease of properties:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 67 | — |

The lease was made according to the contractual price and the lease term is 12 months.

(v) Cash advances from related parties:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Genscript Biotech Corporation | 19,500 | — |
| Genscript USA Incorporated | 8,000 | — |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 1,188 | — |
| | 28,688 | — |

(vi) Repayment of cash advances from related parties:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Genscript (HongKong) Ltd. | — | 4 |

The above cash advances from related parties were unsecured, interest free and repayable on demand.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**16. RELATED PARTY TRANSACTIONS (Continued)**

(vii) Purchase of equipment

| | Three months ended March 31, | |
|---|---|---|
| | 2019 | 2020 |
| | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 4 | 46 |

The purchase of equipment was made at their respective carrying value.

(b) Outstanding balances with related parties:

The Group had the following significant balances with its related parties at the end of the year:

(i) Due from related parties

| | December 31, 2019 | March 31, 2020 |
|---|---|---|
| | US$'000 | US$'000 (Unaudited) |
| Other Receivables | | |
| Yangtze Investment USA Inc. | 20 | — |
| Genscript USA Incorporated | 93 | 95 |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 178 | 225 |
| | 291 | 320 |

(ii) Due to related parties

| | December 31, 2019 | March 31, 2020 |
|---|---|---|
| | US$'000 | US$'000 (Unaudited) |
| Trade Payables | | |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 4,109 | 6,000 |
| Genscript USA Incorporated | 1,097 | 1,173 |
| Jiangsu Genscript Biotech Co., Ltd | 15 | 29 |
| Genscript USA Holdings Inc | 4 | — |
| | 5,225 | 7,202 |

| | December 31, 2019 | March 31, 2020 |
|---|---|---|
| | US$'000 | US$'000 (Unaudited) |
| Other Payables | | |
| Genscript USA Incorporated | 1,006 | 3 |
| Genscript (HongKong) Ltd. | 538 | — |
| | 1,544 | 3 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 16. RELATED PARTY TRANSACTIONS (Continued)

| | December 31, 2019 US$'000 | March 31, 2020 US$'000 (Unaudited) |
|---|---|---|
| Lease Liabilities | | |
| Genscript USA Holdings Inc | 2,114 | 1,122 |
| Nanjing Jinsirui Biotechnology Co., Ltd. | 1,303 | 1,175 |
| | 3,417 | 2,297 |

Except for lease liabilities with incremental borrowing rates between 2.00% and 7.28% and repayable over 5 years, other related party balances are unsecured and repayable on demand.

(c) Compensation of key management personnel of the Group:

| | Three months ended March 31, | |
|---|---|---|
| | 2019 US$'000 (Unaudited) | 2020 US$'000 (Unaudited) |
| Short-term employee benefits | 423 | 636 |
| Equity-settled share option expense | 166 | 110 |
| Total compensation paid to key management personnel | 589 | 746 |

## 17. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the reporting periods are as follows:

As at December 31, 2019

*Financial assets*

| | Financial assets at amortised cost US$'000 |
|---|---|
| Trade receivables | 29,991 |
| Financial assets included in prepayments, other receivables and other assets | 1,560 |
| Time deposits | 75,559 |
| Pledged deposits | 256 |
| Cash and cash equivalents | 83,364 |
| | 190,730 |

LEGEND BIOTECH CORPORATION
NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)
CONSOLIDATED FINANCIAL STATEMENTS

**17. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)**

*Financial liabilities*

| | Financial liabilities at amortised cost |
|---|---|
| | US$'000 |
| Trade payables | 9,586 |
| Financial liabilities included in other payables and accruals | 64,221 |
| Lease liabilities | 6,085 |
| | 79,892 |

As at March 31, 2020

*Financial assets*

| | Financial assets at fair value through profit or loss Designated as such upon initial recognition | Financial assets at amortised cost | Total |
|---|---|---|---|
| | US$'000 (Unaudited) | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Financial assets included in prepayments, other receivables and other assets | — | 1,542 | 1,542 |
| Financial assets at fair value through profit or loss | 2,120 | — | 2,120 |
| Time deposits | — | 75,559 | 75,559 |
| Pledged deposits | — | 256 | 256 |
| Cash and cash equivalents | — | 168,797 | 168,797 |
| | 2,120 | 246,154 | 248,274 |

*Financial liabilities*

| | Financial liabilities at fair value through profit and loss | Financial liabilities at amortised cost | Total |
|---|---|---|---|
| | US$'000 (Unaudited) | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Trade payables | — | 10,123 | 10,123 |
| Convertible redeemable preferred shares | 150,450 | — | 150,450 |
| Financial liabilities included in other payables and accruals | — | 50,243 | 50,243 |
| Lease liabilities | — | 4,756 | 4,756 |
| | 150,450 | 65,122 | 215,572 |

**18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS**

As at December 31, 2019 and March 31, 2020, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)**

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, time deposits, financial assets included in prepayments, other receivables and other assets, trade receivables, trade payables 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 fair values of Series A Preference Shares are determined by using valuation techniques. As the Series A Preference Shares were issued on March 30, 2020, the fair value at the period end was approximately the same as the carrying value of the Series A Preference Shares issued.

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 department reports directly to the finance manager. At each reporting date, the finance department analyzed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation was reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for 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 fair values of the financial assets at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

***Fair value hierarchy***

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments.

***Assets measured at fair value:***

As at March 31, 2020

| | Fair value measurement using | | | |
|---|---|---|---|---|
| | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | Total |
| | US$'000 (Unaudited) | US$'000 (Unaudited) | US$'000 (Unaudited) | US$'000 (Unaudited) |
| Financial assets at fair value through profit or loss: | — | 2,120 | — | 2,120 |

The Series A Preferrence Shares were issued to unrelated parities on March 30, 2020 therefore the transaction price approximates to the fair value as at March 31, 2020.

During the three months ended March 31, 2020 and 2019, 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.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, pledged deposits, financial assets at fair value through profit or loss, prepayments, other receivables and other assets, financial liabilities at fair value through profit or loss and financial liabilities included in other payables and accruals. 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 receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

***Foreign currency risk***

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 23% of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale in the three months ended March 31, 2020 (Three months ended March 31, 2019: 25%).

As at December 31, 2019 and March 31, 2020, the Group has no outstanding foreign currency forward exchange contract. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, management constantly monitors the economic situation and the Group's foreign exchange risk profile and will consider appropriate hedging measures in the future should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the EUR and RMB exchange rate against US$, with all other variables held constant, of the Group's loss before tax (due to changes in the fair values of monetary assets and liabilities).

| | Increase/ (decrease) in the rate of foreign currency % | Decrease/ (increase) in loss before tax US$'000 (Unaudited) |
|---|---|---|
| Three months ended March 31, 2020 | | |
| If US$ strengthens against RMB | 5 | 128 |
| If US$ weakens against RMB | (5) | (128) |
| If US$ strengthens against EUR | 5 | 2,053 |
| If US$ weakens against EUR | (5) | (2,053) |
| | | |
| Three months ended March 31, 2019 | | |
| If US$ strengthens against RMB | 5 | 765 |
| If US$ weakens against RMB | (5) | (765) |
| If US$ strengthens against EUR | 5 | 3,829 |
| If US$ weakens against EUR | (5) | (3,829) |

***Credit risk***

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

**19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)**

balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, financial assets at fair value through profit or loss and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in notes 8 to the consolidated financial statements.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by debtor. The Group had certain concentrations of credit risk with respect to trade receivables, which are disclosed in note 8 to the consolidated financial statements.

***Liquidity risk***

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

As at December 31, 2019

| | Less than 1 years US$'000 | Over 1 years US$'000 | Total US$'000 |
|---|---|---|---|
| Trade payables | 9,586 | — | 9,586 |
| Other payables and accruals | 64,221 | — | 64,221 |
| Lease liabilities | 1,027 | 5,860 | 6,887 |
| | 74,834 | 5,860 | 80,694 |

As at March 31, 2020

| | Less than 1 years US$'000 (Unaudited) | Over 1 years US$'000 (Unaudited) | Total US$'000 (Unaudited) |
|---|---|---|---|
| Trade payables | 10,123 | — | 10,123 |
| Other payables and accruals | 50,243 | — | 50,243 |
| Convertible redeemable preferred shares | — | 168,504 | 168,504 |
| Lease liabilities | 1,419 | 4,072 | 5,491 |
| | 61,785 | 172,576 | 234,361 |

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

***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 a strong credit rating and healthy capital ratios in order to support its business and maximise 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 reporting periods.

The Group monitors capital using a gearing ratio, which is total liabilities divided by total assets. The gearing ratios as at the end of each year were as follows:

| | December 31, 2019 US$'000 | March 31, 2020 US$'000 (Unaudited) |
|---|---|---|
| Total liabilities | 410,584 | 531,266 |
| Total assets | 287,715 | 364,935 |
| Gearing ratio | 143% | 146% |

## 20. SUBSEQUENT EVENT

*(a) The COVID-19 coronavirus impact*

The COVID-19 situation is very fluid across the world where each country or the sites within a country could be impacted differently. The Group is in the process of assessing the situation case by case as the pandemic evolves. In the US, the Group has implemented a work-from-home policy for all non-essential employees and have implemented segregation policies within essential personnel to minimize contact among personnel along with other precautions to minimize any potential impact.

Following the guidance recently issued by FDA and EMA on conducting clinical trials in this uncertain period, the Group is working closely with investigators, putting patient's safety first, while trying their best to move the studies forward.

In China, IIT studies slowed down due to clinical sites priority shifting to COVID-19 related work and local policy of quarantine after Chinese New Year. The situation has been improving gradually and majority of IIT studies work resumed since March 2020. Product manufacture and patient treatment have continued unabated, however the Group is experiencing lower enrollment rates in Cartifan-1 trial.

Product manufacturing in both the US and China have continued. Currently the Group has not experienced any material impact to their material supply chain. Increased quantities of certain raw materials and consumables have been stocked as an appropriate safety measure. The Group has established robust sourcing strategies for all necessary materials and does not expect any significant impact.

The Group will continue to monitor and assess the impact of the ongoing development of the epidemic on the financial position and operating results of the Group and respond accordingly. Up to the date of the report, the assessment is still in progress.

**LEGEND BIOTECH CORPORATION**
**NOTES TO THE UNAUDITED INTERIM CONDENSED—(Continued)**
**CONSOLIDATED FINANCIAL STATEMENTS**

## 20. SUBSEQUENT EVENT

(b) Issuance of Series A Preference Shares

In April 2020, the Company issued an additional 1,283,367 Series A Preference Shares to new investors at a price of $7.792 per share, resulting in aggregate gross proceeds of US$10,000,000.

## 21. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on May 29, 2020.

*18,425,000 American Depositary Shares*


*Representing 36,850,000 Ordinary Shares*

*PROSPECTUS*

*MORGAN STANLEY* *J.P. MORGAN* *JEFFERIES*

*, 2020*

## 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 memorandum and 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 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.

We intend to enter into indemnification agreements with each of our directors and executive officers prior to completion of this offering, the form of which is filed as Exhibit 10.2 to this registration statement. Under these agreements, we may 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.

The underwriting agreement, the form of which will be filed as Exhibit 1.1 to this registration statement, will also provide indemnification for us and our officers and directors for certain liabilities.

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.

During the past three years, we have issued the following securities. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation D under the Securities Act or 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/ Exercise Price |
|---|---|---|---|---|
| ***Ordinary Shares*** | | | | |
| GenScript Biotech Corporation | October 19, 2017 | 169,680,000 | $ | 3,368,046.82 |
| AquaPoint L.P. | October 19, 2017 | 30,320,000 | $ | 559,822.75 |
| ***Series A Preference Shares*** | | | | |
| New Investors | March 30, 2020 | 19,308,262 | $ | 150,449,977.53 |
| New Investors | April 16, 2020 | 1,283,367 | $ | 9,999,995.67 |

***Options***

Since January 1, 2017, we granted to employees, pursuant to our Share Option Scheme, in exchange for services rendered or to be rendered, options to purchase an aggregate of 18,013,000 ordinary shares at a weighted average exercise price of $0.93 per share.

***Assured Entitlement***

Pursuant to Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, in connection with this offering, GenScript intends to make available to its shareholders an "assured entitlement" to a certain portion of our ordinary shares. As our ordinary shares are not expected to be listed on any stock exchange, GenScript intends to effect its assured entitlement distribution by providing to its shareholders a "distribution in specie," or distribution of the ADSs in kind, at a ratio of one ADS for a certain number of ordinary shares of GenScript held at the applicable record date for the distribution. The distribution will be made without any consideration being paid by GenScript's shareholders. GenScript's shareholders who are entitled to fractional ADSs, who elect to receive cash in lieu of ADSs or whose exclusion from the distribution in specie is considered by GenScript to be necessary or expedient due to the legal restrictions or requirements in the places where such shareholders are located, or are otherwise ineligible holders, will only receive cash alternative in the assured entitlement distribution.

GenScript currently intends to provide an assured entitlement with an aggregate value of approximately $13.3 million. GenScript intends to use ordinary shares of our company that it owned before this offering and the concurrent private placement to effect the assured entitlement distribution. The assured entitlement distribution will only be made if this offering is completed. The distribution in specie of ADSs by GenScript is not part of this offering.

**Item 8. Exhibits and Financial Statement Schedules.**

(a) Exhibits

See the Exhibit Index.

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 agreements, 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.

## EXHIBIT INDEX

| Exhibit Number | Description of Document |
|---|---|
| 1.1 | Form of Underwriting Agreement |
| 3.1* | Second Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect |
| 3.2 | Form of Third Amended and Restated Memorandum and Articles of Association of the Registrant (effective immediately prior to the completion of this offering) |
| 4.1* | Registrant's Specimen Certificate for Ordinary Shares |
| 4.2 | Form of Deposit Agreement between the Registrant and JP Morgan Chase Bank, N.A., as depositary |
| 4.3 | Form of American Depositary Receipt evidencing American Depositary Shares (included in Exhibit 4.2) |
| 4.4* | Investors' Rights Agreement, dated March 30, 2020, by and among the Registrant and the investors named therein |
| 5.1 | Opinion of Harney Westwood & Riegels |
| 10.1^* | Collaboration and License Agreement among Legend Biotech USA, Inc., Legend Biotech Ireland Limited and Janssen Biotech, Inc., dated December 21, 2017, as amended |
| 10.2 | Form of Indemnification Agreement between the Registrant and each of its executive officers and directors |
| 10.3+* | Employment Agreement between the Registrant and Yuan Xu |
| 10.4+* | Employment Agreement between the Registrant and Ying Huang |
| 10.5+* | Share Option Scheme (including proxy form, notice of grant, notice of exercise and share purchase agreement and investment representation statement) |

| Exhibit Number | Description of Document |
|---|---|
| 10.6* | Lease Agreement between Legend Biotech USA, Inc. and Genscript USA Holding, Inc., dated February 8, 2018 |
| 10.7 | 2020 Restricted Shares Plan (including form of Restricted Share Unit Award Agreement) |
| 10.8^ | Collaborative Research and License Agreement between Legend Biotech USA, Inc. and Noile-Immune Biotech, inc., dated April 27, 2020 |
| 21.1 | Principal Subsidiaries of the Registrant |
| 23.1 | Consent of Ernst & Young Hua Ming LLP, an independent registered public accounting firm |
| 23.2 | Consent of Harney Westwood & Riegels (included in Exhibit 5.1) |
| 24.1* | Powers of Attorney (included on signature page) |
| 99.1 | Code of Business Conduct and Ethics of the Registrant |

+ Indicates management contract or compensatory plan

* Previously filed

^ Pursuant to Item 601(b)(10)(iv) of Regulation S-K promulgated by the Securities and Exchange Commission, certain portions of this exhibit have been redacted because they are both not material and would be competitively harmful if publicly disclosed. The Registrant hereby agrees to furnish supplementally to the Securities and Exchange Commission, upon its request, an unredacted copy of this exhibit

## 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 Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Somerset, New Jersey, on May 29, 2020.

**Legend Biotech Corporation**

By: /s/ Yuan Xu
Name: Yuan Xu, Ph.D.
Title: *Chief Executive Officer & Director*

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Yuan Xu, Ph.D. and Ying Huang, Ph.D. and each of them, his or her true and lawful agent, proxy and attorney-in-fact, with full power of substitution and resubstitution, for and in his or her name, place and stead, in any and all capacities, to (i) act on, sign and file with the Securities and Exchange Commission any and all amendments (including post-effective amendments) to this Registration Statement together with all schedules and exhibits thereto and any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, together with all schedules and exhibits thereto, (ii) act on, sign and file such certificates, instruments, agreements and other documents as may be necessary or appropriate in connection therewith, (iii) act on and file any supplement to any prospectus included in this Registration Statement or any such amendment or any subsequent registration statement filed pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and (iv) take any and all actions which may be necessary or appropriate to be done, as fully for all intents and purposes as he or she might or could do in person, hereby approving, ratifying and confirming all that such agent, proxy and attorney-in-fact or any of his or her substitutes may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

| Signature | Title | Date |
|---|---|---|
| /s/ Yuan Xu<br>Yuan Xu, Ph.D. | Chief Executive Officer and Director (Principal Executive Officer) | May 29, 2020 |
| /s/ Ying Huang<br>Ying Huang, Ph.D. | Chief Financial Officer (Principal Financial and Accounting Officer) | May 29, 2020 |
| /s/ Fangliang Zhang<br>Fangliang Zhang, Ph.D. | Chairman of the Board of Directors | May 29, 2020 |
| /s/ Ye Wang<br>Ye Wang, M.S. | Director | May 29, 2020 |
| /s/ Darren Xiaohui Ji<br>Darren Xiaohui Ji, M.D., Ph.D. | Director | May 29, 2020 |
| /s/ Corazon Dating Sanders<br>Corazon Dating Sanders, Ph.D. | Director | May 29, 2020 |
| /s/ Yau Wai Man Philip<br>Yau Wai Man Philip, CPA | Director | May 29, 2020 |

**SIGNATURE OF AUTHORIZED U.S. REPRESENTATIVE OF THE REGISTRANT**

Pursuant to the requirements of the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Legend Biotech Corporation, has signed this Amendment No. 1 to the Registration Statement on Form F-1 in Somerset, New Jersey on May 29, 2020.

**Authorized U.S. Representative**
**YUAN XU, PH.D**

By: /s/ Yuan Xu
Name: Yuan Xu, Ph.D.
Title: *Chief Executive Officer & Director*

**Exhibit 1.1**

**LEGEND BIOTECH CORPORATION**

**[●] AMERICAN DEPOSITARY SHARES**

**REPRESENTING**

**[●] ORDINARY SHARES, $0.0001 PAR VALUE PER SHARE**

**UNDERWRITING AGREEMENT**

[•], 2020

[•], 2020

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC
Jefferies LLC
c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

c/o Jefferies LLC
520 Madison Avenue
New York, New York 10022

Ladies and Gentlemen:

Legend Biotech Corporation, an exempted company incorporated in the Cayman Islands (the "**Company**"), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the "**Underwriters**"), for whom Morgan Stanley & Co. LLC ("**Morgan Stanley**"), J.P. Morgan Securities LLC ("**J.P. Morgan**") and Jefferies LLC ("**Jefferies**") are acting as representatives (the "**Representatives**"), [•] American Depositary Shares representing [•] ordinary shares, $0.0001 par value per share (the "**Firm ADSs**").

The Company also proposes to issue and sell to the several Underwriters not more than an additional [•] American Depositary Shares representing [•] ordinary shares, $0.0001 par value per share (the "**Additional ADSs**"), if and to the extent that the Representatives shall have determined to exercise, on behalf of the Underwriters, the right to purchase such American Depositary Shares granted to the Underwriters in Section 2 hereof. The Firm ADSs and the Additional ADSs are hereinafter collectively referred to as the "**ADSs**." The ordinary shares, $0.0001 par value per share, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the "**Ordinary Shares**."

The ADSs are to be issued pursuant to a deposit agreement dated [•], 2020 (the "**Deposit Agreement**") among the Company, JPMORGAN Chase Bank, N.A., as Depositary (the "**Depositary**"), and the owners and holders from time to time of the American Depositary Receipts (the "**ADRs**") issued by the Depositary and evidencing the ADSs. Each American Depositary Share will initially represent the right to receive two Ordinary Shares deposited pursuant to the Deposit Agreement.

The Company has filed with the Securities and Exchange Commission (the "**Commission**") a registration statement on Form F-1 (File No. 333-238232), including a preliminary prospectus, relating to the Ordinary Shares represented by the ADSs. The registration statement, as amended at the time it becomes effective, including the information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A under the Securities Act of 1933, as amended (the "**Securities Act**"), is hereinafter referred to as the "**Registration Statement**"; the prospectus in the form first used to confirm sales of ADSs (or in the form first made available to the Underwriters by the Company to meet requests of purchasers pursuant to Rule 173 under the Securities Act) is hereinafter referred to as the "**Prospectus**." If the Company has filed an abbreviated registration statement to register additional ADSs pursuant to Rule 462(b) under the Securities Act (a "**Rule 462 Registration Statement**"), then any reference herein to the term "**Registration Statement**" shall be deemed to include such Rule 462 Registration Statement. The Company has filed a registration statement on Form F-6 (No. 333-238581) relating to the ADSs with the Commission (such registration statement on Form F-6, including all exhibits thereto, as amended at the time such registration statement becomes effective, being hereafter referred to as the "**ADS Registration Statement**"). The Company has also filed, in accordance with Section 12 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), a registration statement on Form 8-A (the "**Form 8-A Registration Statement**") to register the Ordinary Shares of the Company under Section 12(b) of the Exchange Act.

For purposes of this Underwriting Agreement (the "**Agreement**"), "**free writing prospectus**" has the meaning set forth in Rule 405 under the Securities Act, "**preliminary prospectus**" shall mean each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted information pursuant to Rule 430A under the Securities Act that was used after such effectiveness and prior to the execution and delivery of this Agreement, "**Time of Sale Prospectus**" means the preliminary prospectus contained in the Registration Statement at the time of its effectiveness together with the documents and pricing information set forth in Schedule II hereto, and "**broadly available road show**" means a "bona fide electronic road show" as defined in Rule 433(h)(5) under the Securities Act that has been made available without restriction to any person. As used herein, the terms "Registration Statement," "preliminary prospectus," "Time of Sale Prospectus" and "Prospectus" shall include the documents, if any, incorporated by reference therein as of the date hereof.

1. *Representations and Warranties*. The Company represents and warrants to and agrees with each of the Underwriters that:

(a) Each of the Registration Statement and the ADS Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement or the ADS Registration Statement is in effect, and no proceedings for such purpose or pursuant to Section 8A under the Securities Act are pending before or, to the Company's knowledge, threatened by the Commission.

(b) (i) Each of the Registration Statement and the ADS Registration Statement , when it became effective, did not contain and, as amended or supplemented, if applicable, will not contain, as of the date of such amendment or supplement, any 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, (ii) each of the Registration Statement, the ADS Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply, as of the date of such amendment or supplement, in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder, (iii) the Time of Sale Prospectus does not, and at the time of each sale of the ADSs in connection with the offering when the Prospectus is not yet available to prospective purchasers and at the Closing Date (as defined in Section 4), the Time of Sale Prospectus, as then amended or supplemented by the Company, if applicable, will not, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iv) each broadly available road show, if any, when considered together with the Time of Sale Prospectus, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (v) the Prospectus, as of its date, does not contain and, as amended or supplemented, if applicable, will not contain, as of the date of such amendment or supplement, or as of the Closing Date and each Option Closing Date (as defined in Section 2), any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that the representations and warranties set forth in this paragraph do not apply to statements or omissions in the Registration Statement, the Time of Sale Prospectus or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives or on their behalf expressly for use therein, it being understood and agreed that the only such information is that described in Section 8(b).

(c) The Company is not an “ineligible issuer” in connection with the offering pursuant to Rules 164, 405 and 433 under the Securities Act. Any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Securities Act has been, or will be, filed with the Commission in accordance with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act or that was prepared by or on behalf of or used or referred to by the Company complies, or if filed after the effective date of this Agreement will comply when filed, in all material respects with the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule II hereto, and electronic road shows, if any, each furnished to the Underwriters before first use, the Company has not prepared, used or referred to, and will not, without the Representatives’ prior consent, prepare, use or refer to, any free writing prospectus.

(d) The Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has the corporate power and authority to own or lease its property and to conduct its business as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction (to the extent the concept of good standing or an equivalent concept is applicable in such jurisdiction) in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing (to the extent the concept of good standing or an equivalent concept is applicable in such jurisdiction) would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(e) Each significant subsidiary (as such term is defined in Rule 1-02 of Regulation S-X under the Exchange Act) of the Company has been duly incorporated, is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation (to the extent the concept of good standing or an equivalent concept is applicable in such jurisdiction), has the corporate power and authority to own or lease its property and to conduct its business as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction (to the extent the concept of good standing or an equivalent concept is applicable in such jurisdiction) in which the conduct of its business or its ownership or leasing of property requires such qualification, except to the extent that the failure to be so qualified or be in good standing would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole; all of the issued shares of capital stock of each significant subsidiary (as such term is defined in Rule 1-02 of Regulation S-X under the Exchange Act) of the Company have been duly and validly authorized and issued, are fully paid and non-assessable and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims, except to the extent that such liens, encumbrances, equity or claims would not reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(f) This Agreement has been duly authorized, executed and delivered by the Company.

(g) The Deposit Agreement has been duly authorized and, when executed and delivered by the Company and, assuming due authorization, execution and delivery by the Depositary, will constitute a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, fraudulent transfer,

reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles, and upon issuance by the Depositary of ADRs evidencing ADSs and the deposit of Ordinary Shares in respect thereof in accordance with the provisions of the Deposit Agreement, such ADRs will be duly and validly issued and the persons in whose names the ADRs are registered will be entitled to the rights specified therein and in the Deposit Agreement; and the Deposit Agreement and the ADRs conform in all material respects to the descriptions thereof contained in each of the Time of Sale Prospectus and the Prospectus.

(h) The authorized share capital of the Company conforms as to legal matters in all material respects to the description thereof contained in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(i) The Ordinary Shares outstanding prior to the issuance of the Ordinary Shares represented by the ADSs to be sold pursuant to this Agreement have been duly authorized and are validly issued, fully paid and non-assessable.

(j) The Ordinary Shares represented by the ADSs to be sold pursuant to this Agreement have been duly authorized and, when issued, delivered and paid for in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Ordinary Shares will not be subject to any preemptive or similar rights that have not been validly waived.

(k) The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement and the Deposit Agreement, and the issuance and sale of the ADSs and the deposit of the Ordinary Shares after the execution, delivery and performance of this Agreement and the Deposit Agreement, will not contravene any provision of (i) applicable law, (ii) the certificate of incorporation or memorandum and articles of association of the Company, (iii) any agreement or other instrument binding upon the Company or any of its subsidiaries that is material to the Company and its subsidiaries, taken as a whole, or (iv) any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any subsidiary, except that in the case of clauses (i), (iii) and (iv) above, where such contravention would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, or on the power or ability of the Company to perform its obligations under this Agreement; and no consent, approval, authorization or order of, or qualification with, any governmental body, agency or court is required for the performance by the Company of its obligations under this Agreement, except such as has previously been obtained and such as may be required by the securities or Blue Sky laws of the various states or foreign jurisdictions or the rules and regulations of the Financial Industry Regulatory Authority ("**FINRA**") in connection with the offer and sale of the ADSs.

(l) There has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus.

(m) There are no legal or governmental proceedings pending or, to the Company's knowledge, threatened to which the Company or any of its subsidiaries is a party or to which any of the properties of the Company or any of its subsidiaries is subject (i) other than proceedings accurately described in all material respects in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus and proceedings that would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, or a material adverse effect on the power or ability of the Company to perform its obligations under this Agreement or to consummate the transactions contemplated by each of the Registration Statement, the Time of Sale Prospectus and the Prospectus or (ii) that are required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus and are not so described in all material respects; and there are no statutes, regulations, contracts or other documents to which the Company or any of its subsidiaries is subject or by which the Company or any of its subsidiaries is bound that are required to be described in the Registration Statement, the Time of Sale Prospectus or the Prospectus or to be filed as exhibits to the Registration Statement that are not described in all material respects or filed as required.

(n) Each preliminary prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Securities Act, complied when so filed in all material respects with the Securities Act and the applicable rules and regulations of the Commission thereunder.

(o) The Company is not, and after giving effect to the offering and sale of the ADSs and the application of the proceeds thereof as described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(p) The Company and each of its subsidiaries, taken as a whole, (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(q) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(r) Except as have been validly waived or complied with in connection with the issuance and sale of the ADSs contemplated hereby and as have been described in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company or to require the Company to include such securities with the Ordinary Shares registered pursuant to the Registration Statement.

(s) (i) None of the Company or any of its subsidiaries or affiliates, or any director, officer or employee thereof, or, to the Company's knowledge, any agent or representative of the Company or of any of its subsidiaries or affiliates, has taken or will take any action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment, giving or receipt of money, property, gifts or anything else of value, directly or indirectly, to any government official (including any officer or employee of a government or government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party official or candidate for political office) ("**Government Official**") in order to influence official action, or to any person in violation of any applicable anti-corruption laws; (ii) the Company and each of its subsidiaries and affiliates have conducted their businesses in compliance with applicable anti-corruption laws and have instituted and maintained and will continue to maintain policies and procedures reasonably designed to promote and achieve compliance with such laws and with the representations and warranties contained herein; and (iii) neither the Company nor any of its subsidiaries will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable anti-corruption laws.

(t) The operations of the Company and each of its subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and the applicable anti-money laundering statutes of jurisdictions where the Company and each of its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(u) (i) None of the Company, any of its subsidiaries, or any director, officer, or employee thereof, or, to the Company's knowledge, any agent, affiliate or representative of the Company or any of its subsidiaries, is an individual or entity ("**Person**") that is, or is owned or controlled by one or more Persons that are:

(A) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the United Nations Security Council, the European Union, Her Majesty's Treasury, or other relevant sanctions authority (collectively, "**Sanctions**"), or

(B) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea and Syria).

(ii) The Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person:

(A) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions, except to the extent permitted for a Person required to comply with Sanctions; or

(B) in any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise).

(iii) The Company and each of its subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any Person, or in any country or territory that at the time of the dealing or transaction is or was the subject of Sanctions, except to the extent permitted for a Person required to comply with Sanctions.

(v) Subsequent to the respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, (i) the Company and its subsidiaries, taken as a whole, have not incurred any material liability or obligation, direct or contingent, nor entered into any material transaction; (ii) the Company has not purchased any of its outstanding share capital (except for acquisitions of share capital by the Company pursuant to agreements that permit the Company to repurchase such shares or in connection with the exercise of the Company's right of first refusal with respect to transfers of such shares upon the applicable party's termination of service to the Company), nor declared, paid or otherwise made any dividend or distribution of any kind on its share capital other than ordinary and customary dividends; and (iii) there has not been any material change in the share capital and/or capital stock (other than the exercise or forfeiture of equity awards outstanding on such respective dates as of which information is given in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, in each case granted pursuant to equity compensation plans described in the Registration Statement, the Time of Sale Prospectus and the Prospectus), short-term debt or long-term debt of the Company and its subsidiaries, taken as a whole.

(w) The Company and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property (other than intellectual property, which is covered by Section 1(x) below) owned by them which is material to the business of the Company and its subsidiaries, taken as a whole, in each case free and clear of all liens, encumbrances and defects except such as are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus or such as do not materially diminish the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries; and any real property and buildings held under lease by the Company and its subsidiaries are held by them under valid, subsisting and, to the Company's knowledge, enforceable leases with such exceptions as are not material and do not materially interfere with the use made and proposed to be made of such property and buildings by the Company and its subsidiaries, taken as a whole, in each case except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(x) (i) The Company and its subsidiaries solely and exclusively own or have a license to all patents, inventions, copyrights, know how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names and all other intellectual property and similar proprietary rights (including all registrations and applications for registration of, and all goodwill associated with, any of the foregoing, as applicable) (collectively, "**Intellectual Property Rights**") used in, held for use in or reasonably necessary to the conduct of their

businesses; (ii) there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity, scope or enforceability of any such Intellectual Property Rights and, to the Company's knowledge, the Intellectual Property Rights owned or controlled by, or licensed to, the Company or any of its subsidiaries are valid, subsisting and enforceable; (iii) neither the Company nor any of its subsidiaries has received any written notice alleging any infringement, misappropriation or other violation of Intellectual Property Rights of any third party by the Company or any of its subsidiaries; (iv) to the Company's knowledge, no third party is infringing, misappropriating or otherwise violating, or has infringed, misappropriated or otherwise violated, any valid Intellectual Property Rights owned or in-licensed by the Company or any of its subsidiaries; (v) to the Company's knowledge, neither the Company nor any of its subsidiaries infringes, misappropriates or otherwise violates, or has infringed, misappropriated or otherwise violated, any valid Intellectual Property Rights of any third party; (vi) all employees or contractors engaged in the development of Intellectual Property Rights on behalf of the Company or any subsidiary of the Company have executed an invention assignment agreement whereby such employees or contractors presently assign all of their right, title and interest in and to such Intellectual Property Rights to the Company or the applicable subsidiary, and to the Company's knowledge no such agreement has been breached or violated; and (vii) the Company and its subsidiaries use, and have used, commercially reasonable efforts to appropriately maintain all information intended to be maintained as a trade secret.

(y) (i) The Company and its subsidiaries use and have used any and all software and other materials distributed under a "free," "open source," or similar licensing model (including but not limited to the MIT License, Apache License, GNU General Public License, GNU Lesser General Public License and GNU Affero General Public License) ("**Open Source Software**") in compliance with all license terms applicable to such Open Source Software; and (ii) neither the Company nor any of its subsidiaries uses or distributes or has used or distributed any Open Source Software in any manner that requires or has required (A) the Company or any of its subsidiaries to permit reverse engineering of any software code or other technology owned by the Company or any of its subsidiaries or (B) any software code or other technology owned by the Company or any of its subsidiaries to be (1) disclosed or distributed in source code form, (2) licensed for the purpose of making derivative works or (3) redistributed at no charge.

(z) (i) Except as would not, individually or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, the Company and each of its subsidiaries have complied and are presently in compliance with all internal and external Company privacy policies, contractual obligations, applicable laws, statutes, judgments, orders, rules and regulations of any court or arbitrator or other governmental or regulatory authority and any other legal obligations, in each case, relating to the collection, use, transfer, import, export, storage, protection, disposal and disclosure by the Company or any of its subsidiaries of personal, personally identifiable, sensitive, confidential or

regulated data ("**Data Security Obligations**", and such data, "**Data**"); (ii) neither the Company nor any of its subsidiaries has received any notification of or complaint regarding and is unaware of any other facts that, individually or in the aggregate, would reasonably indicate non-compliance with any Data Security Obligation; and (iii) there is no action, suit, investigation or proceeding by or before any court or governmental agency, authority or body pending or threatened against the Company or any of its subsidiaries alleging non-compliance with any Data Security Obligation.

(aa) Except as would not, individually or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, the Company and its subsidiaries' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications and databases ("**IT Systems**") are adequate for, and operate and perform appropriately as required in connection with, the operation of the business of the Company and its subsidiaries, free and clear of all bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and each of its subsidiaries have taken all technical and organizational measures necessary to protect the IT Systems and Data used in connection with the operation of the Company's and its subsidiaries' businesses. Without limiting the foregoing, the Company and its subsidiaries have used reasonable efforts to establish, maintain, implement, and comply with, reasonable information technology, information security, cyber security and data protection controls, policies and procedures, that are designed to protect against and prevent breach, destruction, loss, unauthorized distribution, use, access, disablement, misappropriation or modification, or other compromise or misuse of any IT Systems or Data used in connection with the operation of the Company's and its subsidiaries' businesses ("**Breach**"). Except as would not, individually or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, the Company has experienced no such Breach, and the Company and its subsidiaries have not been notified of and have no knowledge of any event or condition that would reasonably be expected to result in, any such Breach.

(bb) No material labor dispute with the employees of the Company or any of its subsidiaries exists, or, to the knowledge of the Company, is imminent; and the Company is not aware of any existing, threatened or imminent labor disturbance by the employees of any of its principal suppliers, manufacturers or contractors that could, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(cc) The Company and each of its subsidiaries, taken as a whole, are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as the Company reasonably believes are prudent and customary in the businesses in which they are engaged, except where the failure to be insured would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole; neither the Company nor any of its subsidiaries has been refused any

insurance coverage sought or applied for; and neither the Company nor any of its subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(dd) The Company and each of its subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses, including, without limitation, from the Regulatory Authorities (as defined in Section 1(nn)), except where the failure to obtain such certificates, authorizations or permits would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the Company and its subsidiaries, taken as a whole.

(ee) The financial statements (including the related notes thereto) included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, together with the related schedules and notes thereto, comply as to form in all material respects with the applicable accounting requirements of the Securities Act and present fairly the consolidated financial position of the Company and its subsidiaries as of the dates shown and its results of operations and cash flows for the periods shown, and such financial statements have been prepared in conformity with International Financial Reporting Standard ("**IFRS**") as issued by the International Accounting Standards Board applied on a consistent basis throughout the periods covered thereby except for any normal year-end adjustments in the Company's quarterly financial statements. The other financial information included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby.

(ff) The statistical, industry and market related data included in the Registration Statement, the Time of Sale Prospectus and the Prospectus are based on or derived from sources that the Company reasonably and in good faith believes are reliable and accurate and such data is consistent with the sources from which they are derived, in each case in all material respects.

(gg) Ernst & Young Hua Ming LLP, who have certified certain financial statements of the Company and its subsidiaries and delivered its report with respect to the audited consolidated financial statements filed with the Commission as part of the Registration Statement and included in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus, is an independent registered public accounting firm with respect to the Company within the meaning of the Securities Act and the applicable rules and regulations thereunder adopted by the Commission and the Public Company Accounting Oversight Board (United States).

(hh) The Company and its subsidiaries, taken as a whole, maintain systems of "internal control over financial reporting," as defined in Rule 13(a)-15(f) under the Exchange Act, that comply with the requirements of the Exchange Act and are designed to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Since the end of the Company's most recent audited fiscal year, there has been (i) no material weakness in the Company's "internal control over financial reporting," as defined in Rule 13(a)-15(f) under the Exchange Act (whether or not remediated), except as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus and (ii) no change in the Company's internal control over financial reporting that has materially and adversely affected, or is reasonably likely to materially and adversely affect, the Company's internal control over financial reporting.

(ii) The Company has not sold, issued or distributed any Ordinary Shares during the six-month period preceding the date hereof, including any sales pursuant to Rule 144A under, or Regulation D or S of, the Securities Act, other than shares issued pursuant to employee benefit plans, qualified stock option plans or other employee compensation plans or pursuant to outstanding options, rights or warrants.

(jj) The Company and each of its subsidiaries have filed all federal, state, local and foreign income and other tax returns required to be filed through the date of this Agreement or have requested extensions thereof (except where the failure to file would not, singly or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole) and have paid all taxes required to be paid thereon (except for cases in which the failure to file or pay would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the Company and its subsidiaries, taken as a whole, or, except as currently being contested in good faith and for which reserves required by IFRS have been created in the financial statements of the Company, or, except to the extent that such taxes have been accrued on the Company's financial statements in accordance with IFRS), and no unpaid tax deficiency has been determined adversely to the Company or any of its subsidiaries which, singly or in the aggregate, has had (nor does the Company nor any of its subsidiaries have any notice or knowledge of any unpaid tax deficiency which could reasonably be expected to be determined adversely to the Company or its subsidiaries and which could reasonably be expected to have) a material adverse effect on the Company and its subsidiaries, taken as a whole.

(kk) From the time of initial confidential submission of the Registration Statement to the Commission through the date hereof, the Company has been and is an "emerging growth company," as defined in Section 2(a) of the Securities Act (an "**Emerging Growth Company**").

(ll) The Company (i) has not alone engaged in any Testing-the-Waters Communication with any person other than Testing-the-Waters Communications with the consent of the Representatives with entities that are reasonably believed to be qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are reasonably believed to be accredited investors within the meaning of Rule 501 under the Securities Act and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act. "**Testing-the-Waters Communication**" means any communication with potential investors undertaken in reliance on Section 5(d) or Rule 163B of the Securities Act.

(mm) As of the time of each sale of the ADSs in connection with the offering when the Prospectus is not yet available to prospective purchasers, none of (A) the Time of Sale Prospectus, (B) any free writing prospectus, when considered together with the Time of Sale Prospectus, and (C) any individual Testing-the-Waters Communication, when considered together with the Time of Sale Prospectus, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided*, *however*, that this representation and warranty does not apply to any statements or omissions based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives or on their behalf expressly for use therein, it being understood and agreed that the only such information is that described in Section 8(b).

(nn) The Company has operated at all times and is currently in compliance in all material respects with all applicable statutes, rules, regulations and policies of the U.S. Food and Drug Administration (the "**FDA**") and applicable foreign regulatory authorities, including the National Medical Product Administration of the People's Republic of China ("**PRC**"), the European Medicines Agency of the European Union and the Pharmaceutical and Medical Device Agency of Japan (collectively, the "**Regulatory Authorities**") and all applicable federal, state, local and foreign health care laws, including, without limitation:

(i) the Federal Food, Drug, and Cosmetic Act and the regulations promulgated thereunder;

(ii) the Public Health Service Act and the regulations promulgated thereunder;

(iii) the Orphan Drug Act and the regulations promulgated thereunder;

(iv) the PRC Drug Administration Law and the regulations promulgated thereunder;

(v) the U.S. Anti-Kickback Statute (42 U.S.C. Section 1320a-7b(b)), the Civil Monetary Penalties Law (42 U.S.C. Section 1320a-7a), the U.S. Civil False Claims Act (31 U.S.C. Section 3729 et seq.), all applicable federal, state, local and all foreign criminal laws relating to health care fraud and abuse, including but not limited to the U.S. False Statements Law (42 U.S.C. Section 1320a-7b(a)), 18 U.S.C. Sections 286 and 287, and the health care fraud criminal provisions under the U.S. Health Insurance Portability and Accountability Act of 1996 ("**HIPAA**") (42 U.S.C. Section 1320d et seq.), the exclusions law (42 U.S.C. Section 1320a-7), the statutes and regulations of applicable government funded or sponsored healthcare programs, and the regulations promulgated pursuant to such statutes;

(vi) the Standards for Privacy of Individually Identifiable Health Information, the Security Standards, and the Standards for Electronic Transactions and Code Sets promulgated under HIPAA, the Health Information Technology for Economic and Clinical Health Act (42 U.S.C. Section 17921 et seq.), and the regulations promulgated thereunder and any state or non-U.S. counterpart thereof;

(vii) the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, and the regulations promulgated thereunder;

(viii) all other local, state, federal, national, supranational and foreign laws, relating to the ownership, testing, development, manufacture, packaging, processing, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product under development, manufactured or distributed by the Company; (clauses (i) through (vii), collectively, "**Health Care Laws**").

(oo) (i) The studies, tests and preclinical and clinical trials conducted by or on behalf of or sponsored by the Company or in which the Company has participated, were, and if still pending are, being conducted in all material respects in accordance with standard medical and experimental protocols,

procedures and controls pursuant to accepted professional scientific research standards and procedures, and all applicable Health Care Laws, the rules and regulations of the Regulatory Authorities and current Good Clinical Practices and Good Laboratory Practices; (ii) the descriptions of the results of such studies and trials contained in the Registration Statement, the Time of Sale Prospectus or the Prospectus are accurate and complete in all material respects and fairly present the data derived from such trials and studies; (iii) the Company has no knowledge of any other studies or trials not described in the Registration Statement, the Time of Sale Prospectus and the Prospectus, the results of which call into question the results described or referred to in the Registration Statement, the Time of Sale Prospectus and the Prospectus; (iv) the Company has provided the Underwriters with all substantive written notices, correspondence and summaries of all other communications provided to the Company or its subsidiaries from the Regulatory Authorities; and (v) the Company has not received any written notices, correspondence or other communications from any Regulatory Authority or any other governmental entity alleging or asserting material noncompliance with any applicable Health Care Law or requiring or threatening the termination, modification or suspension of any studies or trials that are described in the Registration Statement, the Time of Sale Prospectus and the Prospectus or the results of which are referred to in the Registration Statement, the Time of Sale Prospectus and the Prospectus, and, to the Company's knowledge, there are no reasonable grounds for the same.

(pp) (i) Except as would not, individually or in the aggregate, have a material adverse effect on the Company and its subsidiaries, taken as a whole, the Company has filed, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Health Care Laws, and, all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were timely, complete, accurate and not misleading on the date filed (or were corrected or supplemented by a subsequent submission); (ii) the Company has not received written notice of any claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any court or arbitrator or Regulatory Authority, other governmental entity or third party alleging that any Company or product operation or activity is in violation of any Health Care Laws, including, without limitation, any FDA Form 483, notice of adverse finding, warning letter, untitled letter or other correspondence or notice from the FDA or any other Regulatory Authority or governmental entity, nor, to the Company's knowledge, is any such claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action threatened; (iii) the Company is not a party to any corporate integrity agreements, monitoring agreements, consent decrees, settlement orders, or similar agreements with or imposed by any Regulatory Authority or other governmental entity; and (iv) neither the Company nor any of its employees, officers or directors has been excluded, suspended or debarred from participation in any U.S. federal health care program or human clinical research or, to the knowledge of the Company, is subject to an inquiry, investigation, proceeding or other similar action by a Regulatory Authority or other governmental entity that could reasonably be expected to result in debarment, suspension, or exclusion.

(qq) Neither the Company nor any of its subsidiaries has any securities rated by any "nationally recognized statistical rating organization," as such term is defined in Section 3(a)(62) of the Exchange Act.

(rr) No stamp, documentary, issuance, registration, transfer, withholding, capital gains, income or other taxes or duties are payable by or on behalf of the Underwriters, the Company or any of its subsidiaries in the Cayman Islands or the PRC or to any taxing authority thereof or therein in connection with (i) the execution, delivery or consummation of this Agreement, (ii) the creation, allotment and issuance of the Ordinary Shares represented by the ADSs, (iii) the deposit with the Depositary of the Ordinary Shares represented by the ADSs by the Company against issuance of ADRs evidencing the ADSs, (iv) the sale and delivery of the ADSs to the Underwriters or purchasers procured by the Underwriters, or (v) the resale and delivery of the ADSs by the Underwriters in the manner contemplated herein.

(ss) The Company does not expect to be a "passive foreign investment company" ("**PFIC**") for U.S. federal income tax purposes for its current taxable year.

(tt) The Company has entered into a side letter agreement with the Depositary (the "**Depositary Side Letter**"), instructing the Depositary not to accept any shareholder's deposit of Ordinary Shares in the Company's American Depositary Receipt facility or issue any new ADRs evidencing the ADSs to any shareholder or any third party subject to exceptions stated in the Depositary Side Letter and further instruction by the Company.

(uu) The Company is a "foreign private issuer" as defined in Rule 405 of the Securities Act.

2. *Agreements to Sell and Purchase*. The Company hereby agrees to sell to the several Underwriters, and each Underwriter, upon the basis of the representations and warranties herein contained, but subject to the terms and conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company the respective numbers of Firm ADSs set forth in Schedule I hereto opposite its name at $[•] per ADSs (the "**Purchase Price**").

On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Additional ADSs, and the Underwriters shall have the right to purchase, severally and not jointly, up to [•] Additional ADSs at the Purchase Price, provided, however, that the amount paid by the Underwriters for any Additional ADSs shall be reduced by an amount per ADS equal to any dividends declared by the Company and payable on the Firm ADSs but not payable on such Additional ADSs. The Representatives may exercise this right

on behalf of the Underwriters in whole or from time to time in part by giving written notice not later than 30 days after the date of this Agreement. Any exercise notice shall specify the number of Additional ADSs to be purchased by the Underwriters and the date on which such Additional ADSs are to be purchased. Each purchase date must be at least one business day after the written notice is given and may not be earlier than the closing date for the Firm ADSs or later than ten business days after the date of such notice. Additional ADSs may be purchased as provided in Section 4 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Firm ADSs. On each day, if any, that Additional ADSs are to be purchased (an "**Option Closing Date**"), each Underwriter agrees, severally and not jointly, to purchase the number of Additional ADSs (subject to such adjustments to eliminate fractional shares as the Representatives may determine) that bears the same proportion to the total number of Additional ADSs to be purchased on such Option Closing Date as the number of Firm ADSs set forth in Schedule I hereto opposite the name of such Underwriter bears to the total number of Firm ADSs.

3. *Terms of Public Offering*. The Company is advised by the Representatives that the Underwriters propose to make a public offering of their respective portions of the ADSs as soon after the Registration Statement and this Agreement have become effective as in the Representatives' judgment is advisable. The Company is further advised by the Representatives that the ADSs are to be offered to the public initially at $[•] per ADS (the "**Public Offering Price**") and to certain dealers selected by the Representatives at a price that represents a concession not in excess of $[•] a share under the Public Offering Price, and that any Underwriter may allow, and such dealers may reallow, a concession, not in excess of $[•] a share, to any Underwriter or to certain other dealers.

4. *Payment and Delivery.* Payment for the Firm ADSs shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Firm ADSs for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on [•], 2020, or at such other time on the same or such other date, not later than [•], 2020, as shall be designated in writing by the Representatives. The time and date of such payment are hereinafter referred to as the "**Closing Date**."

Payment for any Additional ADSs shall be made to the Company in Federal or other funds immediately available in New York City against delivery of such Additional ADSs for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on the date specified in the corresponding notice described in Section 2 or at such other time on the same or on such other date, in any event not later than [•], 2020, as shall be designated in writing by the Representatives.

The Firm ADSs and Additional ADSs shall be registered in such names and in such denominations as the Representatives shall request not later than one full business day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm ADSs and Additional ADSs shall be delivered to Morgan Stanley on the Closing Date or an Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the ADSs to the Underwriters duly paid, against payment of the Purchase Price therefor.

5. *Conditions to the Underwriters' Obligations*. The obligations of the Company to sell the ADSs to the Underwriters and the several obligations of the Underwriters to purchase and pay for the ADSs on the Closing Date are subject to the condition that the Registration Statement shall have become effective not later than [•] (New York City time) on the date hereof.

The several obligations of the Underwriters are subject to the following further conditions:

(a) Subsequent to the execution and delivery of this Agreement and prior to the Closing Date:

(i) no order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Securities Act shall be pending before or threatened by the Commission; and

(ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Prospectus that, in the Representatives judgment, is material and adverse and that makes it, in the Representatives' judgment, impracticable to market the ADSs on the terms and in the manner contemplated in the Time of Sale Prospectus.

(b) The Underwriters shall have received on the Closing Date a certificate, dated the Closing Date and signed on behalf of the Company by an executive officer of the Company, to the effect set forth in Sections 5(a)(i) and 5(a)(ii) above and to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date and that the Company has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Closing Date.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened.

(c) The Underwriters shall have received on the Closing Date an opinion and negative assurance letter of Cooley LLP, outside counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters.

(d) The Underwriters shall have received on the Closing Date an opinion of Morrison & Foerster LLP, outside intellectual property counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters.

(e) The Underwriters shall have received on the Closing Date an opinion of Panitch Schwarze Belisario & Nadel, LLP, outside intellectual property counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters.

(f) The Underwriters shall have received on the Closing Date an opinion of Klarquist Sparkman, LLP, outside intellectual property counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters.

(g) The Underwriters shall have received on the Closing Date an opinion of Harney Westwood & Riegels, Cayman Islands counsel for the Company, dated the Closing Date, substantially in the form of Exhibit C hereto.

(h) The Underwriters shall have received on the Closing Date an opinion and negative assurance letter of Davis Polk & Wardwell LLP, counsel for the Underwriters, dated the Closing Date, in form and substance satisfactory to the Underwriters.

(i) The Underwriters shall have received on the Closing Date an opinion of JunHe LLP, People's Republic of China counsel for the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters.

(j) The Underwriters shall have received on the Closing Date an opinion of Jingtian & Gongcheng, People's Republic of China counsel for the Underwriters, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters.

(k) The Underwriters shall have received on the Closing Date an opinion of Pepper Hamilton LLP, counsel for the Depositary, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters.

With respect to the negative assurance letters to be delivered pursuant to Sections 5(c) and 5(f) above, Cooley LLP and Davis Polk & Wardwell LLP may state that their opinions and beliefs are based upon their participation in the preparation of the Registration Statement, the Time of Sale Prospectus and the Prospectus and any amendments or supplements thereto and review and discussion of the contents thereof, but are without independent check or verification, except as specified.

The opinions of Cooley LLP, Morrison & Foerster LLP, Panitch Schwarze Belisario & Nadel, LLP, Klarquist Sparkman, LLP, Harney Westwood & Riegels, Davis Polk & Wardwell LLP, JunHe LLP, Jingtian & Gongcheng and Pepper Hamilton LLP described in Section 5(c) , Section 5(d), Section 5(e), Section 5(f), Section 5(g), Section 5(h), Section 5(i), Section 5(j) and Section 5(k) above, respectively, shall be rendered to the Underwriters at the request of the Company and shall so state therein.

(l) The Underwriters shall have received, on each of the date hereof and the Closing Date, a letter dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Underwriters, from Ernst & Young Hua Ming LLP, an independent registered public accounting firm, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus; *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than the date hereof.

(m) [The Underwriters shall have received, on each of the date hereof and the Closing Date, a certificate dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Underwriters, from the Chief Financial Officer of the Company as to the accuracy of certain financial and other information included in the Registration Statement, the Time of Sale Prospectus and the Prospectus;]

(n) The "lock-up" agreements, each substantially in the form of Exhibit A hereto, between the Representatives and certain shareholders, officers and directors of the Company relating to restrictions on sales and certain other dispositions of Ordinary Shares or certain other securities, delivered to the Representatives on or before the date hereof (the "**Lock-up Agreements**"), shall be in full force and effect on the Closing Date.

(o) The several obligations of the Underwriters to purchase Additional ADSs hereunder are subject to the delivery to the Underwriters on the applicable Option Closing Date of the following:

(i) a certificate, dated the Option Closing Date and signed by an executive officer of the Company, confirming that the certificate delivered on the Closing Date pursuant to Section 5(b) hereof remains true and correct as of such Option Closing Date;

(ii) an opinion and negative assurance letter of Cooley LLP, outside counsel for the Company, dated the Option Closing Date, relating to the Additional ADSs to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 5(c) hereof;

(iii) an opinion of Morrison & Foerster LLP, outside intellectual property counsel for the Company, dated the Option Closing Date, substantially in the same form and substance as the opinion required by Section 5(d) hereof.

(iv) an opinion of Panitch Schwarze Belisario & Nadel, LLP, outside intellectual property counsel for the Company, dated the Option Closing Date, substantially in the same form and substance as the opinion required by Section 5(e) hereof.

(v) an opinion of Klarquist Sparkman, LLP, outside intellectual property counsel for the Company, dated the Option Closing Date, substantially in the same form and substance as the opinion required by Section 5(f) hereof.

(vi) an opinion of Harney Westwood & Riegels, Cayman Islands counsel for the Company, dated the Option Closing Date, relating to the Additional ADSs to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 5(g) hereof;

(vii) an opinion and negative assurance letter of Davis Polk & Wardwell LLP, counsel for the Underwriters, dated the Option Closing Date, relating to the Additional ADSs to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 5(h) hereof;

(viii) an opinion of JunHe LLP, People's Republic of China counsel for the Company, dated the Option Closing Date, relating to the Additional ADSs to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 5(i) hereof;

(ix) an opinion of Jingtian & Gongcheng, People's Republic of China counsel for the Underwriters, dated the Option Closing Date, relating to the Additional ADSs to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 5(j) hereof;

(x) an opinion of Pepper Hamilton LLP, counsel for the Depositary, dated the Option Closing Date, relating to the Additional ADSs to be purchased on such Option Closing Date and otherwise to the same effect as the opinion required by Section 5(k) hereof;

(xi) a letter dated the Option Closing Date, in form and substance satisfactory to the Underwriters, from Ernst & Young Hua Ming LLP, an independent registered public accounting firm, substantially in the same form and substance as the letter furnished to the Underwriters pursuant to Section 5(l) hereof; *provided* that the letter delivered on the Option Closing Date shall use a "cut-off date" not earlier than three business days prior to such Option Closing Date;

(xii) [a certificate from the Chief Financial Officer of the Company, dated the Option Closing Date, substantially in the same form and substance as the certificate required by Section 5(m) hereof;]

(xiii) such other documents as the Representatives may reasonably request, including with respect to the good standing of the Company and its subsidiaries, the due authorization and issuance of the Additional ADSs to be sold on such Option Closing Date and other matters related to the issuance of such Additional ADSs.

(p) The Company and the Depositary shall have executed and delivered the Deposit Agreement and, in the case of the Company, the Depositary Side Letter, instructing the Depositary not to accept any shareholder's deposit of Ordinary Shares in the Company's American Depositary Receipt facility or issue any new ADRs evidencing the ADSs to any shareholder or third party, unless consented to by the Company, and the Deposit Agreement shall be in full force and effect on the Closing Date and each Option Closing Date. The Company and the Depositary shall have taken all actions necessary to permit the deposit of the Ordinary Shares and the issuance of the ADSs representing such Ordinary Shares in accordance with the Deposit Agreement.

(q) The Depositary shall have furnished or caused to be furnished to the Representatives a certificate of one of its authorized officers satisfactory to the Representatives with respect to the deposit with it of the Ordinary Shares against issuance of the ADSs, the execution, issuance, countersignature and delivery of the ADSs pursuant to the Deposit Agreement and such other matters related thereto as the Representatives may reasonably request.

(r) The Firm Shares and Additional Shares, if any, shall have been approved for listing on the Nasdaq Global Market, subject to official notice of issuance.

6. *Covenants of the Company*. The Company covenants with each Underwriter as follows:

(a) To furnish the Representatives, without charge, [four] signed copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to the Representatives in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 6(e) or 6(f) below, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as the Representatives may reasonably request.

(b) Before amending or supplementing the Registration Statement, the Time of Sale Prospectus or the Prospectus, to furnish to the Representatives a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which the Representatives reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Securities Act any prospectus required to be filed pursuant to such Rule.

(c) To furnish to the Representatives a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which the Representatives reasonably object.

(d) Not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Securities Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder.

(e) If the Time of Sale Prospectus is being used to solicit offers to buy the ADSs at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Time of Sale Prospectus in order to make

the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Time of Sale Prospectus conflicts with the information contained in the Registration Statement then on file, or if, in the reasonable opinion of counsel for the Underwriters, it is necessary to amend or supplement the Time of Sale Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Time of Sale Prospectus so that the statements in the Time of Sale Prospectus as so amended or supplemented will not, in the light of the circumstances when the Time of Sale Prospectus is delivered to a prospective purchaser, be misleading or so that the Time of Sale Prospectus, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Time of Sale Prospectus, as amended or supplemented, will comply with applicable law.

(f) If, during such period after the first date of the public offering of the ADSs as in the reasonable opinion of counsel for the Underwriters the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is required by law to be delivered in connection with sales by an Underwriter or dealer, any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, not misleading, or if, in the reasonable opinion of counsel for the Underwriters, it is necessary to amend or supplement the Prospectus to comply with applicable law, forthwith to prepare, file with the Commission and furnish, at its own expense, to the Underwriters and to the dealers (whose names and addresses the Representatives will furnish to the Company) to which ADSs may have been sold by the Representatives on behalf of the Underwriters and to any other dealers upon request, either amendments or supplements to the Prospectus so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus (or in lieu thereof the notice referred to in Rule 173(a) of the Securities Act) is delivered to a purchaser, be misleading or so that the Prospectus, as amended or supplemented, will comply with applicable law.

(g) To endeavor to qualify the ADSs for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request; *provided* that in no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the ADSs, or taxation in any jurisdiction where it is not now so subject.

(h) To make generally available to the Company's security holders and to the Underwriters as soon as practicable an earnings statement covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the date of this Agreement which shall satisfy the provisions of Section 11(a) of the Securities Act and the rules and regulations of the Commission thereunder.

(i) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including: (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the ADSs and Ordinary Shares represented thereby under the Securities Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, the ADS Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, any free writing prospectus prepared by or on behalf of, used by, or referred to by the Company and amendments and supplements to any of the foregoing, including all printing costs associated therewith, and the mailing and delivering of copies thereof to the Underwriters and dealers, in the quantities hereinabove specified, (ii) all costs and expenses related to the transfer and delivery of the ADSs and Ordinary Shares represented thereby to the Underwriters, including any transfer or other taxes payable thereon, (iii) the reasonable and documented cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the ADSs and Ordinary Shares represented thereby under state securities laws and all expenses in connection with the qualification of the ADSs and Ordinary Shares represented thereby for offer and sale under state securities laws as provided in Section 6(g) hereof, including filing fees and the reasonable and documented fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky or Legal Investment memorandum, (iv) all filing fees in respect of the reasonable fees and disbursements of counsel to the Underwriters incurred in connection with the review and qualification of the offering of the ADSs and Ordinary Shares represented thereby by FINRA (provided that the amount payable by the Company with respect to the fees and disbursements of counsel for the Underwriters incurred pursuant to subsections (iii) and (iv) of this Section 6(i) shall not exceed $40,000 in the aggregate), (v) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the ADSs and all costs and expenses incident to listing the ADSs on the Nasdaq Global Market, (vi) the cost of printing certificates representing the Ordinary Shares, (vii) the costs and charges of any transfer agent, registrar or depositary, (viii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the ADSs, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Company, travel and lodging expenses of the representatives and officers of the Company and any such consultants, and fifty percent (50%) of the cost of any aircraft chartered in

connection with the road show (the remaining fifty percent (50%) of the cost of such aircraft to be paid by the Underwriters), (ix) the document production charges and expenses associated with printing this Agreement and (x) all other costs and expenses incident to the performance of the obligations of the Company hereunder for which provision is not otherwise made in this Section. It is understood, however, that except as provided in this Section, Section 8 entitled "Indemnity and Contribution" and the last paragraph of Section 11 below, the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel, stock transfer taxes payable on resale of any of the ADSs by them and any advertising expenses connected with any offers they may make and all travel and other expenses of the Underwriters or any of their employees incurred by them in connection with participation in investor presentations on any "road show" undertaken in connection with the marketing of the offering of the ADSs, other than the cost of aircraft chartered in connection with the road show, for which the Underwriters agree to pay for the other fifty percent (50%) not paid for by the Company, as described above.

(j) The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the ADSs within the meaning of the Securities Act and (ii) completion of the Restricted Period (as defined in this Section 6).

(k) If at any time following the distribution of any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act there occurred or occurs an event or development as a result of which such Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(l) The Company will deliver to each Underwriter (or its agent), on the date of execution of this Agreement, a properly completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and the Company undertakes to provide such additional supporting documentation as each Underwriter may reasonably request in connection with the verification of the foregoing Certification.

(m) The Company shall pay, and shall indemnify and hold the Underwriters harmless against, any stamp, issue, registration, documentary, sales, transfer income, capital gains or other similar taxes or duties imposed under the laws of the Cayman Islands or any political sub-division or taxing authority thereof or therein that is payable in connection with (i) the execution, delivery, consummation or enforcement of this Agreement, (ii) the creation, allotment and issuance of the ADSs (iii) the sale and delivery of the ADSs to the Underwriters or purchasers procured by the Underwriters, or (iv) the resale and delivery of the ADSs by the Underwriters in the manner contemplated herein.

(n) All sums payable by the Company under this Agreement shall be paid free and clear of and without deductions or withholdings of any present or future taxes or duties, unless the deduction or withholding is required by law, in which case the Company shall pay such additional amount as will result in the receipt by each Underwriter of the full amount that would have been received had no deduction or withholding been made.

(o) All sums payable to an Underwriter shall be considered exclusive of any value added or similar taxes. Where the Company is obliged to pay value added or similar tax on any amount payable hereunder to an Underwriter, the Company shall in addition to the sum payable hereunder pay an amount equal to any applicable value added or similar tax.

(p) To comply with the terms of the Deposit Agreement so that the ADSs will be issued by the Depositary and delivered to each Underwriter's participant account in DTC, pursuant to this Agreement on the Closing Date and each applicable Option Closing Date.

The Company also covenants with each Underwriter that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, and will not publicly disclose an intention to, during the period ending 180 days after the date of the Prospectus (the "**Restricted Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Ordinary Shares or ADSs, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Ordinary Shares, ADSs or such other securities, in cash or otherwise or (3) file any registration statement with the Commission relating to the offering of any Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs.

The restrictions contained in the preceding paragraph shall not apply to (A) the Ordinary Shares represented by ADSs to be sold hereunder, (B) the issuance by the Company of Ordinary Shares or ADSs upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof as described in the Registration Statement, the Time of Sale Prospectus and Prospectus, (C) the grant of options, restricted stock units or any other type of equity award described in the Registration Statement, the Time of Sale Prospectus and Prospectus, or the issuance of Ordinary Shares or ADSs by the Company (whether upon the exercise of stock options or otherwise) to employees, officers, directors, advisors or consultants of the Company

pursuant to employee benefit plans in effect on the date hereof and described in the Registration Statement, the Time of Sale Prospectus and the Prospectus; *provided* that each recipient of Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares pursuant to this clause (C) shall execute a lock-up agreement substantially in the form of Exhibit A hereto with respect to the remaining portion of the Restricted Period, (D) the filing by the Company of a registration statement on Form S-8 relating to the issuance, vesting, exercise or settlement of equity awards granted or to be granted pursuant to any employee benefit plan in effect on the date hereof and described in the Registration Statement, the Time of Sale Prospectus and Prospectus, (E) facilitating the establishment of a trading plan on behalf of a shareholder, officer or director of the Company pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Ordinary Shares or ADSs, *provided* that (i) such plan does not provide for the transfer of Ordinary Shares or ADSs during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Ordinary Shares or ADSs may be made under such plan during the Restricted Period, (F) the sale or issuance of or entry into an agreement to sell or issue Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs in connection with one or more mergers; acquisitions of securities, businesses, property or other assets, products or technologies; joint ventures; commercial relationships or other strategic corporate transactions or alliances; *provided* that the aggregate amounts of Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs (on an as-converted, as-exercised or as-exchanged basis) that the Company may sell or issue or agree to sell or issue pursuant to this paragraph shall not exceed 10% of the total number of Ordinary Shares or ADSs of the Company issued and outstanding immediately following the completion of the transactions contemplated by this Agreement determined on a fully-diluted basis, and *provided further* that each recipient of Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares or ADSs pursuant to this clause (F) shall execute a lock-up agreement substantially in the form of Exhibit A hereto with respect to the remaining portion of the Restricted Period or (G) the Ordinary Shares to be sold pursuant to a concurrent private placement as described in the Registration Statement, the Time of Sale Prospectus and Prospectus; *provided* that each recipient of Ordinary Shares, ADSs or any securities convertible into or exercisable or exchangeable for Ordinary Shares pursuant to this clause (G) shall execute a lock-up agreement substantially in the form of Exhibit A hereto with respect to the remaining portion of the Restricted Period.

If the Representatives, in their sole discretion, agree to release or waive the restrictions on the transfer of Ordinary Shares or ADSs set forth in a Lock-up Agreement for an officer or director of the Company and provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit B hereto through a major news service at least two business days before the effective date of the release or waiver.

7. *Covenants of the Underwriters*. Each Underwriter, severally and not jointly, covenants with the Company not to take any action that would result in the Company being required to file with the Commission under Rule 433(d) of the Securities Act a free writing prospectus prepared by or on behalf of such Underwriter that otherwise would not be required to be filed by the Company thereunder, but for the action of the Underwriter.

8. *Indemnity and Contribution.* (a) The Company agrees to indemnify and hold harmless each Underwriter, each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of any Underwriter within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) that arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, any preliminary prospectus, the Time of Sale Prospectus or any amendment or supplement thereto, any issuer free writing prospectus as defined in Rule 433(h) under the Securities Act, any Company information that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Securities Act, any road show as defined in Rule 433(h) under the Securities Act (a "road show"), the Prospectus or any amendment or supplement thereto, or any Testing-the-Waters Communication, or arise out of, or are based upon, any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any such untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information furnished by the Underwriters through the Representatives consists of the information described as such in paragraph (b) below. The Company agrees and confirms that references to "affiliates" of Morgan Stanley that appear in this Agreement shall be understood to include Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through or on behalf of the Representatives expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus, any issuer free writing prospectus, road show or the Prospectus or any amendment or supplement thereto, it being understood and agreed that the only such information furnished by any Underwriter through the Representatives consists of the following information in the Prospectus: [the concession figure in the [●] paragraph and the information set forth in the [●] and [●] paragraphs, in each case under the caption "Underwriters."]

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b), such person (the "**indemnified party**") shall promptly notify the person against whom such indemnity may be sought (the

"**indemnifying party**") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed in writing to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Representatives, in the case of parties indemnified pursuant to Section 8(a), and by the Company, in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) To the extent the indemnification provided for in Section 8(a) or 8(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying party or parties on the one hand and the indemnified party or parties on the other hand

from the offering of the ADSs or (ii) if the allocation provided by clause 8(d)(i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the indemnifying party or parties on the one hand and the indemnified party or parties on the other hand in connection with the offering of the ADSs shall be deemed to be in the same respective proportions as the net proceeds from the offering of the ADSs (after deducting underwriting discounts and commissions but before deducting expenses) received by the Company and the total underwriting discounts and commissions received by the Underwriters, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate Public Offering Price of the ADSs. The relative fault of the indemnifying party or parties on the one hand and the indemnified party or parties on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 8 are several in proportion to the respective number of ADSs they have purchased hereunder, and not joint.

(e) The Company and the Underwriters agree that it would not be just or equitable if contribution pursuant to this Section 8 were determined by *pro rata* allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 8(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 8(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the ADSs underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

(f) The indemnity and contribution provisions contained in this Section 8 and the representations, warranties and other statements of the Company contained in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter, any person controlling any Underwriter or any affiliate of any Underwriter or by or on behalf of the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the ADSs.

9. *Termination.* The Underwriters may terminate this Agreement by notice given by the Representatives to the Company, if after the execution and delivery of this Agreement and prior to or on the Closing Date or any Option Closing Date, as the case may be, (i) trading generally shall have been suspended or materially limited on, or by, as the case may be, any of the New York Stock Exchange, the Nasdaq Global Market or other relevant exchanges, (ii) trading of any securities of the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by Federal, New York State authorities or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets or any calamity or crisis that, in the Representatives' judgment, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in the Representatives' judgment, impracticable or inadvisable to proceed with the offer, sale or delivery of the ADSs on the terms and in the manner contemplated in the Time of Sale Prospectus or the Prospectus.

10. *Effectiveness; Defaulting Underwriters.* This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase ADSs that it has or they have agreed to purchase hereunder on such date, and the aggregate number of ADSs which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate number of the ADSs to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm ADSs set forth opposite their respective names in Schedule I bears to the aggregate number of Firm ADSs set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representatives may specify, to purchase the ADSs which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the number of ADSs that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 10 by an amount in excess of one-ninth of such number of ADSs without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm ADSs and the aggregate number of Firm ADSs with respect to which such default occurs is more than one-tenth of the aggregate number of Firm ADSs to be purchased on such date, and arrangements satisfactory to the Representatives and the Company for the purchase of such Firm ADSs

are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either the Representatives or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, in the Time of Sale Prospectus, in the Prospectus or in any other documents or arrangements may be effected. If, on an Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Additional ADSs and the aggregate number of Additional ADSs with respect to which such default occurs is more than one-tenth of the aggregate number of Additional ADSs to be purchased on such Option Closing Date, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase the Additional ADSs to be sold on such Option Closing Date or (ii) purchase not less than the number of Additional ADSs that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Company shall be unable to perform its obligations under this Agreement (other than by reason of a default by the Underwriters or the occurrence of any of the events described in clauses (i), (iii), (iv) or (v) of Section 9), the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out-of-pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

11. *Entire Agreement*. (a) This Agreement, together with any contemporaneous written agreements and any prior written agreements (to the extent not superseded by this Agreement) that relate to the offering of the ADSs, represents the entire agreement between the Company and the Underwriters with respect to the preparation of any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, the conduct of the offering, and the purchase and sale of the ADSs.

(b) The Company acknowledges that in connection with the offering of the ADSs: (i) the Underwriters have acted at arm's length, are not agents of, and owe no fiduciary duties to, the Company or any other person, (ii) the Underwriters owe the Company only those duties and obligations set forth in this Agreement, any contemporaneous written agreements and prior written agreements (to the extent not superseded by this Agreement), if any, and (iii) the Underwriters may have interests that differ from those of the Company. The Company waives to the full extent permitted by applicable law any claims it may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the ADSs.

12. *Recognition of the U.S. Special Resolution Regimes*. (a) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United State.

(b) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

For purposes of this Section a "**BHC Act Affiliate**" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k). "**Covered Entity**" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b). "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable. "**U.S. Special Resolution Regime**" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

13. *Counterparts*. This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Counterparts may be delivered via facsimile, electronic mail (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

14. *Applicable Law*. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

15. *Submission to Jurisdiction; Appointment of Agents for Service*. (a) The Company irrevocably submits to the non-exclusive jurisdiction of any New York State or United States Federal court sitting in The City of New York (the "**Specified Courts**") over any suit, action or proceeding arising out of or relating to this Agreement, the Time of Sale Prospectus, the Prospectus, the Registration Statement or the offering of the ADSs (each, a "**Related Proceeding**"). The Company irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying

of venue of any Related Proceeding brought in such a court and any claim that any such Related Proceeding brought in such a court has been brought in an inconvenient forum. To the extent that the Company has or hereafter may acquire any immunity (on the grounds of sovereignty or otherwise) from the jurisdiction of any court or from any legal process with respect to itself or its property, the Company irrevocably waives, to the fullest extent permitted by law, such immunity in respect of any such suit, action or proceeding.

(b) The Company hereby irrevocably appoints Yuan Xu, the Chief Executive Officer of the Company, at 2101 Cottontail Lane, Somerset, New Jersey 08873, as its agent for service of process in any Related Proceeding and agrees that service of process in any such Related Proceeding may be made upon it at the office of such agent. The Company waives, to the fullest extent permitted by law, any other requirements of or objections to personal jurisdiction with respect thereto. The Company represents and warrants that such agent has agreed to act as the Company's agent for service of process, and the Company agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect.

16. *Judgment Currency*. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due hereunder into any currency other than United States dollars, the parties hereto agree, to the fullest extent permitted by law, that the rate of exchange used shall be the rate at which in accordance with normal banking procedures the Underwriters could purchase United States dollars with such other currency in The City of New York on the business day preceding that on which final judgment is given. The obligation of the Company with respect to any sum due from it to any Underwriter or any person controlling any Underwriter shall, notwithstanding any judgment in a currency other than United States dollars, not be discharged until the first business day following receipt by such Underwriter or controlling person of any sum in such other currency, and only to the extent that such Underwriter or controlling person may in accordance with normal banking procedures purchase United States dollars with such other currency. If the United States dollars so purchased are less than the sum originally due to such Underwriter or controlling person hereunder, the Company agrees as a separate obligation and notwithstanding any such judgment, to indemnify such Underwriter or controlling person against such loss. If the United States dollars so purchased are greater than the sum originally due to such Underwriter or controlling person hereunder, such Underwriter or controlling person agrees to pay to the Company an amount equal to the excess of the dollars so purchased over the sum originally due to such Underwriter or controlling person hereunder.

17. *Taxes.* If any sum payable by the Company under this Agreement is subject to tax in the hands of an Underwriter or taken into account as a receipt in computing the taxable income of that Underwriter (excluding net income taxes on underwriting commissions payable hereunder), the sum payable to the Underwriter under this Agreement shall be increased to such sum as will ensure that the Underwriter shall be left with the sum it would have had in the absence of such tax.

18. *Headings*. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed a part of this Agreement.

19. *Notices*. All communications hereunder shall be in writing and effective only upon receipt and if to the Underwriters shall be delivered, mailed or sent to Morgan Stanley in care of Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036, Attention: Equity Syndicate Desk, with a copy to the Legal Department; J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York, Attention: Equity Syndicate Desk, with a copy to the Legal Department; and to Jefferies LLC, 520 Madison Avenue New York, NY 10022 (fax: (646) 619-4437), Attention: General Counsel; and if to the Company shall be delivered, mailed or sent to Legend Biotech Corporation, Attention: Ying Huang, 2101 Cottontail Lane, Somerset, New Jersey 08873.

Very truly yours,

LEGEND BIOTECH CORPORATION

By: _____
Name:
Title:

*[Signature page follows]*

Accepted as of the date hereof

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC
Jefferies LLC

Acting severally on behalf of themselves and the several Underwriters named in Schedule I hereto.

By: Morgan Stanley & Co. LLC

By: _____
Name:
Title:

By: J.P. Morgan Securities LLC

By: _____
Name:
Title:

By: Jefferies LLC

By: _____
Name:
Title:

**SCHEDULE I**

| Underwriter | Number of Firm ADSs To Be Purchased |
|---|---|
| Morgan Stanley & Co. LLC | [•] |
| J.P. Morgan Securities LLC | [•] |
| Jefferies LLC | [•] |
| Total: | [•] |

**SCHEDULE II**

**Time of Sale Prospectus**

1. Preliminary Prospectus issued [•], 2020

**EXHIBIT A**

**FORM OF LOCK-UP AGREEMENT**

[•], 2020

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC
Jefferies LLC
c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

c/o Jefferies LLC
520 Madison Avenue
New York, New York 10022

Ladies and Gentlemen:

The undersigned understands that Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Jefferies LLC (together, the "**Representatives**") propose to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Legend Biotech Corporation, an exempted company incorporated in the Cayman Islands (the "**Company**"), providing for the public offering (the "**Public Offering**") by the several Underwriters, including the Representatives (the "**Underwriters**"), of ordinary shares, par value $0.0001 per share, of the Company (the "**Ordinary Shares**") in the form of American Depositary Shares (collectively with the Ordinary Shares, the "**Securities**").

To induce the Underwriters that may participate in the Public Offering to continue their efforts in connection with the Public Offering, the undersigned hereby agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, and will not publicly disclose an intention to, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus (the "**Prospectus**") relating to the Public Offering (the "**Restricted Period**"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Securities beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")), by the undersigned or any other securities so owned convertible into

or exercisable or exchangeable for Securities or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Securities or such other securities, in cash or otherwise. The foregoing sentence shall not apply to:

(a) transactions relating to Securities acquired in the Public Offering or in open market transactions after the completion of the Public Offering;

(b) transfers of Securities or any security convertible into or exercisable or exchangeable for Securities (i) as a bona fide gift, or for bona fide estate planning purposes, upon death or by will, testamentary document or intestate succession, (ii) to an immediate family member of the undersigned or to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned (for purposes of this agreement, "immediate family" shall mean any relationship by blood, current or former marriage or adoption, not more remote than first cousin), (iii) not involving a change in beneficial ownership, or (iv) if the undersigned is a trust, to any beneficiary of the undersigned or the estate of any such beneficiary;

(c) distributions of Securities or any security convertible into or exercisable or exchangeable for Securities to stockholders, direct or indirect affiliates (within the meaning set forth in Rule 405 under the Securities Act of 1933, as amended), current partners (general or limited), members or managers of the undersigned, as applicable, or to the estates of any such stockholders, affiliates, partners, members or managers;

(d) (i) the receipt by the undersigned from the Company of Securities upon the exercise of options or warrants, insofar as such options or warrants are outstanding as of the date of the Prospectus, *provided* that such options or warrants are described in the Prospectus and the Securities received upon exercise of such option or warrant shall remain subject to this agreement or (ii) the transfer of Securities or any securities convertible into Securities to the Company upon a vesting event of the Company's securities or upon the exercise of options or warrants to purchase the Company's securities on a "cashless" or "net exercise" basis to the extent permitted by the instruments representing such options or warrants so long as such "cashless" exercise or "net exercise" is effected solely by the surrender of outstanding options or warrants to the Company and the Company's cancellation of all or a portion thereof to pay the exercise price and/or withholding tax obligations, but for the avoidance of doubt, excluding all methods of exercise that would involve a sale of any Securities relating to options or warrants, whether to cover the applicable exercise price, withholding tax obligations or otherwise, *provided* that in the case of either (i) or (ii), no filing under Section 16(a) of the Exchange Act, or any other public filing or disclosure of such receipt or transfer by or on behalf of the undersigned shall be required or shall be voluntarily made within 60 days after the date of the Prospectus, and after such 60th day, any filing under Section 16(a) of the Exchange Act shall clearly indicate in the footnotes thereto that (A) the filing relates to the circumstances described in (i) or (ii), as the case may be, (B) no shares were sold by the reporting person and (C) in the case of (i), the shares received upon exercise of the option are subject to a lock-up agreement with the Underwriters of the Public Offering;

(e) sales of securities pursuant to the terms of the Underwriting Agreement;

(f) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Securities, *provided* that (i) such plan does not provide for the transfer of Securities during the Restricted Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of Securities may be made under such plan during the Restricted Period;

(g) the transfer of Securities or any security convertible into or exercisable or exchangeable for Securities that occurs by operation of law pursuant to a qualified domestic order in connection with a divorce settlement or other court order;

(h) any transfer of Securities or any security convertible into or exercisable or exchangeable for Securities to the Company pursuant to any contractual arrangement under which the Company has the option to repurchase such shares or a right of first refusal with respect to transfers of such shares in the event the undersigned ceases to provide services to the Company, *provided* that such contractual arrangement is disclosed in the Prospectus or filed as an exhibit to the Registration Statement on Form F-1 relating to the Public Offering to be filed with the Securities and Exchange Commission, and *provided further* that no filing under the Exchange Act or other public filing, report or announcement reporting a change in beneficial ownership of Securities shall be required or shall be voluntarily made during the Restricted Period within 60 days after the date the undersigned ceases to provide services to the Company, and after such 60th day, if the undersigned is required to file a report under the Exchange Act reporting a change in beneficial ownership of Securities during the Restricted Period, the undersigned shall clearly indicate in the footnotes thereto that the filing relates to the termination of the undersigned's employment or other services and no other filing or public announcement shall be made voluntarily during the Restricted Period in connection with such transfer;

(i) the conversion of outstanding preferred shares of the Company into Securities prior to or in connection with the consummation of the Public Offering, *provided* that any such Securities received upon such conversion shall be subject to the terms of this agreement and *provided further* that any filing required under Section 16(a) of the Exchange Act during the Restricted Period shall clearly indicate in the footnotes thereto that the filing relates to the circumstances described in this clause (i); and

(j) the transfer of Securities or any security convertible into or exercisable or exchangeable for Securities pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by the Board of Directors of the Company, made to all holders of Securities involving a Change of Control (as defined below), *provided* that in the event that the tender offer, merger, consolidation or other such transaction is not completed, the Securities owned by the undersigned shall remain subject to the restrictions contained in this agreement;

*provided* that in the case of any sale, transfer or distribution pursuant to clause (a) (b), or (c), no filing under Section 16(a) of the Exchange Act or any other public filing or disclosure reporting a reduction in beneficial ownership of Securities shall be required or shall be voluntarily made during the Restricted Period;

*provided further* that in the case of any distribution pursuant to clause (c), such distribution shall not involve a disposition for value;

*provided further* that in the case of any transfer or distribution pursuant to clause (b), (c) or (g), each transferee, donee or distributee shall sign and deliver a lock-up letter substantially in the form of this agreement; and

*provided further* that in the case of any transfer pursuant to clause (g), no filing under Section 16(a) of the Exchange Act or any other public filing or disclosure shall be voluntarily made during the Restricted Period, and any required filing shall clearly indicate in the footnotes thereto that such transfer is by operation of law, court order or in connection with a divorce settlement, as the case may be.

For the purposes of clause (j), "Change of Control" shall mean the transfer (whether by tender offer, merger, consolidation or other similar transaction), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an Underwriters pursuant to the Public Offering), of the Company's voting securities if, after such transfer, such person or group of affiliated persons would hold more than 75% of the outstanding voting securities of the Company (or the surviving entity).

In addition, the undersigned agrees that, without the prior written consent of the Representatives on behalf of the Underwriters, it will not, during the Restricted Period, make any demand for or exercise any right with respect to, the registration of any Securities or any security convertible into or exercisable or exchangeable for Securities. 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 undersigned's Securities except in compliance with the foregoing restrictions.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing restrictions shall be equally applicable to any issuer-directed Securities the undersigned may purchase in the Public Offering.

If the undersigned is an officer or director of the Company, (i) the Representatives agree that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of Securities, the Representatives will notify the Company of the impending release or waiver, and (ii) the Company has agreed in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Representatives hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned hereby consents to receipt of this agreement in electronic form and understand and agree that this letter agreement may be signed electronically. If any signature is delivered by facsimile transmission, electronic mail, or otherwise by electronic transmission evidencing an intent to sign this agreement (including any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com), such facsimile transmission, electronic mail or other electronic transmission shall create a valid and binding obligation of the undersigned with the same force and effect as if such signature were an original. Execution and delivery of this agreement by facsimile transmission, electronic mail or other electronic transmission is legal, valid and binding for all purposes.

The undersigned understands that the Company and the Underwriters are relying upon this agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company and the Underwriters.

Notwithstanding anything to the contrary contained herein, this agreement will automatically terminate and the undersigned will be released from all obligations hereunder upon the earliest to occur, if any, of (i) the Company, on the one hand, or all of the Representatives, on the other hand, advises in writing that it has determined not to proceed with the Public Offering prior to the execution of the Underwriting Agreement, (ii) the Company files an application with the Securities and Exchange Commission to withdraw the registration statement related to the Public Offering, (iii) the date the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities to be sold thereunder, or (iv) December 31, 2020, if the Underwriting Agreement has not been executed by such date.

This agreement shall be governed by and construed in accordance with the laws of the State of New York.

*[Signature page follows]*

Very truly yours,

**IF AN INDIVIDUAL:**

_____

*(duly authorized signature)*

Name: _____

*(please print full name)*

Address:

_____

_____

E-mail: _____

**IF AN ENTITY:**

_____

*(please print complete name of entity)*

By: _____

*(duly authorized signature)*

Name: _____

*(please print full name)*

Title: _____

*(please print full title)*

Address:

_____

_____

E-mail: _____

**EXHIBIT B**

**FORM OF WAIVER OF LOCK-UP**

_____, 20__

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by Legend Biotech Corporation (the "**Company**") of [•] American Depositary Shares representing [•] ordinary shares, $0.0001 par value per share (the "**ADSs**"), of the Company and the lock-up agreement dated ____, 2020 (the "**Lock-up Agreement**"), executed by you in connection with such offering, and your request for a [waiver] [release] dated ____, 20__, with respect to ____ ADSs.

Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Jefferies LLC hereby agree to [waive] [release] the transfer restrictions set forth in the Lock-up Agreement, but only with respect to the ADSs, effective _____, 20__; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Agreement shall remain in full force and effect.

Very truly yours,

Morgan Stanley & Co. LLC
J.P. Morgan Securities LLC
Jefferies LLC

Acting severally on behalf of themselves and the several Underwriters named in Schedule I to the Underwriting Agreement.

By: Morgan Stanley & Co. LLC

By: _____
Name:
Title:

By: J.P. Morgan Securities LLC

By: _____
Name:
Title:

By: Jefferies LLC

By: _____
Name:
Title:

cc: Company

**FORM OF PRESS RELEASE**

Legend Biotech Corporation
[Date]

Legend Biotech Corporation (the "**Company**") announced today that Morgan Stanley & Co. LLC, J.P. Morgan Securities LLC and Jefferies LLC, the lead book-running managers in the Company's recent public sale of _____ American Depositary Shares (the "**ADSs**") representing ordinary shares are [waiving][releasing] a lock-up restriction with respect to ____ [ADSs][ordinary shares] of the Company held by [certain officers or directors] [an officer or director] of the Company. The [waiver][release] will take effect on ____, 20__ , and the [ADSs][ordinary shares] may be sold on or after such date.

**This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.**

**EXHIBIT C**

**FORM OF OPINION OF HARNEY WESTWOOD & RIEGELS**

**Exhibit 3.2**

**THE COMPANIES LAW (2020 REVISION)**

**OF THE CAYMAN ISLANDS**

**COMPANY LIMITED BY SHARES**

**THIRD AMENDED AND RESTATED**

**MEMORANDUM OF ASSOCIATION**

**OF**

**LEGEND BIOTECH CORPORATION**

(adopted by a Special Resolution passed on May 26, 2020 and effective immediately prior to the completion of the initial public offering of the ADSs representing the Company's Ordinary Shares)

1. The name of the Company is Legend Biotech Corporation.

2. The Registered Office of the Company shall be at Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, 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 the Companies Law or any other law of the Cayman Islands.

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 Law.

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 each Shareholder is limited to the amount, if any, unpaid on the Shares held by such Shareholder.

7. The authorised share capital of the Company is US$200,000 divided into 1,999,000,000 Ordinary Shares, par value US$0.0001 each and 1,000,000 shares of 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 Article 9 of the Articles. Subject to the Companies Law, the Articles and, where applicable, the Designated Exchange Rules, 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.

8. The Company has the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

9. Capitalized 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.

**THE COMPANIES LAW (2020 REVISION)**

**OF THE CAYMAN ISLANDS**

**COMPANY LIMITED BY SHARES**

**THIRD AMENDED AND RESTATED**

**ARTICLES OF ASSOCIATION**

**OF**

**LEGEND BIOTECH CORPORATION**

(adopted by a Special Resolution passed on May 26, 2020 and effective immediately prior to the completion of the initial public offering of ADSs representing the Company's Ordinary Shares)

## TABLE A

The regulations contained or incorporated in Table 'A' in the First Schedule of the Companies Law 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:

| | |
|---|---|
| **"ADS"** | means an American Depositary Share representing the Company's Ordinary Shares. |
| **"Affiliate"** | means in respect of a Person, any other Person that, directly or indirectly, through (1) 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 and father-in-law and brothers and sisters-in-law, a trust for the benefit of any of the foregoing, a company, partnership or any natural person or 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 natural person or entity 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 percent (50%) of the voting power of the corporation, or the partnership or other entity (other than, in the case of corporation, shares 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; |
| **"Articles"** | means these articles of association of the Company, as amended or substituted from time to time; |
| **"Board" and "Board of Directors" and "Directors"** | 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; |
| **"Chairman"** | means the chairman of the Board of Directors; |

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| **"Class" or "Classes"** | means any class or classes of Shares as may from time to time be issued by the Company; |
| **"Commission"** | means the Securities and Exchange Commission of the United States or any other federal agency for the time being administering the Securities Act; |
| **"Company"** | means Legend Biotech Corporation, a Cayman Islands exempted company; |
| **"Companies Law"** | means the Companies Law (2020 revision) of the Cayman Islands and any statutory amendment or re-enactment thereof; |
| **"Company's Website"** | means the website of the Company, the address or domain name of which has been notified to Shareholders; |
| **"Designated Stock Exchange"** | means the stock exchange in the United States that the Shares or ADSs are listed for trading; |
| **"Designated Stock Exchange Rules"** | 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; |
| **"electronic"** | means the meaning given to it in the Electronic Transactions Law and any amendment thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor; |
| **"electronic communication"** | 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 two-thirds of the vote of the Board; |
| **"Electronic Transactions Law"** | means the Electronic Transactions Law (2003 Revision) of the Cayman Islands and any statutory amendment or re-enactment thereof; |
| **"Independent Director"** | means a Director who is an independent director as defined in the Designated Stock Exchange Rules; |
| **"Interested Director"** | means a Director who has a direct or indirect interest in any contract, business or arrangement in which the Company or its Affiliates is a party or becomes a party to; |
| **"Law"** | means the Companies Law and every other law and regulation of the Cayman Islands for the time being in force concerning companies and affecting the Company; |
| **"Memorandum of Association"** | means the memorandum of association of the Company, as amended or substituted from time to time; |
| **"month"** | means calendar month; |
| **"Ordinary Resolution"** | means a resolution passed by a simple majority of the votes of 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; |
| **"Ordinary Share"** | means an ordinary share in the capital of the Company of US$0.0001 nominal or par value designated as an Ordinary Share and having the rights provided for under these Articles; |
| **"paid up"** | means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up; |
| **"Person"** | 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; |

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| **"Register"** | means the register of Shareholders of the Company maintained in accordance with the Companies Law; |
| **"Registered Office"** | means the registered office of the Company as required by the Companies Law; |
| **"Seal"** | means the common seal of the Company (if adopted) including any facsimile thereof; |
| **"Secretary"** | means any Person appointed by the Directors to perform any of the duties of the secretary of the Company; |
| **"Securities Act"** | means the Securities Act of 1933 of the United States, 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; |
| **"Share"** | 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; |
| **"Shareholder"** | means a Person who is registered as the holder of Shares in the Register; |
| **"Share Premium Account"** | means the share premium account established in accordance with these Articles and the Companies Law; |
| **"signed"** | 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; |
| **"Special Resolution"** | means a special resolution of the Company passed in accordance with the Law, being a resolution passed by a majority of not less than two-thirds of the votes of 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; |
| **"Treasury Share"** | means a Share held in the name of the Company as a treasury share in accordance with the Companies Law; |
| **"United States"** | means the United States of America, its territories, its possessions and all areas subject to its jurisdiction; and |
| **"year"** | means calendar year. |

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;

   (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;

   (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 or partly one and partly another; and

(h) Section 8 of the Electronic Transactions Law shall not apply.

3. Subject to the last two preceding Articles, any words defined in the Companies Law 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 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 and, where applicable, the Designated Stock Exchange Rules, all Shares for the time being unissued shall be under the control of the Directors who may, in their absolute discretion and without the approval of the Shareholders, cause the Company to:

(a) allot, issue and dispose of Shares (including, without limitation, preferred 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;

(b) grant rights over existing Shares or issue other securities in one or more classes or series as they deem necessary or appropriate and determine the designations, powers, preferences, privileges and other rights attaching to such Shares or securities, including dividend rights, voting rights, conversion rights, terms of redemption and liquidation preferences, any or all of which may be greater than the powers, preferences, privileges and rights associated with the then issued and outstanding Shares, at such times and on such other terms as they think proper; and

(c) grant options with respect to Shares and issue warrants or similar instruments with respect thereto.

9. The Directors 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 a Special Resolution. The Directors may issue Shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate. The Directors may issue from time to time, out of the authorised share capital of the Company (other than the authorised but unissued Ordinary Shares), series of preferred shares which may carry rights more preferential than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate in their absolute discretion and without approval of the Shareholders; provided, however, before any preferred shares of any such series are issued, the Directors shall by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:

(a) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;

(b) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(c) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;

(d) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;

(e) whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Shareholders upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;

(f) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(g) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(h) the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;

(i) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and

(j) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

10. The Company shall not issue Shares to bearer.

11. 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.

12. 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.

## MODIFICATION OF RIGHTS

13. Whenever the capital of the 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 three-fourths of the issued Shares of that Class or with the sanction of a Special Resolution passed at a separate meeting of the holders of the Shares of that Class. 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 at least holding or representing by proxy 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 (1) 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.

14. 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, *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. The rights of the holders of Shares shall not be deemed to be materially adversely varied by the creation or issue of Shares with preferred or other rights including, without limitation, the creation of Shares with enhanced or weighted voting rights.

## CERTIFICATES

15. Unless and until the Directors resolve to issue share certificates, no share certificate shall be issued, and the records of the shareholdings of each Shareholder shall be in uncertified book entry form. If the Directors do resolve to issue share certificates in respect of any one or more classes of Shares, then every Shareholder holding such Shares shall be entitled, upon written request only, to a certificate signed by a Director or Secretary, or any other person authorised by a resolution of the Directors, or under the Seal specifying the number of Shares held by him and the signature of the Director, Secretary or authorised person and the Seal may be facsimiles or affixed by electronic means pursuant to the Electronic Transactions Law. Any Member receiving a certificate shall indemnify and hold the Company and its Directors and Officers harmless from any loss or liability which it or they may incur by reason of any wrongful or fraudulent use or representation made by any person by virtue of the possession thereof.

16. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.

17. Any two or more certificates representing Shares of any one Class held by any Shareholder may at the Shareholder's request be cancelled and a single new certificate for such Shares issued in lieu on payment (if the Directors shall so require) of US$1.00 or such smaller sum as the Directors shall determine.

18. 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 Shareholder 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.

19. 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

20. 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.

## LIEN

21. 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.

22. 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 (14) 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.

23. 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.

24. The proceeds of the sale after deduction of expenses, fees and commission 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

25. 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 (14) 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.

26. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.

27. 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 (8%) 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.

28. 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.

29. 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.

30. 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 Shareholder 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. 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.

32. The notice shall name a further day (not earlier than the expiration of fourteen (14) 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.

33. 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.

34. 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.

35. 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.

36. A certificate in writing under the hand of a Director of the Company 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.

37. 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.

38. 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

39. 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.

40. (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.

    (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;

(v) the Shares transferred are free of any lien in favour of the Company; and

(vi) 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.

41. The registration of transfers may, on fourteen (14) 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 (30) calendar days in any year.

42. 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 three (3) months after the date on which the transfer was lodged with the Company send to each of the transferor and the transferee notice of the refusal.

## TRANSMISSION OF SHARES

43. 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 survivor, shall be the only Person recognised by the Company as having any title to the Share.

44. 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.

45. 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 (90) 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

46. The Company shall be entitled to charge a fee not exceeding one 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.

## ALTERATION OF SHARE CAPITAL

47. 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.

48. The Company may by Ordinary Resolution:

(a) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(b) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;

(c) subdivide its 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; 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.

49. The Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by Law.

**REDEMPTION, PURCHASE AND SURRENDER OF SHARES**

50. Subject to the provisions of the Companies Law 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 Special Resolution;

(b) purchase its own Shares (including any redeemable Shares) on such terms and in such manner and terms as have been approved by the Board or by the Shareholders by Ordinary Resolution, or are otherwise authorized by these Articles; and

(c) make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Law, including out of capital.

51. 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.

52. 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.

53. The Directors may accept the surrender for no consideration of any fully paid Share.

**TREASURY SHARES**

54. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.

55. 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).

56. 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.

57. 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 Law, 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.

58. Treasury Shares may be disposed of by the Company on such terms and conditions as determined by the Directors.

## GENERAL MEETINGS

59. All general meetings other than annual general meetings shall be called extraordinary general meetings.

60. (a) The Company may in each 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 a report of the Directors (if any) may be presented.

61. (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 request of Shareholders holding at the date of deposit of the request in aggregate not less than one-third (1/3) of the aggregate number of votes attaching to all issued and outstanding Shares of the Company as at the date of the deposit carries the right of voting at general meetings of the Company.

(c) Subject to Article 62, the Requisition must state the objects of the meeting and must be signed by the Shareholders that made the request (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 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 (3) months after the expiration of the said twenty-one (21) calendar days.

(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.

62. Shareholders seeking to bring business before the annual general meeting or to nominate candidates for election as Directors at the annual general meeting must deliver notice to the Registered Office not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the scheduled date of the annual general meeting.

## NOTICE OF GENERAL MEETINGS

63. At least ten (10) 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, 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 a majority in number of the Shareholders (or their proxies) having a right to attend and vote at the meeting, being a majority together holding not less than ninety five percent (95%) in par value of the Shares giving that right.

64. 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

65. 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.

At least two holders of Shares being not less than an aggregate of fifty percent (50%) of all votes attaching to all Shares in issue and entitled to vote present in person or by proxy or, if a corporation or other non-natural person, by its duly authorised representative, shall be a quorum for all purposes.

66. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved.

67. If the Directors wish to make this facility available for a specific general meeting or all general meetings of the Company, participation in any general meeting of the Company may be by means of a 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.

68. The Chairman (if any) shall preside as chairman at every general meeting of the Company.

69. If there is no Chairman, or if at any general meeting he is not present within fifteen (15) minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, any Director or Person nominated by the Directors shall preside as chairman of that meeting, failing which the Shareholders present in person or by proxy shall choose any Person present to be chairman of that meeting.

70. The chairman may with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a 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 (14) 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.

71. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings Requisitioned by Requisitionists 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.

72. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or any Shareholder present in person or by proxy, and unless a poll is so demanded, a declaration by the chairman 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.

73. If a poll is duly demanded it 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 meeting at which the poll was demanded.

74. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles or by the Law. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

75. 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

76. Subject to any rights and restrictions for the time being attached to any Share, on a show of hands every Shareholder present in person and every Person representing a Shareholder by proxy shall, at a general meeting of the Company, each have one vote and on a poll every Shareholder and every Person representing a Shareholder by proxy shall have one (1) vote for each Ordinary Share of which he or the Person represented by proxy is the holder.

77. In the case of joint holders 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.

78. A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote in respect of Shares carrying the right to vote held by him, 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.

79. 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.

80. On a poll votes may be given either personally or by proxy.

81. Each Shareholder, other than a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)), may only appoint one proxy on a show of hand. 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.

82. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

83. 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 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 (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 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.

84. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

85. No action shall be taken by the Shareholders except at an annual or extraordinary general meeting called in accordance with these Articles and no action shall be taken by the Shareholders by written consent or electronic transmission.

## CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

86. 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.

## DEPOSITARY AND CLEARING HOUSES

87. If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Shareholder 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 (1) 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 Shareholder holding the number and Class of Shares specified in such authorisation, including the right to vote individually on a show of hands.

## DIRECTORS

88. (a) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than one Director, the exact number of Directors to be determined exclusively by resolutions adopted by a majority of the authorized number of Directors constituting the Board from time to time. For so long as Shares are listed on the Designated Stock Exchange, the Directors shall include such number of Independent Directors as applicable law, rules or regulations or the Designated Stock Exchange Rules require for a foreign private issuer under the United States securities laws, so long as the Company is a foreign private issuer**.**

(b) The Directors shall be divided into three (3) classes designated as Class I, Class II and Class III, respectively. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the board of Directors. At the first annual general meeting of Shareholders, the term of office of the Class I Directors shall expire and Class I Directors appointed at such meeting shall be elected for a full term of three (3) years. At the second annual general meeting of Shareholders, the term of office of the Class II Directors shall expire and Class II Directors appointed at such meeting shall be elected for a full term of three (3) years. At the third annual general meeting of Shareholders, the term of office of the Class III Directors shall expire and Class III Directors at such meeting appointed shall be elected for a full term of three (3) years. At each succeeding annual general meeting of Shareholders, Directors shall be elected for a full term of three (3) years to succeed the Directors of the class whose terms expire at such annual general meeting. Notwithstanding the foregoing provisions of this Article, each Director shall hold office until the expiration of his term, until his successor shall have been duly elected and qualified or until his earlier death, resignation or removal. No decrease in the number of Directors constituting the board of Directors shall shorten the term of any incumbent Director.

(c) Subject to the rights of the holders of any series of preferred shares, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes, and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the Shareholders, except as otherwise provided by law, be filled only by the affirmative vote of a majority of the Directors then in office, even though less than a quorum of the Board of Directors, and not by the Shareholders. Any Director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the Director for which the vacancy was created or occurred and until such Director’s successor shall have been elected and qualified.

(d) The Board of Directors shall have a Chairman (who shall be a Director) elected and appointed 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 (15) 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.

(e) The Company may by Ordinary Resolution appoint any person to be a Director.

(f) Subject to the Company's compliance with director nomination procedures required under the Designated Stock Exchange Rules as long as Shares are listed on the Designated Stock Exchange, the Board may appoint any person as a Director as an addition to the existing Board.

(g) An appointment of a Director may be on terms that the Director shall automatically retire from office (unless he has sooner vacated office) at the next or a subsequent annual general meeting or upon any specified event or after any specified period; but no such term shall be implied in the absence of express provision. Each Director whose term of office expires shall be eligible for re-election at a meeting of the Shareholders or re-appointment by the Board.

89. A Director may be removed from office by Ordinary Resolution of the Company, 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), however neither the Board of Directors nor any individual Director may be removed without cause. 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.

90. The Board may, from time to time, and except as required by applicable law or the Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.

91. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Shareholder of the Company shall nevertheless be entitled to attend and speak at general meetings.

92. The remuneration of the Directors may be determined by the Directors or by Ordinary Resolution.

93. 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 OR PROXY

94. 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 of the Company 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.

95. Any Director may appoint any Person, whether or not a Director, to be the proxy of that Director to attend and vote on his behalf, in accordance with instructions given by that Director, or in the absence of such instructions at the discretion of the proxy, at a meeting or meetings of the Directors which that Director is unable to attend personally. The instrument appointing the proxy shall be in writing under the hand of the appointing Director and shall be in any usual or common form or such other form as the Directors may approve, and must be lodged with the chairman of the meeting of the Directors at which such proxy is to be used, or first used, prior to the commencement of the meeting. A proxy who attends such a meeting shall be counted in the quorum. Every such proxy shall be entitled to attend and vote in such appointing Director's place when the appointing Director is not personally present at such meeting;

provided, that, prior to each meeting of the Board at which the proxy is to vote, the Director shall instruct the proxy as to the manner in which he is to cast the vote and shall inform the Board accordingly and the proxy shall be entitled to cast a vote on behalf of the Director only in accordance with such instructions. Where the proxy is a Director he shall be entitled to have such separate vote on behalf of the Director for which he is acting as proxy in addition to his own vote. The remuneration of such proxy shall be payable out of the remuneration of the Director appointing him–and the proportion thereof shall be agreed between them. The signature of a proxy to any resolution in writing of the Directors or a committee thereof shall, unless the terms of the appointment provides to the contrary, be as effective as the signature of the Director appointing him as proxy. For the avoidance of doubt, any Director that has the right to attend any meeting of a committee established by the Board may appoint a proxy to act in his place at such meeting. Where the Director appointing a proxy is an Interested Director in respect of a matter to be considered at a meeting of the Board, the Interested Director shall procure that the proxy declares the nature of his interest at such meeting and the proxy may be counted in the quorum but shall not be entitled to vote on behalf of the Interested Director in respect of any contract or proposed contract or arrangement in which such Interested Director is interested. For the avoidance of doubt, a person who is appointed a proxy shall not in consequence thereof become an Indemnified Person.

## POWERS AND DUTIES OF DIRECTORS

96. Subject to the Companies Law, 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.

97. 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, the office of 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.

98. 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.

99. 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.

100. 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.

101. 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.

102. 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.

103. 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.

104. 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

105. 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

106. 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 affixings 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.

107. 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 affixings 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.

108. 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.

## DISQUALIFICATION OF DIRECTORS

109. 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) without special leave of absence from the Board, is absent from meetings of the Board for three (3) consecutive meetings and the Board resolves that his office be vacated; or

(e) is removed from office pursuant to any other provision of these Articles.

**PROCEEDINGS OF DIRECTORS**

110. The Directors may meet together (either within or without 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 proxy or alternate shall be entitled to one (1) 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.

111. 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.

112. The quorum necessary for the transaction of the business of the Directors 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 proxy or 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.

113. 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. A Director may not vote in respect of any contract or transaction or proposed contract or transaction that he or she may be interested therein, but he or she may be counted in the quorum of any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration.

114. 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 or her interest, may be counted in the quorum present at any meeting of the Directors whereat he or she 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, but he or she may not vote on any such appointment or arrangement.

115. 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. A Director may be counted in the quorum present for the portion of any meeting of the Directors whereat he or she is appointed to act by himself or herself or through his or her firm in a professional capacity for the Company or whereat the terms of any such appointment are arranged, but he or she may not vote on any such appointment or arrangement.

116. 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.

117. 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 the absence of a Director or Directors (so long as a quorum was present) or that there may have been a technical defect in the proceedings.

118. 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.

119. 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.

120. 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 (15) 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.

121. 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.

122. 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.

## PRESUMPTION OF ASSENT

123. A Director of the Company 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 personal delivery, registered post, recognized overnight courier, or by electronic means with confirmation of receipt, 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

124. 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.

125. 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.

126. 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.

127. 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.

128. The Directors may recommend to Shareholders 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, subject to the approval of Shareholders by an Ordinary Resolution, 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.

129. 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.

130. 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.

131. No dividend shall bear interest against the Company.

132. Any dividend unclaimed after a period of six (6) 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.

## ACCOUNTS, AUDIT AND ANNUAL RETURN AND DECLARATION

133. 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.

134. 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.

135. 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 of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.

136. 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.

137. 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.

138. 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.

139. 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 Shareholders.

140. The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Companies Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

## CAPITALISATION OF RESERVES

141. Subject to the Companies Law, the Directors may, with the authority of an Ordinary Resolution:

(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), whether or not 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;

(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 the resolution.

## SHARE PREMIUM ACCOUNT

142. The Directors shall in accordance with the Companies Law 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.

143. 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 Law, out of capital.

## NOTICES

144. 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 air 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 or by placing it on the Company's Website should the Directors deem it appropriate provided that the Company has obtained the Shareholder's prior express positive confirmation in writing to receive notices in such manner. 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.

145. Notices posted to addresses outside the Cayman Islands shall be forwarded by prepaid airmail.

146. Any Shareholder present, either personally or by proxy, 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.

147. 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 mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail.

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.

148. 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.

149. 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

150. No Shareholder 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 Shareholders of the Company to communicate to the public.

151. 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 Shareholders including, without limitation, information contained in the Register and transfer books of the Company.

## INDEMNITY

152. Every Director, 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) (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, wilful default or fraud, in or about the conduct of the Company's business or affairs or in the execution or discharge of his duties, powers, authorities or discretions (including as a result of any mistake of judgment), including without prejudice to the generality of the foregoing, any costs, expenses (including reasonable attorneys' fees), 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 (the "**Indemnified Matters**").

153. Without prejudice to the generality of the foregoing, the Indemnified Matters include:

(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, wilful default or fraud.

## FINANCIAL YEAR

154. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

## NON-RECOGNITION OF TRUSTS

155. 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 Law 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

156. 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 Law, divide amongst the Shareholders in species 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 Shareholders or different classes of Shareholders. 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 Shareholders as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any asset upon which there is a liability.

157. If the Company shall be wound up, and the assets available for distribution amongst the Shareholders 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 Shareholders in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Shareholders 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 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 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

158. Subject to the Companies Law, 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

159. 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 forty (40) calendar days. If the Register shall be so closed for the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders the Register shall be so closed for at least ten (10) calendar days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register.

160. 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 (90) calendar days prior to the date of declaration of such dividend, fix a subsequent date as the record date for such determination.

161. 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

162. 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

163. The Directors, or any service providers (including the officers, the Secretary and the registered office agent 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.

# DEPOSIT AGREEMENT AMONG LEGEND BIOTECH CORPORATION, JPMORGAN CHASE BANK, N.A. AS DEPOSITARY AND HOLDERS AND BENEFICIAL OWNERS OF AMERICAN DEPOSITARY RECEIPTS

J.P.Morgan

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**EXHIBIT A**

DEPOSIT AGREEMENT, dated as of _____, 2020 (the "**Deposit Agreement**"), among Legend Biotech Corporation and its successors (the "**Company**"), JPMORGAN CHASE BANK, N.A., as depositary hereunder (the "**Depositary**"), and all Holders (as defined below) and Beneficial Owners (as defined below) from time to time of American Depositary Receipts issued hereunder evidencing American Depositary Shares ("**ADSs**") representing deposited Shares (as defined below). The Company hereby appoints the Depositary as depositary for the Deposited Securities (as defined below) and hereby authorizes and directs the Depositary to act in accordance with the terms set forth in this Deposit Agreement. All capitalized terms used herein have the meanings ascribed to them in Section 1 or elsewhere in this Deposit Agreement. The parties hereto agree as follows:

1. **Certain Definitions**.

(a) "**ADR Register**" is defined in paragraph (3) of the form of ADR (*Transfers, Split-Ups and Combinations of ADRs*).

(b) "**ADRs**" mean the American Depositary Receipts executed and delivered hereunder. ADRs may be either in physical certificated form or Direct Registration ADRs (as hereinafter defined). ADRs in physical certificated form, and the terms and conditions governing the Direct Registration ADRs, shall be substantially in the form of Exhibit A annexed hereto (the "**form of ADR**"). The term "**Direct Registration ADR**" means an ADR, the ownership of which is recorded on the Direct Registration System. References to "ADRs" shall include certificated ADRs and Direct Registration ADRs, unless the context otherwise requires. The form of ADR is hereby incorporated herein and made a part hereof; the provisions of the form of ADR shall be binding upon the parties hereto.

(c) Subject to paragraph (13) of the form of ADR (*Changes Affecting Deposited Securities*), each "**ADS**" evidenced by an ADR represents the right to receive, and to exercise the beneficial ownership interests in, the number of Shares specified in the form of ADR attached hereto as Exhibit A (as amended from time to time) that are on deposit with the Depositary and/or the Custodian and a pro rata share in any other Deposited Securities, subject, in each case, to the terms of this Deposit Agreement and the ADSs. The ADS(s)-to-Share(s) ratio is subject to amendment as provided in the form of ADR (which may give rise to fees contemplated in paragraph (7) thereof (*Charges of Depositary*)).

(d) "**Beneficial Owner**" means as to any ADS, any person or entity having a beneficial ownership interest in such ADS. A Beneficial Owner need not be the Holder of the ADR evidencing such ADS. If a Beneficial Owner of ADSs is not a Holder, it must

rely on the Holder of the ADR(s) evidencing such ADSs in order to assert any rights or receive any benefits under this Deposit Agreement. The arrangements between a Beneficial Owner of ADSs and the Holder of the corresponding ADRs may affect the Beneficial Owner's ability to exercise any rights it may have.

(e) "**Custodian**" means the agent or agents of the Depositary (singly or collectively, as the context requires) and any additional or substitute Custodian appointed pursuant to Section 9.

(f) The terms "**deliver**", "**execute**", "**issue**", "**register**", "**surrender**", "**transfer**" or "**cancel**", when used with respect to Direct Registration ADRs, shall refer to an entry or entries or an electronic transfer or transfers in the Direct Registration System, and, when used with respect to ADRs in physical certificated form, shall refer to the physical delivery, execution, issuance, registration, surrender, transfer or cancellation of certificates representing the ADRs.

(g) "**Delivery Order**" is defined in Section 3.

(h) "**Deposited Securities**" as of any time means all Shares at such time deposited under this Deposit Agreement and any and all other Shares, securities, property and cash at such time held by the Depositary or the Custodian in respect or in lieu of such deposited Shares and other Shares, securities, property and cash. Deposited Securities are not intended to, and shall not, constitute proprietary assets of the Depositary, the Custodian or their nominees. Beneficial ownership in Deposited Securities is intended to be, and shall at all times during the term of the Deposit Agreement continue to be, vested in the Beneficial Owners of the ADSs representing such Deposited Securities.

(i) "**Direct Registration System**" means the system for the uncertificated registration of ownership of securities established by The Depository Trust Company ("**DTC**") and utilized by the Depositary pursuant to which the Depositary may record the ownership of ADRs without the issuance of a certificate, which ownership shall be evidenced by periodic statements issued by the Depositary to the Holders entitled thereto. For purposes hereof, the Direct Registration System shall include access to the Profile Modification System maintained by DTC which provides for automated transfer of ownership between DTC and the Depositary.

(j) "**Holder**" means the person or persons in whose name an ADR is registered on the ADR Register. For all purposes under the Deposit Agreement and the ADRs, a Holder shall be deemed to have all requisite authority to act on behalf of any and all Beneficial Owners of the ADSs evidenced by the ADR(s) registered in such Holder's name.

(k) "**Securities Act of 1933**" means the United States Securities Act of 1933, as from time to time amended.

(l) "**Securities Exchange Act of 1934**" means the United States Securities Exchange Act of 1934, as from time to time amended.

(m) "**Shares**" mean the ordinary shares of the Company, and shall include the rights to receive Shares specified in paragraph (1) of the form of ADR (*Issuance of ADSs*).

(n) "**Transfer Office**" is defined in paragraph (3) of the form of ADR (*Transfers, Split-Ups and Combinations of ADRs*).

(o) "**Withdrawal Order**" is defined in Section 6.

2. **Form of ADRs**.

(a) *Direct Registration ADRs*. Notwithstanding anything in this Deposit Agreement or in the form of ADR to the contrary, ADSs shall be evidenced by Direct Registration ADRs, unless certificated ADRs are specifically requested by the Holder.

(b) *Certificated ADRs*. ADRs in certificated form shall be printed or otherwise reproduced at the discretion of the Depositary in accordance with its customary practices in its American depositary receipt business, or at the request of the Company typewritten and photocopied on plain or safety paper, and shall be substantially in the form set forth in the form of ADR, with such changes as may be required by the Depositary or the Company to comply with their obligations hereunder, any applicable law, regulation or usage or to indicate any special limitations or restrictions to which any particular ADRs are subject. ADRs may be issued in denominations of any number of ADSs. ADRs in certificated form shall be executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary. ADRs in certificated form bearing the facsimile signature of anyone who was at the time of execution a duly authorized officer of the Depositary shall bind the Depositary, notwithstanding that such officer has ceased to hold such office prior to the delivery of such ADRs.

(c) *Binding Effect.* Holders of ADRs, and the Beneficial Owners of the ADSs evidenced by such ADRs, shall each be bound by the terms and conditions of this Deposit Agreement and of the form of ADR, regardless of whether such ADRs are Direct Registration ADRs or certificated ADRs.

3. **Deposit of Shares**.

(a) *Requirements.* In connection with the deposit of Shares hereunder, the Depositary or the Custodian may require the following in a form satisfactory to it:

(i) a written order directing the Depositary to issue to, or upon the written order of, the person or persons designated in such order a Direct Registration ADR or ADRs evidencing the number of ADSs representing such deposited Shares (a "**Delivery Order**");

(ii) proper endorsements or duly executed instruments of transfer in respect of such deposited Shares;

(iii) instruments assigning to the Depositary, the Custodian or a nominee of either any distribution on or in respect of such deposited Shares or indemnity therefor; and

(iv) proxies entitling the Custodian to vote such deposited Shares.

(b) *Registration of Deposited Securities.* As soon as practicable after the Custodian receives Deposited Securities pursuant to any such deposit or pursuant to paragraph (10) (*Distributions on Deposited Securities*) or (13) (*Changes Affecting Deposited Securities*) of the form of ADR, the Custodian shall present such Deposited Securities for registration of transfer into the name of the Depositary, the Custodian or a nominee of either, in each case for the benefit of Holders, to the extent such registration is practicable, at the cost and expense of the person making such deposit (or for whose benefit such deposit is made) and shall obtain evidence satisfactory to it of such registration. Deposited Securities shall be held by the Custodian for the account and to the order of the Depositary for the benefit of Holders of ADRs (to the extent not prohibited by law) at such place or places and in such manner as the Depositary shall determine. Notwithstanding anything else contained herein, in the form of ADR and/or in any outstanding ADSs, the Depositary, the Custodian and their respective nominees are intended to be, and shall at all times during the term of the Deposit Agreement be, the record holder(s) only of the Deposited Securities represented by the ADSs for the benefit of the Holders. The Depositary, on its own behalf and on behalf of the Custodian and their respective nominees, disclaims any beneficial ownership interest in the Deposited Securities held on behalf of the Holders.

(c) *Delivery of Deposited Securities.* Deposited Securities may be delivered by the Custodian to any person only under the circumstances expressly contemplated in this Deposit Agreement. To the extent that the provisions of or governing the Shares make delivery of certificates therefor impracticable, Shares may be deposited hereunder by such delivery thereof as the Depositary or the Custodian may reasonably accept, including, without limitation, by causing them to be credited to an account maintained by the Custodian for such purpose with the Company or an accredited intermediary, such as a bank, acting as a registrar for the Shares, together with delivery of the documents, payments and Delivery Order referred to herein to the Custodian or the Depositary.

4. **Issue of ADRs**. After any such deposit of Shares, the Custodian shall notify the Depositary of such deposit and of the information contained in any related Delivery Order by letter, first class airmail postage prepaid, or, at the request, risk and expense of the person making the deposit, by SWIFT, cable, telex or facsimile transmission. After receiving such notice from the Custodian, the Depositary, subject to this Deposit Agreement, shall properly issue at the Transfer Office, to or upon the order of any person named in such notice, an ADR or ADRs registered as requested and evidencing the aggregate ADSs to which such person is entitled.

5. **Distributions on Deposited Securities**. To the extent that the Depositary determines in its discretion that any distribution pursuant to paragraph (10) of the form of ADR (*Distributions on Deposited Securities*) is not practicable with respect to any Holder, the Depositary may make such distribution as it so deems practicable, including the distribution of foreign currency, securities or property (or appropriate documents evidencing the right to receive foreign currency, securities or property) or the retention thereof as Deposited Securities with respect to such Holder's ADRs (without liability for interest thereon or the investment thereof).

6. **Withdrawal of Deposited Securities.** In connection with any surrender of an ADR for withdrawal of the Deposited Securities represented by the ADSs evidenced thereby, the Depositary may require proper endorsement in blank of such ADR (or duly executed instruments of transfer thereof in blank) and the Holder's written order directing the Depositary to cause the Deposited Securities represented by the ADSs evidenced by such ADR to be withdrawn and delivered to, or upon the written order of, any person designated in such order (a "**Withdrawal Order**"). Directions from the Depositary to the Custodian to deliver Deposited Securities shall be given by letter, first class airmail postage prepaid, or, at the request, risk and expense of the Holder, by SWIFT, cable, telex or facsimile transmission. Delivery of Deposited Securities may be made by the delivery of certificates (which, if required by law shall be properly endorsed or accompanied by properly executed instruments of transfer or, if such

certificates may be registered, registered in the name of such Holder or as ordered by such Holder in any Withdrawal Order) or by such other means as the Depositary may deem practicable, including, without limitation, by transfer of record ownership thereof to an account designated in the Withdrawal Order maintained either by the Company or an accredited intermediary, such as a bank, stock administration agent or depositary or clearing corporation acting as a registrar for the Deposited Securities.

7. **Substitution of ADRs**. The Depositary shall execute and deliver a new Direct Registration ADR in exchange and substitution for any mutilated certificated ADR upon cancellation thereof or in lieu of and in substitution for such destroyed, lost or stolen certificated ADR, unless the Depositary has notice that such ADR has been acquired by a bona fide purchaser, upon the Holder thereof filing with the Depositary a request for such execution and delivery and a sufficient indemnity bond and satisfying any other reasonable requirements imposed by the Depositary.

8. **Cancellation and Destruction of ADRs.** All ADRs surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy ADRs in certificated form so cancelled in accordance with its customary practices.

9. **The Custodian**.

(a) *Rights of the Depositary*. Any Custodian in acting hereunder shall be subject to the directions of the Depositary and shall be responsible solely to it. The Depositary reserves the right to add, replace or remove a Custodian. The Depositary will give prompt notice of any such action, which will be advance notice if practicable. The Depositary may discharge any Custodian at any time upon notice to the Custodian being discharged.

(b) *Rights of the Custodian.* Any Custodian may resign from its duties hereunder by providing at least 30 days' prior written notice to the Depositary. Promptly after the receipt of such written notice, the Depositary shall endeavor to appoint a substitute custodian or custodians, each of which shall be a Custodian hereunder upon the effectiveness of such resignation. Any Custodian ceasing to act hereunder as Custodian shall deliver, upon the instruction of the Depositary, all Deposited Securities held by it to a Custodian continuing to act.

(c) Notwithstanding anything to the contrary contained in this Deposit Agreement (including the ADRs) and, subject to the further limitations set forth in clause (o) of paragraph (14) of the form of ADR (*Exoneration*), the Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any

act or omission to act on the part of the Custodian except to the extent that any Holder has incurred liability directly as a result of the Custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the Depositary or (ii) failed to use reasonable care in the provision of custodial services to the Depositary as determined in accordance with the standards prevailing in the jurisdiction in which the Custodian is located.

10. **Lists of Holders**. The Company shall have the right to inspect transfer records of the Depositary and its agents and the ADR Register, take copies thereof and require the Depositary and its agents to supply copies of such portions of such records as the Company may request. The Depositary or its agents shall furnish to the Company promptly upon the written request of the Company, a list of the names, addresses and holdings of ADSs by all Holders as of a date within seven days of the Depositary's receipt of such request.

11. **Depositary's Agents**. The Depositary may perform its obligations under this Deposit Agreement through any agent appointed by it, provided that the Depositary shall notify the Company of such appointment and shall remain responsible for the performance of such obligations as if no agent were appointed, subject to paragraph (14) of the form of ADR (*Exoneration*).

12. **Resignation and Removal of the Depositary; Appointment of Successor Depositary**.

(a) *Resignation of the Depositary*. The Depositary may at any time resign as Depositary hereunder by written notice of its election to do so delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

(b) *Removal of the Depositary*. The Depositary may at any time be removed by the Company by providing no less than 60 days' prior written notice of such removal to the Depositary, such removal to take effect on the later of (i) the 60th day after such notice of removal is first provided and (ii) the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided. Notwithstanding the foregoing, if upon the resignation or removal of the Depositary a successor depositary is not appointed within the applicable 60-day period as specified in paragraph (17) of the form of ADR (*Termination*), then the Depositary may elect to terminate this Deposit Agreement and the ADR and the provisions of said paragraph (17) shall thereafter govern the Depositary's obligations hereunder.

(c) *Appointment of Successor Depositary*. In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, The City of New York. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor. The predecessor depositary, only upon payment of all sums due to it and on the written request of the Company, shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than its rights to indemnification and fees owing, each of which shall survive any such removal and/or resignation), (ii) duly assign, transfer and deliver all right, title and interest to the Deposited Securities to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding ADRs. Any such successor depositary shall promptly mail notice of its appointment to such Holders. Any bank or trust company into or with which the Depositary may be merged or consolidated, or to which the Depositary shall transfer substantially all its American depositary receipt business, shall be the successor of the Depositary without the execution or filing of any document or any further act.

13. **Reports.** On or before the first date on which the Company makes any communication available to holders of Deposited Securities or any securities regulatory authority or stock exchange, by publication or otherwise, the Company shall transmit to the Depositary a copy thereof in English or with an English translation or summary. The Company has delivered to the Depositary, the Custodian and any Transfer Office, a copy of all provisions of or governing the Shares and any other Deposited Securities issued by the Company or any affiliate of the Company and, promptly upon any change thereto, the Company shall deliver to the Depositary, the Custodian and any Transfer Office, a copy (in English or with an English translation) of such provisions as so changed. The Depositary and its agents may rely upon the Company's delivery of all such communications, information and provisions for all purposes of this Deposit Agreement and the Depositary shall have no liability for the accuracy or completeness of any thereof.

14. **Additional Shares**. The Company agrees with the Depositary that neither the Company nor any company controlling, controlled by or under common control with the Company shall (a) issue (i) additional Shares, (ii) rights to subscribe for Shares, (iii) securities convertible into or exchangeable for Shares or (iv) rights to subscribe for any such securities or (b) deposit any Shares under this Deposit Agreement, except, in each case, under circumstances complying in all respects with the Securities Act of 1933. At the reasonable request of the Depositary where it deems necessary, the Company will furnish the Depositary with legal opinions, in

forms and from counsels reasonably acceptable to the Depositary, dealing with such issues requested by the Depositary. The Depositary will not knowingly accept for deposit hereunder any Shares required to be registered under the Securities Act of 1933 unless a registration statement is in effect and will use reasonable efforts to comply with written instructions of the Company not to accept for deposit hereunder any Shares identified in such instructions at such times and under such circumstances as may reasonably be specified in such instructions in order to facilitate the Company's compliance with the requirements of the securities laws, rules and regulations in the United States.

15. **Indemnification.**

(a) *Indemnification by the Company*. The Company shall indemnify, defend and save harmless each of the Depositary, the Custodian and their respective directors, officers, employees, agents and affiliates against any loss, liability or expense (including reasonable fees and expenses of counsel) which may arise out of acts performed or omitted, in connection with the provisions of this Deposit Agreement and of the ADRs, as the same may be amended, modified or supplemented from time to time in accordance herewith (i) by either the Depositary or a Custodian or their respective directors, officers, employees, agents and affiliates, except for any liability or expense directly arising out of the negligence or willful misconduct of the Depositary or its directors, officers or affiliates acting in their capacities as such hereunder, or (ii) by the Company or any of its directors, officers, employees, agents and affiliates.

The indemnities set forth in the preceding paragraph shall also apply to any liability or expense which may arise out of any misstatement or alleged misstatement or omission or alleged omission in any registration statement, proxy statement, prospectus (or placement memorandum), or preliminary prospectus (or preliminary placement memorandum) relating to the offer, issuance, withdrawal or sale of ADSs or the deposit, withdrawal, offer or sale of Shares, except to the extent any such liability or expense arises out of (i) information relating to the Depositary or its agents (other than the Company), as applicable, furnished in writing by the Depositary expressly for use in any of the foregoing documents and not changed or altered by the Company or any other person (other than the Depositary) or (ii) if such information is provided, the failure to state a material fact therein necessary to make the information provided, in light of the circumstance under which provided, not misleading.

(b) *Indemnification by the Depositary*. Subject to the limitations provided for in Section 15(c) below, the Depositary shall indemnify, defend and save harmless

the Company against any direct loss, liability or expense (including reasonable fees and expenses of counsel) incurred by the Company in respect of this Deposit Agreement to the extent such loss, liability or expense is due to the negligence or willful misconduct of the Depositary.

(c) *Damages or Lost Profits*. Notwithstanding any other provision of this Deposit Agreement or the ADRs to the contrary, neither the Depositary nor the Company, nor any of their respective agents shall be liable to the other for any indirect, special, punitive or consequential damages (excluding reasonable fees and expenses of counsel) or lost profits, in each case of any form (collectively, "**Special Damages**") incurred by any of them, or liable to any other person or entity (including, without limitation, Holders and Beneficial Owners) for any Special Damages, or any fees or expenses of counsel in connection therewith, whether or not foreseeable and regardless of the type of action in which such a claim may be brought; provided, however, that (i) notwithstanding the foregoing and, for the avoidance of doubt, the Depositary and its agents shall be entitled to legal fees and expenses in defending against any claim for Special Damages and (ii) to the extent Special Damages arise from or out of a claim brought by a third party (including, without limitation, Holders and Beneficial Owners) against the Depositary or any of its agents, the Depositary and its agents shall be entitled to full indemnification from the Company for all such Special Damages, and reasonable fees and expenses of counsel in connection therewith, unless such Special Damages are found to have been a direct result of the gross negligence or willful misconduct of the Depositary.

(d) *Survival*. The obligations set forth in this Section 15 shall survive the termination of this Deposit Agreement and the succession or substitution of any indemnified person.

16. **Notices**.

(*a*) *Notice to Holders*. Notice to any Holder shall be deemed given when first mailed, first class postage prepaid, to the address of such Holder on the ADR Register or received by such Holder. Failure to notify a Holder or any defect in the notification to a Holder shall not affect the sufficiency of notification to other Holders or to the Beneficial Owners of the ADSs evidenced by the ADRs held by such other Holders. The Depositary's only notification obligations under this Deposit Agreement and the ADRs shall be to Holders. Notice to a Holder shall be deemed, for all purposes of the Deposit Agreement and the ADRs, to constitute notice to any and all Beneficial Owners of the ADSs evidenced by such Holder's ADRs.

(b) *Notice to the Depositary or the Company*. Notice to the Depositary or the Company shall be deemed given when first received by it at the address or facsimile transmission number set forth in (i) or (ii), respectively, or at such other address or facsimile transmission number as either may specify to the other by written notice:

(i) JPMorgan Chase Bank, N.A.
383 Madison Avenue, Floor 11
New York, New York, 10179
Attention: Depositary Receipts Group
Fax: (302) 220-4591

(ii) Legend Biotech Corporation
2101 Cottontail Lane
Somerset, New Jersey 08873
Attention: Yuan Xu, Ph.D., Chief Executive Officer
Fax: (888) 885-9822

17. **Counterparts.** This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one instrument. Delivery of an executed signature page of this Deposit Agreement by facsimile or other electronic transmission (including ".pdf", ".tif" or similar format) shall be effective as delivery of a manually executed counterpart hereof.

18. **No Third Party Beneficiaries; Holders and Beneficial Owners as Parties; Binding Effect**. This Deposit Agreement is for the exclusive benefit of the Company, the Depositary and the Holders and their respective successors hereunder, and, except to the extent specifically set forth in Section 15 of this Deposit Agreement, shall not give any legal or equitable right, remedy or claim whatsoever to any other person. The Holders and Beneficial Owners from time to time shall be parties to this Deposit Agreement and shall be bound by all of the provisions hereof. A Beneficial Owner shall only be able to exercise any right or receive any benefit hereunder solely through the Holder of the ADR(s) evidencing the ADSs owned by such Beneficial Owner.

19. **Severability**. If any provision contained in this Deposit Agreement or in the ADRs is, or becomes, invalid, illegal or unenforceable in any respect, the remaining provisions contained herein and therein shall in no way be affected thereby.

20. **Governing Law; Consent to Jurisdiction**.

(a) *Governing Law.* The Deposit Agreement, the ADSs and the ADRs shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to the application of the conflict of law principles thereof.

(b) *By the Company.* The Company irrevocably agrees that any legal suit, action or proceeding against or involving the Company brought by the Depositary or any Holder or Beneficial Owner, arising out of or based upon this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may be instituted in any state or federal court in New York, New York, and irrevocably waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. The Company also irrevocably agrees that any legal suit, action or proceeding against or involving the Depositary brought by the Company, arising out of or based upon this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may only be instituted in a state or federal court in New York, New York. Notwithstanding the foregoing, subject to the federal securities law carve-out set forth in Section 20(d) below, the Depositary may refer any such suit, action or proceeding to arbitration in accordance with the provisions of the Deposit Agreement and, upon such referral, any such suit, action or proceeding instituted by the Company shall be finally decided in such arbitration rather than in such court.

(c) *By Holders and Beneficial Owners.* By holding or owning an ADR or ADS or an interest therein, Holders and Beneficial Owners each irrevocably agree that any legal suit, action or proceeding against or involving Holders or Beneficial Owners brought by the Company or the Depositary, arising out of or based upon this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may be instituted in a state or federal court in New York, New York, and by holding or owning an ADR or ADS or an interest therein each irrevocably waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, Holders and Beneficial Owners each also irrevocably agree that any legal suit, action or proceeding against or involving the Depositary brought by Holders or Beneficial Owners, arising out of or based upon this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may only be instituted in a state or federal court in New York, New York. Notwithstanding the foregoing, subject to the federal securities law carve-out set forth in Section 20(d) below, the Depositary may refer any such suit, action or proceeding to arbitration in accordance with the provisions of the Deposit Agreement

and, upon such referral, any such suit, action or proceeding instituted by Holders and/or Beneficial Owners shall be finally decided in such arbitration rather than in such court.

(d) *Optional Arbitration*. Notwithstanding anything in this Deposit Agreement to the contrary, each of the parties hereto (i.e. the Company, the Depositary and all Holders and Beneficial Owners) agrees that: (i) the Depositary may, in its sole discretion, elect to institute any dispute, suit, action, controversy, claim or proceeding directly or indirectly based on, arising out of or relating to this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, including without limitation any question regarding its or their existence, validity, interpretation, performance or termination (a "**Dispute**") against any other party or parties hereto (including, without limitation, Disputes, suits, actions or proceedings brought against Holders and Beneficial Owners), by having the Dispute referred to and finally resolved by an arbitration conducted under the terms set out below, and (ii) the Depositary may in its sole discretion require, by written notice to the relevant party or parties, that any Dispute, suit, action, controversy, claim or proceeding brought by any party or parties hereto (including, without limitation, Disputes, suits, actions or proceedings brought by Holders and Beneficial Owners) against the Depositary shall be referred to and finally settled by an arbitration conducted under the terms set out below; provided however, notwithstanding the Depositary's written notice under this clause (ii), to the extent there are specific federal securities law violation aspects to any claims against the Company and/or the Depositary brought by any Holder or Beneficial Owner, the federal securities law violation aspects of such claims brought by a Holder or Beneficial Owner against the Company and/or the Depositary may, at the option of such Holder or Beneficial Owner, remain in state or federal court in New York, New York and all other aspects, claims, Disputes, legal suits, actions and/or proceedings brought by such Holder or Beneficial Owner against the Company and/or the Depositary, including those brought along with, or in addition to, federal securities law violation claims, would be referred to arbitration in accordance herewith. Any such arbitration shall, at the Depositary's election, be conducted either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) with the Hong Kong International Arbitration Centre serving as the appointing authority, and the language of any such arbitration shall be English. A notice of arbitration may be mailed to the Company at its address last specified for notices under this Deposit Agreement, and, if applicable, to any Holders at their addresses on the ADR Register, which notice to any such Holder, for the avoidance of doubt, shall be deemed, for all purposes of the Deposit Agreement and the ADRs, including, without limitation, the arbitration

provisions contained in this clause (d), constitute notice to any and all Beneficial Owners of the ADSs evidenced by such Holder's ADRs. In any case where the Depositary exercises its right to arbitrate hereunder, arbitration of the Dispute shall be mandatory and any pending litigation arising out of or related to such Dispute shall be stayed. Judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The number of arbitrators shall be three, each of whom shall be disinterested in the dispute or controversy, shall have no connection with any party thereto, and shall be an attorney experienced in international securities transactions. Each of the Company and the Depositary shall appoint one arbitrator and the two arbitrators shall select a third arbitrator who shall serve as chairperson of the tribunal. If a Dispute shall involve more than two parties, the parties shall attempt to align themselves in two sides (i.e., claimant and respondent), each of which shall appoint one arbitrator as if there were only two parties to such Dispute. If either or both parties fail to select an arbitrator, or if such alignment (in the event there are more than two parties) shall not have occurred, within thirty (30) calendar days after the Depositary serves the arbitration demand or the two arbitrators fail to select a third arbitrator within thirty (30) calendar days of the selection of the second arbitrator, the American Arbitration Association in the case of an arbitration in New York, or the Hong Kong International Arbitration Centre in the case of an arbitration in Hong Kong, shall appoint the remaining arbitrator or arbitrators in accordance with its rules. The parties and the American Arbitration Association and/or the Hong Kong International Arbitration Centre, as the case may be, may appoint the arbitrators from among the nationals of any country, whether or not the appointing party or any other party to the arbitration is a national of that country. The arbitrators shall have no authority to award damages against any party not measured by the prevailing party's actual damages and shall have no authority to award any consequential, special or punitive damages against any party and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Deposit Agreement. In all cases, the fees of the arbitrators and other costs incurred by the parties in connection with such arbitration shall be paid by the party (or parties) that is (or are) unsuccessful in such arbitration. No party hereto shall be entitled to join or consolidate disputes by or against others in any arbitration, or to include in any arbitration any dispute as a representative or member of a class, or act in any arbitration in the interest of the general public or in a private attorney general capacity.

(e) Notwithstanding the foregoing or anything in this Deposit Agreement to the contrary, any suit, action or proceeding against the Company based on this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby, may be instituted by the Depositary in any competent court in the Cayman Islands, Hong Kong, the People's Republic of China, the United States

and/or any other court of competent jurisdiction, or, subject to the federal securities law carve-out set forth in Section 20(d) above, by the Depositary through the commencement of an arbitration pursuant to Section 20(d) of this Deposit Agreement.

21. **Agent for Service.**

(a) *Appointment*. The Company has appointed Yuan Xu, Ph.D., Chief Executive Officer, Legend Biotech Corporation, 2101 Cottontail Lane, Somerset, New Jersey 08873, as its authorized agent (the "**Authorized Agent**") upon which process may be served in any such suit, action or proceeding arising out of or based on this Deposit Agreement, the ADSs, the ADRs or the transactions contemplated herein, therein, hereby or thereby which may be instituted in any state or federal court in New York, New York by the Depositary or any Holder, and waives any other requirements of or objections to personal jurisdiction with respect thereto. Subject to the Company's rights to replace the Authorized Agent with another entity in the manner required were the Authorized Agent to have resigned, such appointment shall be irrevocable.

(b) *Agent for Service of Process*. The Company represents and warrants that the Authorized Agent has agreed to act as said agent for service of process and/or notice of arbitration, and the Company agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. The Company further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any suit, action or proceeding (including arbitration) against the Company, by service by mail of a copy thereof upon the Authorized Agent (whether or not the appointment of such Authorized Agent shall for any reason prove to be ineffective or such Authorized Agent shall fail to accept or acknowledge such service), with a copy mailed to the Company by registered or certified air mail, postage prepaid, to its address provided in Section 16(b) hereof. The Company agrees that the failure of the Authorized Agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment or award rendered in any suit, action or proceeding based thereon. If (i) the Authorized Agent named above is no longer employed by the Company or (ii) if, for any reason, the Authorized Agent named above or any successor thereto shall no longer serve as agent of the Company to receive service of process, notice or papers in New York, the Company shall promptly appoint a successor that is a legal entity with offices in New York, New York, so as to serve and will promptly advise the Depositary thereof.

(c) *Waiver of Personal Service of Process*. In the event the Company fails to continue such designation and appointment in full force and effect, the Company hereby waives personal service of process upon it and consents that any such service

of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices hereunder, and service so made shall be deemed completed five (5) days after the same shall have been so mailed. Nothing in this Deposit Agreement, including without limitation, anything contained in this Section 21 of the Deposit Agreement, will affect the right of the Depositary or any Holder to serve process on the Company in any other manner permitted by applicable law, including, without limitation, by personal service within or without the State of New York.

22. **Waiver of Immunities.** To the extent that the Company or any of its properties, assets or revenues may have or may hereafter be entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, including any arbitration, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment or arbitration award, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or other matters under or arising out of or in connection with the Shares or Deposited Securities, the ADSs, the ADRs or this Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

23. **Waiver of Jury Trial**. EACH PARTY TO THIS DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH HOLDER AND BENEFICIAL OWNER OF, AND/OR HOLDER OF INTERESTS IN, ADSS OR ADRS) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE DEPOSITARY AND/OR THE COMPANY DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE ADSs OR THE ADRs, THE DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR ANY OTHER THEORY), INCLUDING ANY CLAIM UNDER THE UNITED STATES FEDERAL SECURITIES LAWS. No provision of this Deposit Agreement or any ADR is intended to constitute a waiver or limitation of any rights which a Holder or any Beneficial Owner may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

[*Signature page follows*]

IN WITNESS WHEREOF, Legend Biotech Corporation and JPMORGAN CHASE BANK, N.A. have duly executed this Deposit Agreement as of the day and year first above set forth and all Holders and Beneficial Owners shall become parties hereto upon acceptance by them of ADSs issued in accordance with the terms hereof, or upon acquisition of any beneficial interest therein.

LEGEND BIOTECH CORPORATION

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.

By: _____
Name:
Title:

J.P.Morgan

EXHIBIT A
ANNEXED TO AND INCORPORATED IN
DEPOSIT AGREEMENT

[FORM OF FACE OF ADR]

Number _____

No. of ADSs:

Each ADS represents
Two (2) Shares

CUSIP:

AMERICAN DEPOSITARY RECEIPT

evidencing

AMERICAN DEPOSITARY SHARES

representing

ORDINARY SHARES

of

LEGEND BIOTECH CORPORATION

(Incorporated under the laws of the Cayman Islands)

JPMORGAN CHASE BANK, N.A., a national banking association organized under the laws of the United States of America, as depositary hereunder (the "**Depositary**"), hereby certifies that _____ is the registered owner (a "**Holder**") of _____ American Depositary Shares ("**ADSs**"), each (subject to paragraph (13) (*Changes Affecting Deposited Securities*)) representing two (2) ordinary shares (including the rights to receive Shares described in paragraph (1) (*Issuance of ADSs*), "**Shares**" and, together with any other securities, cash or property from time to time held by the Depositary in respect or in lieu of deposited Shares, the "**Deposited Securities**"), of Legend Biotech Corporation, a corporation organized under the laws of the Cayman Islands (the "**Company**"), deposited under the Deposit Agreement, dated as of _____ __, 2020 (as amended from time to time, the "**Deposit Agreement**"), among the Company, the Depositary and all Holders and

Beneficial Owners from time to time of American Depositary Receipts issued thereunder ("**ADRs**"), each of whom by accepting an ADR becomes a party thereto. The Deposit Agreement and this ADR (which includes the provisions set forth on the reverse hereof) shall be governed by and construed in accordance with the internal laws of the State of New York without giving effect to the application of the conflict of law principles thereof. All capitalized terms used herein, and not defined herein, shall have the meanings ascribed to such terms in the Deposit Agreement.

(1) **Issuance of ADSs**.

(a) *Issuance*. This ADR is one of the ADRs issued under the Deposit Agreement. Subject to the other provisions hereof, the Depositary may so issue ADRs for delivery at the Transfer Office (as hereinafter defined) only against deposit of: (i) Shares in a form satisfactory to the Custodian; or (ii) rights to receive Shares from the Company or any registrar, transfer agent, clearing agent or other entity recording Share ownership or transactions.

(b) *Lending*. In its capacity as Depositary, the Depositary shall not lend Shares or ADSs.

(c) *Representations and Warranties of Depositors*. Every person depositing Shares under the Deposit Agreement represents and warrants that:

(i) such Shares and the certificates therefor are duly authorized, validly issued and outstanding, fully paid, nonassessable and legally obtained by such person,

(ii) all pre-emptive and comparable rights, if any, with respect to such Shares have been validly waived or exercised,

(iii) the person making such deposit is duly authorized so to do,

(iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim and

(v) such Shares (A) are not "restricted securities" as such term is defined in Rule 144 under the Securities Act of 1933 ("**Restricted Securities**") unless at the time of deposit the requirements of paragraphs (c), (e), (f) and (h) of Rule 144 shall not apply and such Shares may be freely transferred and may otherwise be offered and sold freely in the United States or (B) have been

registered under the Securities Act of 1933. To the extent the person depositing Shares is an "affiliate" of the Company as such term is defined in Rule 144, the person also represents and warrants that upon the sale of the ADSs, all of the provisions of Rule 144 which enable the Shares to be freely sold (in the form of ADSs) will be fully complied with and, as a result thereof, all of the ADSs issued in respect of such Shares will not be on the sale thereof, Restricted Securities.

Such representations and warranties shall survive the deposit and withdrawal of Shares and the issuance and cancellation of ADSs in respect thereof and the transfer of such ADSs.

(d) The Depositary may refuse to accept for such deposit any Shares identified by the Company in order to facilitate compliance with the requirements of the securities laws, rules and regulations of the United States, including, without limitation, the Securities Act of 1933 and the rules and regulations made thereunder.

(2) **Withdrawal of Deposited Securities**. Subject to paragraphs (4) (*Certain Limitations to Registration, Transfer etc.)* and (5) (*Liability of Holder or Beneficial Owner for Taxes, Duties and Other Charges*), upon surrender of (a) a certificated ADR in a form satisfactory to the Depositary at the Transfer Office or (b) proper instructions and documentation in the case of a Direct Registration ADR, the Holder hereof is entitled to delivery at, or to the extent in dematerialized form from, the Custodian's office of the Deposited Securities at the time represented by the ADSs evidenced by this ADR. At the request, risk and expense of the Holder hereof, the Depositary may deliver such Deposited Securities at such other place as may have been requested by the Holder. Notwithstanding any other provision of the Deposit Agreement or this ADR, the withdrawal of Deposited Securities may be restricted only for the reasons set forth in General Instruction I.A.(1) of Form F-6 (as such instructions may be amended from time to time) under the Securities Act of 1933.

(3) **Transfers, Split-Ups and Combinations of ADRs**. The Depositary or its agent will keep, at a designated transfer office (the "**Transfer Office**"), (a) a register (the "**ADR Register**") for the registration, registration of transfer, combination and split-up of ADRs, and, in the case of Direct Registration ADRs, shall include the Direct Registration System, which at all reasonable times will be open for inspection by Holders and the Company for the purpose of communicating with Holders in the interest of the business of the Company or a matter relating to the Deposit Agreement and (b) facilities for the delivery and receipt of ADRs. The term ADR Register includes the Direct Registration System. Title to this ADR (and to the Deposited Securities represented by the ADSs evidenced hereby), when properly endorsed (in the case of

ADRs in certificated form) or upon delivery to the Depositary of proper instruments of transfer, is transferable by delivery with the same effect as in the case of negotiable instruments under the laws of the State of New York; provided that the Depositary, notwithstanding any notice to the contrary, may treat the person in whose name this ADR is registered on the ADR Register as the absolute owner hereof for all purposes and neither the Depositary nor the Company will have any obligation or be subject to any liability under the Deposit Agreement or any ADR to any Beneficial Owner, unless such Beneficial Owner is the Holder hereof. Subject to paragraphs (4) and (5), this ADR is transferable on the ADR Register and may be split into other ADRs or combined with other ADRs into one ADR, evidencing the aggregate number of ADSs surrendered for split-up or combination, by the Holder hereof or by duly authorized attorney upon surrender of this ADR at the Transfer Office properly endorsed (in the case of ADRs in certificated form) or upon delivery to the Depositary of proper instruments of transfer and duly stamped as may be required by applicable law; provided that the Depositary may close the ADR Register at any time or from time to time when deemed expedient by it or, in the case of the issuance book portion of the ADR Register, when reasonably requested by the Company solely in order to enable the Company to comply with applicable law; provided further, that the Depositary shall have no liability and shall be indemnified by the Company in such event. At the request of a Holder, the Depositary shall, for the purpose of substituting a certificated ADR with a Direct Registration ADR, or vice versa, execute and deliver a certificated ADR or a Direct Registration ADR, as the case may be, for any authorized number of ADSs requested, evidencing the same aggregate number of ADSs as those evidenced by the certificated ADR or Direct Registration ADR, as the case may be, substituted.

(4) **Certain Limitations to Registration, Transfer etc**. Prior to the issue, registration, registration of transfer, split-up or combination of any ADR, the delivery of any distribution in respect thereof, or, subject to the last sentence of paragraph (2) (*Withdrawal of Deposited Securities*), the withdrawal of any Deposited Securities, and from time to time in the case of clause (b)(ii) of this paragraph (4), the Company, the Depositary or the Custodian may require:

(a) payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of Shares or other Deposited Securities upon any applicable register and (iii) any applicable charges as provided in paragraph (7) (*Charges of Depositary*) of this ADR;

(b) the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial or other ownership of, or interest in, any securities, compliance

with applicable law, regulations, provisions of or governing Deposited Securities and terms of the Deposit Agreement and this ADR, as it may deem necessary or proper; and

(c) compliance with such regulations as the Depositary may establish consistent with the Deposit Agreement.

The issuance of ADRs, the acceptance of deposits of Shares, the registration, registration of transfer, split-up or combination of ADRs or, subject to the last sentence of paragraph (2) (*Withdrawal of Deposited Securities*), the withdrawal of Deposited Securities may be suspended, generally or in particular instances, when the ADR Register or any register for Deposited Securities is closed or when any such action is deemed advisable by the Depositary.

(5) **Liability of Holder or Beneficial Owner for Taxes, Duties and Other Charges**. If any tax or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the Custodian or the Depositary with respect to this ADR, any Deposited Securities represented by the ADSs evidenced hereby or any distribution thereon, including, without limitation, any Chinese enterprise income tax owed if the Circular Guoshuifa [2009] No. 82 issued by the State Administration of Taxation of the People's Republic of China or any other circular, edict, order or ruling, as issued and as from time to time amended, is applied or otherwise, such tax or other governmental charge shall be paid by the Holder hereof to the Depositary and by holding or owning, or having held or owned, this ADR or any ADSs evidenced hereby, the Holder and all Beneficial Owners hereof and thereof, and all prior Holders and Beneficial Owners hereof and thereof, jointly and severally, agree to indemnify, defend and save harmless each of the Depositary, the Company, and their respective agents in respect of such tax or other governmental charge. Neither the Depositary nor the Company, nor any of their respective agents, shall be liable to Holders or Beneficial Owners of the ADSs and ADRs for failure of any of them to comply with applicable tax laws, rules and/or regulations. Notwithstanding the Depositary's right to seek payment from current and former Beneficial Owners, by holding or owning, or having held or owned, an ADR, the Holder hereof (and prior Holder hereof) acknowledges and agrees that the Depositary has no obligation to seek payment of amounts owing under this paragraph (5) from any current or former Beneficial Owner. The Depositary may refuse to effect any registration, registration of transfer, split-up or combination hereof or, subject to the last sentence of paragraph (2) (*Withdrawal of Deposited Securities*), any withdrawal of such Deposited Securities until such payment is made. The Depositary may also deduct from any distributions on or in respect of Deposited Securities, or may sell by public or private sale for the account of the Holder hereof any part or all of such Deposited Securities (after attempting by reasonable means to notify the Holder hereof prior to such sale), and

may apply such deduction or the proceeds of any such sale in payment of such tax or other governmental charge, the Holder hereof remaining liable for any deficiency, and shall reduce the number of ADSs evidenced hereby to reflect any such sales of Shares. In connection with any distribution to Holders, the Company will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Company; and the Depositary and the Custodian will remit to the appropriate governmental authority or agency all amounts (if any) required to be withheld and owing to such authority or agency by the Depositary or the Custodian. To the extent not prohibited by law, rule or regulation, the Depositary will forward to the Company such information in its possession from its transfer records maintained by it in its capacity as Depositary under the Deposit Agreement as the Company may reasonably request in writing to enable the Company to file any required reports with governmental authorities or agencies; provided, however, for the avoidance of doubt, the Depositary shall have no liability for the accuracy of any such information and shall be indemnified by the Company in connection with the foregoing. If the Depositary determines that any distribution in property other than cash (including Shares or rights) on Deposited Securities is subject to any tax that the Depositary or the Custodian is obligated to withhold, the Depositary may dispose of all or a portion of such property in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes, by public or private sale, and the Depositary shall distribute the net proceeds of any such sale or the balance of any such property after deduction of such taxes to the Holders entitled thereto. Each Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian and any of their respective officers, directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained which obligations shall survive any transfer or surrender of ADSs or the termination of the Deposit Agreement.

(6) **Disclosure of Interests**.

(a) *General*. To the extent that the provisions of or governing any Deposited Securities may require disclosure of or impose limits on beneficial or other ownership of, or interest in, Deposited Securities, other Shares and other securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, Holders and Beneficial Owners agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable Company instructions in respect thereof. The Company reserves the right to instruct Holders to deliver their ADSs for cancellation and withdrawal of the Deposited Securities so as to permit the Company to deal directly with the Holder thereof as a holder of Shares and Holders and Beneficial Owners agree to comply with such instructions. The Depositary

agrees to cooperate with the Company in its efforts to inform Holders of the Company's exercise of its rights under this paragraph and agrees to consult with, and provide reasonable assistance, in each case without risk, liability or expense on the part of the Depositary, to the Company on the manner or manners in which the Company may implement such requirements with respect to any Holder; provided, however, for the avoidance of doubt, the Depositary shall be indemnified by the Company in connection with the foregoing.

(b) *Jurisdiction Specific*.

Any summary of the laws and regulations of the Cayman Islands and of the terms of the Company's constituent documents has been provided by the Company solely for the convenience of Holders, Beneficial Owners and the Depositary. Such summaries (i) are summaries and as such may not include all aspects of the materials summarized applicable to a Holder or Beneficial Owner, and (ii) they are provided by the Company as of the date of the Deposit Agreement and these laws and regulations and the Company's constituent documents may change after the date of the Deposit Agreement. Neither the Depositary nor the Company has any obligation to update any such summaries.

(7) **Charges of Depositary**.

(a) *Rights of the Depositary*. The Depositary may charge, and collect from, (i) each person to whom ADSs are issued, including, without limitation, issuances against deposits of Shares, issuances in respect of Share Distributions, Rights and Other Distributions (as such terms are defined in paragraph (10) (*Distributions on Deposited Securities*)), issuances pursuant to a stock dividend or stock split declared by the Company, or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or the Deposited Securities, and (ii) each person surrendering ADSs for withdrawal of Deposited Securities or whose ADSs are cancelled or reduced for any other reason, U.S.$5.00 for each 100 ADSs (or portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a Share Distribution or elective distribution is made or offered (as the case may be). The Depositary may sell (by public or private sale) sufficient securities and property received in respect of Share Distributions, Rights and Other Distributions prior to such deposit to pay such charge.

(b) *Additional charges by the Depositary*. The following additional charges shall also be incurred by the Holders, the Beneficial Owners, by any party depositing or withdrawing Shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuances pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the ADSs or

the Deposited Securities or a distribution of ADSs pursuant to paragraph (10) (*Distributions on Deposited Securities*)), whichever is applicable:

(i) a fee of U.S.$0.05 or less per ADS held for any Cash distribution made, or for any elective cash/stock dividend offered, pursuant to the Deposit Agreement,

(ii) a fee for the distribution or sale of securities pursuant to paragraph (10) hereof, such fee being in an amount equal to the fee for the execution and delivery of ADSs referred to above which would have been charged as a result of the deposit of such securities (for purposes of this paragraph (7) treating all such securities as if they were Shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the Depositary to Holders entitled thereto,

(iii) an aggregate fee of U.S.$0.05 or less per ADS per calendar year (or portion thereof) for services performed by the Depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against Holders as of the record date or record dates set by the Depositary during each calendar year and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more cash dividends or other cash distributions), and

(iv) a fee for the reimbursement of such fees, charges and expenses as are incurred by the Depositary and/or any of its agents (including, without limitation, the Custodian and expenses incurred on behalf of Holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the Shares or other Deposited Securities, the sale of securities (including, without limitation, Deposited Securities), the delivery of Deposited Securities or otherwise in connection with the Depositary's or its Custodian's compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against Holders as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such Holders or by deducting such charge from one or more cash dividends or other cash distributions).

(c) *Other Obligations and Charges*. The Company will pay all other charges and expenses of the Depositary and any agent of the Depositary (except the Custodian) pursuant to agreements from time to time between the Company and the Depositary, except:

(i) stock transfer or other taxes and other governmental charges (which are payable by Holders or persons depositing Shares);

(ii) SWIFT, cable, telex and facsimile transmission and delivery charges incurred at the request of persons depositing, or Holders delivering Shares, ADRs or Deposited Securities (which are payable by such persons or Holders); and

(iii) transfer or registration fees for the registration or transfer of Deposited Securities on any applicable register in connection with the deposit or withdrawal of Deposited Securities (which are payable by persons depositing Shares or Holders withdrawing Deposited Securities; there are no such fees in respect of the Shares as of the date of the Deposit Agreement.

(d) *Foreign Exchange Related Matters*. To facilitate the administration of various depositary receipt transactions, including disbursement of dividends or other cash distributions and other corporate actions, the Depositary may engage the foreign exchange desk within JPMorgan Chase Bank, N.A. (the "**Bank**") and/or its affiliates in order to enter into spot foreign exchange transactions to convert foreign currency into U.S. dollars ("**FX Transactions**"). For certain currencies, FX Transactions are entered into with the Bank or an affiliate, as the case may be, acting in a principal capacity. For other currencies, FX Transactions are routed directly to and managed by an unaffiliated local custodian (or other third party local liquidity provider), and neither the Bank nor any of its affiliates is a party to such FX Transactions.

The foreign exchange rate applied to an FX Transaction will be either (a) a published benchmark rate, or (b) a rate determined by a third party local liquidity provider, in each case plus or minus a spread, as applicable. The Depositary will disclose which foreign exchange rate and spread, if any, apply to such currency on the "Disclosures" page (or successor page) of www.adr.com (as updated by the Depositary from time to time, "**ADR.com**"). Such applicable foreign exchange rate and spread may (and neither the Depositary, the Bank nor any of their affiliates is under any obligation to ensure that such rate does not) differ from rates and spreads at which comparable transactions are entered into with other customers or the range of foreign

exchange rates and spreads at which the Bank or any of its affiliates enters into foreign exchange transactions in the relevant currency pair on the date of the FX Transaction. Additionally, the timing of execution of an FX Transaction varies according to local market dynamics, which may include regulatory requirements, market hours and liquidity in the foreign exchange market or other factors. Furthermore, the Bank and its affiliates may manage the associated risks of their position in the market in a manner they deem appropriate without regard to the impact of such activities on the Company, the Depositary, Holders or Beneficial Owners. The spread applied does not reflect any gains or losses that may be earned or incurred by the Bank and its affiliates as a result of risk management or other hedging related activity.

Notwithstanding the foregoing, to the extent the Company provides U.S. dollars to the Depositary, neither the Bank nor any of its affiliates will execute an FX Transaction as set forth herein. In such case, the Depositary will distribute the U.S. dollars received from the Company.

Further details relating to the applicable foreign exchange rate, the applicable spread and the execution of FX Transactions will be provided by the Depositary on ADR.com. The Company, Holders and Beneficial Owners each acknowledge and agree that the terms applicable to FX Transactions disclosed from time to time on ADR.com will apply to any FX Transaction executed pursuant to the Deposit Agreement.

(e) The right of the Depositary to receive payment of fees, charges and expenses as provided above shall survive the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary, such right shall extend for those fees, charges and expenses incurred prior to the effectiveness of such resignation or removal.

(f) *Disclosure of Potential Depositary Payments*. The Depositary anticipates reimbursing the Company for certain expenses incurred by the Company that are related to the establishment and maintenance of the ADR program upon such terms and conditions as the Company and the Depositary may agree from time to time. The Depositary may make available to the Company a set amount or a portion of the Depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as the Company and the Depositary may agree from time to time.

(8) **Available Information**. The Deposit Agreement, the provisions of or governing Deposited Securities and any written communications from the Company, which are both received by the Custodian or its nominee as a holder of Deposited

Securities and made generally available to the holders of Deposited Securities, are available for inspection by Holders at the offices of the Depositary and the Custodian, at the Transfer Office, on the website of the United States Securities and Exchange Commission (the "**Commission**"), or upon request from the Depositary (which request may be refused by the Depositary at its discretion). The Depositary will distribute copies of such communications (or English translations or summaries thereof) to Holders when furnished by the Company. The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and accordingly files certain reports with the Commission. Such reports and other information may be inspected and copied through the Commission's EDGAR system or at public reference facilities maintained by the Commission located at the date hereof at 100 F Street, NE, Washington, DC 20549.

(9) **Execution**. This ADR shall not be valid for any purpose unless executed by the Depositary by the manual or facsimile signature of a duly authorized officer of the Depositary.

Dated:

JPMORGAN CHASE BANK, N.A., as Depositary

By _____
Authorized Officer

The Depositary's office is located at 383 Madison Avenue, Floor 11, New York, New York 10179.

[FORM OF REVERSE OF ADR]

(10) **Distributions on Deposited Securities**. Subject to paragraphs (4) (*Certain Limitations to Registration, Transfer etc.*) and (5) (*Liability of Holder or Beneficial Owner for Taxes, Duties and other Charges*), to the extent practicable, the Depositary will distribute to each Holder entitled thereto on the record date set by the Depositary therefor at such Holder's address shown on the ADR Register, in proportion to the number of Deposited Securities (on which the following distributions on Deposited Securities are received by the Custodian) represented by ADSs evidenced by such Holder's ADRs:

(a) *Cash*. Any U.S. dollars available to the Depositary resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof authorized in this paragraph (10) ("**Cash**"), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain Holders, and (iii) deduction of the Depositary's and/or its agents' fees and expenses in (1) converting any foreign currency to U.S. dollars by sale or in such other manner as the Depositary may determine to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the Depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner.

(b) *Shares*. (i) Additional ADRs evidencing whole ADSs representing any Shares available to the Depositary resulting from a dividend or free distribution on Deposited Securities consisting of Shares (a "**Share Distribution**") and (ii) U.S. dollars available to it resulting from the net proceeds of sales of Shares received in a Share Distribution, which Shares would give rise to fractional ADSs if additional ADRs were issued therefor, as in the case of Cash.

(c) *Rights*. (i) Warrants or other instruments in the discretion of the Depositary representing rights to acquire additional ADRs in respect of any rights to subscribe for additional Shares or rights of any nature available to the Depositary as a result of a distribution on Deposited Securities ("**Rights**"), to the extent that the Company timely furnishes to the Depositary evidence satisfactory to the Depositary that the Depositary may lawfully distribute the same (the Company has no obligation to so furnish such evidence), or (ii) to the extent the Company does not so furnish such evidence and sales of Rights are practicable, any U.S. dollars available to the

Depositary from the net proceeds of sales of Rights as in the case of Cash, or (iii) to the extent the Company does not so furnish such evidence and such sales cannot practicably be accomplished by reason of the nontransferability of the Rights, limited markets therefor, their short duration or otherwise, nothing (and any Rights may lapse).

(d) *Other Distributions*. (i) Securities or property available to the Depositary resulting from any distribution on Deposited Securities other than Cash, Share Distributions and Rights ("**Other Distributions**"), by any means that the Depositary may deem equitable and practicable, or (ii) to the extent the Depositary deems distribution of such securities or property not to be equitable and practicable, any U.S. dollars available to the Depositary from the net proceeds of sales of Other Distributions as in the case of Cash.

The Depositary reserves the right to utilize a division, branch or affiliate of JPMorgan Chase Bank, N.A. to direct, manage and/or execute any public and/or private sale of securities hereunder. Such division, branch and/or affiliate may charge the Depositary a fee in connection with such sales, which fee is considered an expense of the Depositary contemplated above and/or under paragraph (7) (*Charges of Depositary*). Any U.S. dollars available will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the Depositary in accordance with its then current practices. All purchases and sales of securities will be handled by the Depositary in accordance with its then current policies, which are currently set forth on the "Disclosures" page (or successor page) of ADR.com, the location and contents of which the Depositary shall be solely responsible for.

(11) **Record Dates**. The Depositary may, after consultation with the Company if practicable, fix a record date (which, to the extent applicable, shall be as near as practicable to any corresponding record date set by the Company) for the determination of the Holders who shall be responsible for the fee assessed by the Depositary for administration of the ADR program and for any expenses provided for in paragraph (7) hereof as well as for the determination of the Holders who shall be entitled to receive any distribution on or in respect of Deposited Securities, to give instructions for the exercise of any voting rights, to receive any notice or to act in respect of other matters and only such Holders shall be so entitled or obligated.

(12) **Voting of Deposited Securities**.

(a) *Notice of any Meeting or Solicitation*. As soon as practicable after receipt of notice of any meeting at which the holders of Shares are entitled to vote, or of solicitation of consents or proxies from holders of Shares or other Deposited

Securities, the Depositary shall fix the ADS record date in accordance with paragraph (11) above provided that if the Depositary receives a written request from the Company in a timely manner and at least 30 days prior to the date of such vote or meeting, the Depositary shall, at the Company's expense, distribute to Holders a notice (the "**Voting Notice**") stating (i) final information particular to such vote and meeting and any solicitation materials, (ii) that each Holder on the record date set by the Depositary will, subject to any applicable provisions of Cayman Islands law, be entitled to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by the ADSs evidenced by such Holder's ADRs and (iii) the manner in which such instructions may be given or deemed given in accordance with paragraph 12(b)(ii) below, including instructions to give a discretionary proxy to a person designated by the Company. Each Holder shall be solely responsible for the forwarding of Voting Notices to the Beneficial Owners of ADSs registered in such Holder's name. There is no guarantee that Holders and Beneficial Owners generally or any Holder or Beneficial Owner in particular will receive the notice described above with sufficient time to enable such Holder or Beneficial Owner to return any voting instructions to the Depositary in a timely manner.

(b) *Voting of Deposited Securities*.

(i) Following actual receipt by the ADR department responsible for proxies and voting of Holders' instructions (including, without limitation, instructions of any entity or entities acting on behalf of the nominee for DTC), the Depositary shall, in the manner and on or before the time established by the Depositary for such purpose, endeavor to vote or cause to be voted the Deposited Securities represented by the ADSs evidenced by such Holders' ADRs in accordance with such instructions insofar as practicable and permitted under the provisions of or governing Deposited Securities. The Depositary will not itself exercise any voting discretion in respect of any Deposited Securities.

(ii) To the extent that (A) the Depositary has been provided with at least 35 days' notice of the proposed meeting from the Company, (B) the Voting Notice will be received by all Holders and Beneficial Owners no less than 10 days prior to the date of the meeting and/or the cut-off date for the solicitation of consents, and (C) the Depositary does not receive instructions on a particular agenda item from a Holder (including, without limitation, any entity or entities acting on behalf of the nominee for DTC) in a timely manner, such Holder shall be deemed, and the Depositary is instructed to deem such Holder, to have instructed the Depositary to give a discretionary proxy for such agenda item(s) to a person designated by the Company to vote the Deposited Securities represented by the ADSs for which actual instructions were not so given by all such Holders on such agenda item(s), *provided*

*that* no such instruction shall be deemed given and no discretionary proxy shall be given unless (1) the Company informs the Depositary in writing (and the Company agrees to provide the Depositary with such instruction promptly in writing) that (a) it wishes such proxy to be given with respect to such agenda item(s), (b) there is no substantial opposition existing with respect to such agenda item(s) and (c) such agenda item(s), if approved, would not materially or adversely affect the rights of holders of Shares, and (2) the Depositary has obtained an opinion of counsel, in form and substance satisfactory to the Depositary, confirming that (i) the granting of such discretionary proxy does not subject the Depositary to any reporting obligations in the Cayman Islands, (ii) the granting of such proxy will not result in a violation of the laws, rules, regulations or permits of the Cayman Islands, (iii) the voting arrangement and deemed instruction as contemplated herein will be given effect under the laws, rules and regulations of the Cayman Islands, and (iv) the granting of such discretionary proxy will not under any circumstances result in the Shares represented by the ADSs being treated as assets of the Depositary under the laws, rules or regulations of the Cayman Islands.

(iii) The Depositary may from time to time access information available to it to consider whether any of the circumstances described in (1)(b) or (1)(c) of subsection (ii) above exist, or request additional information from the Company in respect thereto. By taking any such action, the Depositary shall not in any way be deemed or inferred to have been required, or have had any duty or responsibility (contractual or otherwise), to monitor or inquire whether any of the circumstances described in (1)(b) or (1)(c) of subsection (ii) above existed. In addition to the limitations provided for in paragraph (14) hereof, Holders and Beneficial Owners are advised and agree that (a) the Depositary will rely fully and exclusively on the Company to inform the Depositary of any of the circumstances set forth in (1) of subsection (ii) above, and (b) neither the Depositary, the Custodian nor any of their respective agents shall be obliged to inquire or investigate whether any of the circumstances described in (1)(b) or (1)(c) of subsection (ii) above exist and/or whether the Company complied with its obligation to timely inform the Depositary of such circumstances. Neither the Depositary, the Custodian nor any of their respective agents shall incur any liability to Holders or Beneficial Owners (i) as a result of the Company's failure to determine that any of the circumstances described in (1)(b) or (1)(c) of subsection (ii) above exist or its failure to timely notify the Depositary of any such circumstances or (ii) if any agenda item which is approved at a meeting has, or is claimed to have, a material or adverse effect on the rights of holders of Shares. Because there is no guarantee that Holders and Beneficial Owners will receive the notices described above with sufficient time to enable such Holders or Beneficial Owners to return any voting instructions to the Depositary in a timely manner, Holders and Beneficial Owners may be deemed to have instructed the Depositary to give a discretionary proxy to a person designated by the Company in such circumstances, and neither the Depositary, the Custodian nor any of their respective agents shall incur any liability to Holders or Beneficial Owners in such circumstances.

(c) *Alternative Methods of Distributing Materials.* Notwithstanding anything contained in the Deposit Agreement or any ADR, the Depositary may, to the extent not prohibited by any law, rule or regulation or by the rules, regulations or requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the Depositary in connection with any meeting of or solicitation of consents or proxies from holders of Deposited Securities, distribute to the Holders a notice that provides Holders with or otherwise publicizes to Holders instructions on how to retrieve such materials or receive such materials upon request (*i.e.*, by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials). Holders are strongly encouraged to forward their voting instructions as soon as possible. Voting instructions will not be deemed received until such time as the ADR department responsible for proxies and voting has received such instructions, notwithstanding that such instructions may have been physically received by JPMorgan Chase Bank, N.A., as Depositary, prior to such time.

(d) *Manner of Voting*. The Depositary has been advised by the Company that under Cayman Islands law and the Memorandum and Articles of Association of the Company, each as in effect as of the date of the Deposit Agreement, voting at any meeting of shareholders of the Company is by show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with the Memorandum and Articles of Association, the Depositary will refrain from voting and the voting instructions received by the Depositary from Holders shall lapse. The Depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by Holders of ADSs.

(13) **Changes Affecting Deposited Securities**.

(a) Subject to paragraphs (4) (*Certain Limitations to Registration, Transfer etc.*) and (5) (*Liability of Holder or Beneficial Owner for Taxes, Duties and Other Charges*), the Depositary may, in its discretion, and shall if reasonably requested by the Company, amend this ADR or distribute additional or amended ADRs (with or without calling this ADR for exchange) or cash, securities or property on the record date set by the Depositary therefor to reflect any change in par value, split-up, consolidation, cancellation or other reclassification of Deposited Securities, any Share Distribution or Other Distribution not distributed to Holders or any cash, securities or property available to the Depositary in respect of Deposited Securities from (and the Depositary is hereby authorized to surrender any Deposited Securities to any person

and, irrespective of whether such Deposited Securities are surrendered or otherwise cancelled by operation of law, rule, regulation or otherwise, to sell by public or private sale any property received in connection with) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all the assets of the Company.

(b) To the extent the Depositary does not so amend this ADR or make a distribution to Holders to reflect any of the foregoing, or the net proceeds thereof, whatever cash, securities or property results from any of the foregoing shall constitute Deposited Securities and each ADS evidenced by this ADR shall automatically represent its pro rata interest in the Deposited Securities as then constituted.

(c) Promptly upon the occurrence of any of the aforementioned changes affecting Deposited Securities, the Company shall notify the Depositary in writing of such occurrence and as soon as practicable after receipt of such notice from the Company, may instruct the Depositary to give notice thereof, at the Company's expense, to Holders in accordance with the provisions hereof. Upon receipt of such instruction, the Depositary shall give notice to the Holders in accordance with the terms thereof, as soon as reasonably practicable.

(14) **Exoneration**.

(a) The Depositary, the Company, and each of their respective directors, officers, employees, agents and affiliates and each of them shall: (i) incur or assume no liability (including, without limitation, to Holders or Beneficial Owners) (A) if any present or future law, rule, regulation, fiat, order or decree of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or jurisdiction, or of any governmental or regulatory authority or any securities exchange or market or automated quotation system, the provisions of or governing any Deposited Securities, any present or future provision of the Company's charter, any act of God, war, terrorism, epidemic, pandemic, nationalization, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or circumstance beyond its direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the Deposit Agreement or this ADR provides shall be done or performed by it or them (including, without limitation, voting pursuant to paragraph (12) hereof), or (B) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the Deposit Agreement it is provided shall or may be done or performed or any exercise or failure to exercise any discretion given it in the Deposit Agreement or this ADR (including, without limitation, any failure to determine that

any distribution or action may be lawful or reasonably practicable); (ii) incur or assume no liability (including, without limitation, to Holders or Beneficial Owners) except to perform its obligations to the extent they are specifically set forth in this ADR and the Deposit Agreement without gross negligence or willful misconduct and the Depositary shall not be a fiduciary or have any fiduciary duty to Holders or Beneficial Owners; (iii) in the case of the Depositary and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities, the ADSs or this ADR; (iv) in the case of the Company and its agents hereunder be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities, the ADSs or this ADR, which in its opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required; and (v) not be liable (including, without limitation, to Holders or Beneficial Owners) for any action or inaction by it in reliance upon the advice of or information from any legal counsel, any accountant, any person presenting Shares for deposit, any Holder, or any other person believed by it to be competent to give such advice or information and/or, in the case of the Depositary, the Company. The Depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system.

(b) *The Depositary*. The Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any Custodian that is not a branch or affiliate of JPMorgan Chase Bank, N.A. The Depositary shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale. Notwithstanding anything to the contrary contained in the Deposit Agreement (including the ADRs) and, subject to the further limitations set forth in clause (o) of this paragraph (14), the Depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the Custodian except to the extent that any Holder has incurred liability directly as a result of the Custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the Depositary or (ii) failed to use reasonable care in the provision of custodial services to the Depositary as determined in accordance with the standards prevailing in the jurisdiction in which the Custodian is located.

(c) The Depositary, the Company and their respective agents may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by them to be genuine and to have been signed, presented or given by the proper party or parties.

(d) The Depositary shall be under no obligation to inform Holders or Beneficial Owners about the requirements of the laws, rules or regulations or any changes therein or thereto of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system.

(e) The Depositary and its agents will not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, for the manner in which any voting instructions are given or deemed to be given in accordance with paragraph 12(b) hereof, including instructions to give a discretionary proxy to a person designated by the Company, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the Depositary is instructed or deemed to have been instructed to grant a discretionary proxy pursuant to paragraph (12)(b) hereof, or for the effect of any such vote.

(f) The Depositary may rely upon instructions from the Company or its counsel in respect of any approval or license required for any currency conversion, transfer or distribution.

(g) The Depositary and its agents may own and deal in any class of securities of the Company and its affiliates and in ADRs.

(h) Notwithstanding anything to the contrary set forth in the Deposit Agreement or an ADR, the Depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the Deposit Agreement, any Holder or Holders, any ADR or ADRs or otherwise related hereto or thereto to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators.

(i) None of the Depositary, the Custodian or the Company, or any of their respective directors, officers, employees, agents or affiliates, shall be liable for the failure by any Holder or Beneficial Owner to obtain the benefits of credits or refunds of non-U.S. tax paid against such Holder's or Beneficial Owner's income tax liability.

(j) The Depositary is under no obligation to provide the Holders and Beneficial Owners, or any of them, with any information about the tax status of the Company. The Depositary and the Company, and any of their respective directors,

officers, employees, agents and affiliates, shall not incur any liability for any tax or tax consequences that may be incurred by Holders or Beneficial Owners on account of their ownership or disposition of the ADRs or ADSs.

(k) The Depositary shall not incur any liability for the content of any information submitted to it by or on behalf of the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the Deposited Securities, for the validity or worth of the Deposited Securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement or for the failure or timeliness of any notice from the Company.

(l) Notwithstanding anything herein or in the Deposit Agreement to the contrary, the Depositary and the Custodian(s) may use third party delivery services and providers of information regarding matters such as, but not limited to, pricing, proxy voting, corporate actions, class action litigation and other services in connection herewith and the Deposit Agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders of issuers. Although the Depositary and the Custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services.

(m) The Depositary shall not be liable for 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.

(n) The Company has agreed to indemnify the Depositary and its agents under certain circumstances and the Depositary has agreed to indemnify the Company under certain circumstances.

(o) Notwithstanding any other provision of the Deposit Agreement or this ADR to the contrary, neither the Depositary nor the Company, nor any of their respective agents shall be liable to the other for any indirect Special Damages in any form incurred by any of them, or liable to any other person or entity (including, without limitation, Holders and Beneficial Owners) for any Special Damages, or any fees or expenses of counsel in connection therewith, whether or not foreseeable and regardless of the type of action in which such a claim may be brought; provided, however, that (i) notwithstanding the foregoing and, for the avoidance of doubt, the Depositary and its agents shall be entitled to legal fees and expenses in defending against any claim for Special Damages and (ii) to the extent Special Damages arise

from or out of a claim brought by a third party (including, without limitation, Holders and Beneficial Owners) against the Depositary or any of its agents, the Depositary and its agents shall be entitled to full indemnification from the Company for all such Special Damages, and reasonable fees and expenses of counsel in connection therewith, unless such Special Damages are found to have been a direct result of the gross negligence or willful misconduct of the Depositary.

(p) No provision of the Deposit Agreement or this ADR is intended to constitute a waiver or limitation of any rights which Holders or Beneficial Owners may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

(15) **Resignation and Removal of Depositary; the Custodian**.

(a) *Resignation*. The Depositary may resign as Depositary by written notice of its election to do so delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement.

(b) *Removal*. The Depositary may at any time be removed by the Company by no less than 60 days' prior written notice of such removal, to become effective upon the later of (i) the 60th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement.

(c) *The Custodian*. The Depositary may appoint substitute or additional Custodians and the term "**Custodian**" refers to each Custodian or all Custodians as the context requires.

(16) **Amendment**. Subject to the last sentence of paragraph (2) (*Withdrawal of Deposited Securities*), the ADRs and the Deposit Agreement may be amended by the Company and the Depositary, provided that any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or that shall otherwise prejudice any substantial existing right of Holders or Beneficial Owners, shall become effective 30 days after notice of such amendment shall have been given to the Holders. Every Holder and Beneficial Owner at the time any amendment to the Deposit Agreement so becomes effective shall be deemed, by continuing to hold such ADR, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Holder of any ADR to surrender such ADR and receive the Deposited Securities

represented thereby, except in order to comply with mandatory provisions of applicable law. Any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act of 1933 or (b) the ADSs or Shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by Holders, shall be deemed not to prejudice any substantial rights of Holders or Beneficial Owners. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the Deposit Agreement or the form of ADR to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and the ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance. Notice of any amendment to the Deposit Agreement or form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the Holders identifies a means for Holders and Beneficial Owners to retrieve or receive the text of such amendment (*i.e.*, upon retrieval from the Commission's, the Depositary's or the Company's website or upon request from the Depositary).

(17) **Termination**. The Depositary may, and shall at the written direction of the Company, terminate the Deposit Agreement and this ADR by mailing notice of such termination to the Holders at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the Depositary shall have (i) resigned as Depositary hereunder, notice of such termination by the Depositary shall not be provided to Holders unless a successor depositary shall not be operating hereunder within 60 days of the date of such resignation, or (ii) been removed as Depositary hereunder, notice of such termination by the Depositary shall not be provided to Holders unless a successor depositary shall not be operating hereunder on the 60th day after the Company's notice of removal was first provided to the Depositary. Notwithstanding anything to the contrary herein, the Depositary may terminate the Deposit Agreement without notice to the Company, but subject to giving 30 days' notice to the Holders, under the following circumstances: (i) in the event of the Company's bankruptcy or insolvency, (ii) if the Shares cease to be listed on an internationally recognized stock exchange, (iii) if the Company effects (or will effect) a redemption of all or substantially all of the Deposited Securities, or a cash or share distribution representing a return of all or substantially all of the value of the Deposited Securities, or (iv) there occurs a merger, consolidation, sale of assets or other transaction as a result of which securities or other property are delivered in exchange for or in lieu of Deposited Securities.

After the date so fixed for termination, (a) all Direct Registration ADRs shall cease to be eligible for the Direct Registration System and shall be considered ADRs issued on the ADR Register and (b) the Depositary shall use its reasonable efforts to ensure that the ADSs cease to be DTC eligible so that neither DTC nor any of its nominees shall thereafter be a Holder. At such time as the ADSs cease to be DTC eligible and/or neither DTC nor any of its nominees is a Holder, the Depositary shall (a) instruct its Custodian to deliver all Deposited Securities to the Company along with a general stock power that refers to the names set forth on the ADR Register and (b) provide the Company with a copy of the ADR Register (which copy may be sent by email or by any means permitted under the notice provisions of the Deposit Agreement). Upon receipt of such Deposited Securities and the ADR Register, the Company shall use its best efforts to issue to each Holder a Share certificate representing the Shares represented by the ADSs reflected on the ADR Register in such Holder's name and to deliver such Share certificate to the Holder at the address set forth on the ADR Register. After providing such instruction to the Custodian and delivering a copy of the ADR Register to the Company, the Depositary and its agents will perform no further acts under the Deposit Agreement and this ADR and shall cease to have any obligations under the Deposit Agreement and/or the ADRs. After the Company receives the copy of the ADR Register and the Deposited Securities, the Company shall be discharged from all obligations under the Deposit Agreement except (i) to distribute the Shares to the Holders entitled thereto and (ii) for its obligations to the Depositary and its agents.

Notwithstanding anything to the contrary, in connection with any termination pursuant to this paragraph (17), the Depositary may, in its sole discretion and without notice to the Company, establish an unsponsored American depositary share program (on such terms as the Depositary may determine) for the Shares and make available to Holders a means to withdraw the Shares represented by the ADSs issued under the Deposit Agreement and to direct the deposit of such Shares into such unsponsored American depositary share program, subject, in each case, to receipt by the Depositary, at its discretion, of the fees, charges and expenses provided for in paragraph (7) hereof and the fees, charges and expenses applicable to the unsponsored American depositary share program.

(18) **Appointment; Acknowledgements and Agreements**. Each Holder and each Beneficial Owner, upon acceptance of any ADSs or ADRs (or any interest in any of them) issued in accordance with the terms and conditions of the Deposit Agreement shall be deemed for all purposes to (a) be a party to and bound by the terms of the Deposit Agreement and the applicable ADR(s), (b) appoint the Depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all

actions contemplated in the Deposit Agreement and the applicable ADR(s), to adopt any and all procedures necessary to comply with applicable law and to take such action as the Depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the Deposit Agreement and the applicable ADR(s), the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof, and (c) acknowledge and agree that (i) nothing in the Deposit Agreement or any ADR shall give rise to a partnership or joint venture among the parties thereto, nor establish a fiduciary or similar relationship among such parties, (ii) the Depositary, its divisions, branches and affiliates, and their respective agents, may from time to time be in the possession of non-public information about the Company, Holders, Beneficial Owners and/or their respective affiliates, (iii) the Depositary and its divisions, branches and affiliates may at any time have multiple banking relationships with the Company, Holders, Beneficial Owners and/or the affiliates of any of them, (iv) the Depositary and its divisions, branches and affiliates may, from time to time, be engaged in transactions in which parties adverse to the Company or the Holders or Beneficial Owners and/or their respective affiliates may have interests, (v) nothing contained in the Deposit Agreement or any ADR(s) shall (A) preclude the Depositary or any of its divisions, branches or affiliates from engaging in any such transactions or establishing or maintaining any such relationships, or (B) obligate the Depositary or any of its divisions, branches or affiliates to disclose any such transactions or relationships or to account for any profit made or payment received in any such transactions or relationships, (vi) the Depositary shall not be deemed to have knowledge of any information held by any branch, division or affiliate of the Depositary and (vii) notice to a Holder shall be deemed, for all purposes of the Deposit Agreement and this ADR, to constitute notice to any and all Beneficial Owners of the ADSs evidenced by such Holder’s ADRs. For all purposes under the Deposit Agreement and this ADR, the Holder hereof shall be deemed to have all requisite authority to act on behalf of any and all Beneficial Owners of the ADSs evidenced by this ADR.

(19) **Waiver**. EACH PARTY TO THE DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH HOLDER AND BENEFICIAL OWNER OF, AND/OR HOLDER OF INTERESTS IN, ADSS OR ADRS) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE DEPOSITARY AND/OR THE COMPANY DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE ADSs OR THE ADRs, THE DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR ANY OTHER THEORY), INCLUDING ANY CLAIM UNDER THE UNITED STATES FEDERAL SECURITIES LAWS. No provision of the Deposit Agreement or this ADR is intended to constitute a waiver or limitation of any rights which a Holder or any Beneficial Owner may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

(20) **Jurisdiction.** By holding or owning an ADR or ADS or an interest therein, Holders and Beneficial Owners each irrevocably agree that any legal suit, action or proceeding against or involving Holders or Beneficial Owners brought by the Company or the Depositary, arising out of or based upon the Deposit Agreement, the ADSs, the ADRs or the transactions contemplated therein, herein, thereby or hereby, may be instituted in a state or federal court in New York, New York, and by holding or owning an ADR or ADS or an interest therein each irrevocably waives any objection which it may now or hereafter have to the laying of venue of any such proceeding, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, Holders and Beneficial Owners each also irrevocably agree that any legal suit, action or proceeding against or involving the Depositary brought by Holders or Beneficial Owners, arising out of or based upon the Deposit Agreement, the ADSs, the ADRs or the transactions contemplated therein, herein, thereby or hereby, may only be instituted in a state or federal court in New York, New York. Notwithstanding the above or anything in the Deposit Agreement to the contrary, in the Deposit Agreement each of the parties thereto (i.e. the Company, the Depositary and all Holders and Beneficial Owners) have agreed that: (i) the Depositary may, in its sole discretion, elect to institute any dispute, suit, action, controversy, claim or proceeding directly or indirectly based on, arising out of or relating to the Deposit Agreement, the ADSs, the ADRs or the transactions contemplated therein, herein, thereby or hereby, including without limitation any question regarding its or their existence, validity, interpretation, performance or termination (a "**Dispute**") against any other party or parties (including, without limitation, Disputes, suits, actions or proceedings brought against Holders and Beneficial Owners), by having the Dispute referred to and finally resolved by an arbitration conducted under the terms set out below, and (ii) the Depositary may in its sole discretion require, by written notice to the relevant party or parties, that any Dispute, suit, action, controversy, claim or proceeding brought by any party or parties to the Deposit Agreement (including, without limitation, Disputes, suits, actions or proceedings brought by Holders and Beneficial Owners) against the Depositary shall be referred to and finally settled by an arbitration conducted under the terms set out in the Deposit Agreement: provided however, notwithstanding the Depositary's written notice under this clause (ii), to the extent there are specific federal securities law violation aspects to any claims against the Company and/or the Depositary brought by any Holder or Beneficial Owner, the federal securities law violation aspects of such claims brought by a Holder or Beneficial Owner against the Company and/or the Depositary may, at the option of such Holder or Beneficial Owner, remain in state or federal court in New York, New York and all other aspects, claims, Disputes, legal suits, actions and/or proceedings brought by such Holder or

Beneficial Owner against the Company and/or the Depositary, including those brought along with, or in addition to, federal securities law violation claims, would be referred to arbitration in accordance herewith. Any such arbitration shall, at the Depositary's election, be conducted either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL) with the Hong Kong International Arbitration Centre serving as the appointing authority, and the language of any such arbitration shall be English, in each case as provided in the Deposit Agreement.

**Exhibit 5.1**

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29 May 2020

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**Legend Biotech Corporation**
2101 Cottontail Lane,
Somerset, NJ 08873,
United States of America

Dear Sirs

**Legend Biotech Corporation (the *Company*)**

We are lawyers qualified to practise in the Cayman Islands and have acted as Cayman Islands legal advisers to the Company in connection with the Company's registration statement on Form F-1, including all amendments or supplements thereto, and accompanying prospectus filed with the Securities and Exchange Commission (the ***Commission***) under the United States Securities Act of 1933, as amended (the ***Securities Act***) (the ***Registration Statement***), relating to the offering by the Company of certain American depository shares (the ***ADSs***), representing ordinary shares of par value US$0.0001 per share (the ***Shares***).

We are furnishing this opinion as Exhibit 5.1 to the Registration Statement.

For the purposes of giving this opinion, we have examined the Documents (as defined in Schedule 1). We have not examined any other documents, official or corporate records or external or internal registers and have not undertaken or been instructed to undertake any further enquiry or due diligence in relation to the transaction which is the subject of this opinion.

In giving this opinion we have relied upon the assumptions set out in Schedule 2 which we have not independently verified.

Based solely upon the foregoing examinations and assumptions and upon such searches as we have conducted and having regard to legal considerations which we deem relevant, and subject to the qualifications set out in Schedule 3, we are of the opinion that under the laws of the Cayman Islands:

1 **Existence and Good Standing.** The Company has been duly incorporated as an exempted company with limited liability and is validly existing and in good standing under the laws of the Cayman Islands. It is a separate legal entity and is subject to suit in its own name.

2 **Authorised Share Capital.** Based on our review of the A&R M&A (as defined in Schedule 1), the authorized share capital of the Company, upon its coming into effect immediately prior to the completion of the Company's initial public offering of the ADSs, will be US$200,000 consisting of 2,000,000,000 shares of a par value of US$0.0001 each, of which: (i) 1,999,000,000 are designated as ordinary shares of a par value of US$0.0001 each and (ii) 1,000,000 shares of a par value of US$0.0001 each of such class or classes (however designated) as the Board may determine in accordance with the A&R M&A.

3 **Valid Issuance of Shares.** The issue and allotment of the Shares as contemplated by the Registration Statement and the Underwriting Agreement have been duly authorised and, when allotted, issued and fully paid for in accordance with the Registration Statement and the Underwriting Agreement, and when the names of the shareholders are entered in the register of members of the Company, the Shares will be validly issued, allotted and fully paid and there will be no further obligation of the holders of any of the Shares to make any further payment to the Company in respect of such Shares.

4 **Cayman Islands Law.** 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 as at the date of this opinion and such statements constitute our opinion.

This opinion is confined to the matters expressly opined on herein and given on the basis of the laws of the Cayman Islands as they are in force and applied by the Cayman Islands courts at the date of this opinion. We have made no investigation of, and express no opinion on, the laws of any other jurisdiction. Except as specifically stated herein, we express no opinion as to matters of fact.

In connection with the above opinion, we hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the reference made to this firm in the Registration Statement 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.

This opinion is limited to the matters referred to herein and shall not be construed as extending to any other matter or document not referred to herein.

This opinion shall be construed in accordance with the laws of the Cayman Islands.

Yours faithfully

/s/ Harney Westwood & Riegels
Harney Westwood & Riegels

**SCHEDULE 1**

List of Documents and Records Examined

1 The certificate of incorporation of the Company dated 27 May 2015;

2 The second amended and restated memorandum and articles of association of the Company adopted by special resolution dated 30 March 2020;

3 The third amended and restated memorandum and articles of association of the company as adopted by a special resolution passed on 26 May 2020 and effective immediately prior to the completion of the initial public offering of the ADSs (the ***A&R M&A***);

4 The register of members and register of directors of the Company provided to us on 29 May 2020;

Copies of 1-4 above have been provided to us by the Company's registered office in the Cayman Islands (the ***Corporate Documents***, and together with 5-9 below, the ***Documents***).

5 A copy of the minutes of a meeting of the directors of the Company dated 13 May 2020 and a copy of executed written resolutions of the members of the Company dated 26 May 2020 (the ***Resolutions***);

6 A certificate of good standing dated 27 May 2020 in respect of the Company, issued by the Registrar of Companies in the Cayman Islands (the ***Certificate of Good Standing***);

7 A certificate from a director of the Company dated 29 May 2020, a copy of which is attached hereto (the ***Director's Certificate***);

8 The Registration Statement; and

9 A draft of the underwriting agreement in the form filed as Exhibit 1.1 to the Registration Statement (the ***Underwriting Agreement***).

**SCHEDULE 2**

Assumptions

1 **Authenticity of Documents.** Copy documents or drafts of documents provided to us are true and complete copies of, or in the final forms of, the originals. All original Corporate Documents are authentic, all signatures, initials and seals are genuine, all copies of the Registration Statement are true and correct copies and the Registration Statement conform in every material respect to the latest drafts of the same produced to us and, where the Registration Statement has been provided to us in successive drafts marked-up to indicate changes to such documents, all such changes have been so indicated.

2 **Corporate Documents.** All matters required by law to be recorded in the Corporate Documents are so recorded, and all corporate minutes, resolutions, certificates, documents and records which we have reviewed are accurate and complete, and all facts expressed in or implied thereby are accurate and complete as at the date of the passing of the Resolutions.

3 **Director's Certificate**. The contents of the Director's Certificate are true and accurate as at the date of this opinion and there is no information not contained in the Director's Certificate that will in any way affect this opinion.

4 **Conversion.** The conversion of any shares in the capital of the Company will be effected via legally available means under Cayman law.

5 **No Steps to Wind-up**. The directors and shareholders of the Company have not taken any steps to appoint a liquidator of the Company and no receiver has been appointed over any of the Company's property or assets.

6 **Resolutions.** The Resolutions remain in full force and effect, and the Resolutions are an accurate record of the relevant meetings and are factually accurate as to notice and quorum.

7 **Unseen Documents.** Save for the Corporate Documents provided to us there are no resolutions, agreements, documents or arrangements which materially affect, amend or vary the transactions envisaged in the Registration Statement.

**Schedule 3**

Qualifications

1 We express no opinion in relation to provisions making reference to foreign statutes in the Registration Statement.

2 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 the subject of this opinion.

3 Our opinion as to good standing is based solely upon receipt of the Certificate of Good Standing. The Company shall be deemed to be in good standing under section 200A of the Companies Law (2020 Revision) of the Cayman Islands (the ***Companies Law***) on the date of issue of the certificate if all fees and penalties under the Companies Law have been paid and the Registrar of Companies in the Cayman Islands has no knowledge that the Company is in default under the Companies Law.

4 We accept no responsibility for any liability in relation to any opinion which was given in reliance on the Director's Certificate.

**Legend Biotech Corporation**
**incorporated in the Cayman Islands**
**Company No. 300159**
**(the *Company*)**

**DIRECTOR'S CERTIFICATE**

This certificate is given by the undersigned in his/her capacity as a duly authorised director of the Company to Harney Westwood & Riegels in connection with a legal opinion in relation to the Company (the ***Legal Opinion***). Capitalised terms used in this certificate have the meaning given to them in the Legal Opinion.

1 Harney Westwood & Riegels may rely on the statements made in this certificate as a basis for the Legal Opinion.

2 I, the undersigned, am a director of the Company duly authorised to issue this certificate. Under the constitutional documents of the Company, the business and affairs of the Company are conducted by the board of directors of the Company.

3 I, the undersigned, confirm in relation to the Company that:

(a) the second amended and restated memorandum and articles of association of the Company adopted by special resolution dated 30 March 2020 remain in full force and effect and are otherwise unamended, except as amended by the special resolution adopting the A&R M&A;

(b) the written resolutions of the shareholders of the Company dated 26 May 2020 were executed (and where by a corporate entity such execution has been duly authorised if so required) by and on behalf of all shareholders in the manner prescribed in the articles of association of the Company, the signatures and initials thereon are those of a person or persons in whose name the resolutions have been expressed to be signed, are in full force and effect at the date hereof and have not been amended, varied or revoked in any respect;

(c) the resolutions of the board of directors dated 13 May 2020 were duly adopted by the directors in the manner prescribed in the articles of association of the Company, are in full force and effect at the date hereof and have not been amended, varied or revoked in any respect; and

(d) 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.

You may assume that all of the information in this certificate remains true and correct unless and until you are notified otherwise in writing.

*[Signature page to follow]*

/s/ Yuan Xu

Yuan Xu
Director

Date: May 29, 2020

**Exhibit 10.2**

# INDEMNIFICATION AGREEMENT

**THIS INDEMNIFICATION AGREEMENT** (the "**Agreement**") is made and entered into as of , 2020 between Legend Biotech Corporation, an exempted company incorporated and existing under the laws of the Cayman Islands (the "**Company**"), and [**INDEMNITEE NAME**] ("**Indemnitee**").

**WITNESSETH THAT:**

**WHEREAS**, highly competent persons have become more reluctant to serve corporations as officers, directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

**WHEREAS**, the Board of Directors of the Company (the "**Board**") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers, and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. [The memorandum and articles of association of the Company (the "**Memorandum and Articles**") require indemnification of the officers and directors of the Company. The Memorandum and Articles expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the Board, officers and other persons with respect to indemnification];

**WHEREAS**, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons;

**WHEREAS**, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

**WHEREAS**, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

**WHEREAS**, this Agreement is a supplement to and in furtherance of the indemnification provisions of the Memorandum and Articles of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; [and]

**WHEREAS**, Indemnitee does not regard the protection available under the Company's Memorandum and Articles and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified[; and/.]

**[WHEREAS**, Indemnitee has certain rights to indemnification and/or insurance provided by [**NAME OF FUND/SPONSOR**] and certain of its affiliates (collectively, the "**Fund Indemnitors**") which Indemnitee and the Fund Indemnitors intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided herein, with the Company's acknowledgement and agreement to the foregoing being a material condition to Indemnitee's willingness to serve on the Board.]

**NOW, THEREFORE**, in consideration of Indemnitee's agreement to serve as an officer and/or a director from and after the date hereof, the parties hereto agree as follows:

1. Indemnity of Indemnitee. The Company hereby agrees to hold harmless and indemnify Indemnitee to the fullest extent permitted by law, as such may be amended from time to time. In furtherance of the foregoing indemnification, and without limiting the generality thereof:

(a) Proceedings Other Than Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section l(a) if, by reason of his Corporate Status (as hereinafter defined), the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding (as hereinafter defined) other than a Proceeding by or in the right of the Company. Pursuant to this Section 1(a), Indemnitee shall be indemnified against all Expenses (as hereinafter defined), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him, or on his behalf, in connection with such Proceeding or any claim, issue or matter therein, 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 with respect to any criminal Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful.

(b) Proceedings by or in the Right of the Company. Indemnitee shall be entitled to the rights of indemnification provided in this Section 1(b) if, by reason of his Corporate Status, the Indemnitee is, or is threatened to be made, a party to or participant in any Proceeding brought by or in the right of the Company. Pursuant to this Section 1(b), Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee, or on the Indemnitee's behalf, in connection with such Proceeding 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; provided, however, if applicable law so provides, no indemnification against such Expenses shall

be made in respect of any claim, issue or matter in such Proceeding as to which Indemnitee shall have been adjudged to be liable to the Company unless and to the extent that the courts in the Cayman Islands shall determine that such indemnification may be made.

(c) Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a party to and is successful, on the merits or otherwise, in any Proceeding, he shall be indemnified to the maximum extent permitted by law, as such may be amended from time to time, against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

2. Additional Indemnity. In addition to, and without regard to any limitations on, the indemnification provided for in Section 1 of this Agreement, the Company shall and hereby does indemnify and hold harmless Indemnitee to the fullest extent permitted by law, as such may be amended from time to time, against all Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf if, by reason of his Corporate Status, he is, or is threatened to be made, a party to or participant in any Proceeding (including a Proceeding by or in the right of the Company), including, without limitation, all liability arising out of the negligence or active or passive wrongdoing of Indemnitee. The only limitation that shall exist upon the Company's obligations pursuant to this Agreement shall be that the Company shall not be obligated to make any payment to Indemnitee that is finally determined (under the procedures, and subject to the presumptions, set forth in Sections 6 and 7 hereof) to be unlawful.

3. Contribution.

(a) Whether or not the indemnification provided in Sections 1 and 2 hereof is available, in respect of any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such action, suit or proceeding without requiring Indemnitee to contribute to such payment and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

(b) Without diminishing or impairing the obligations of the Company set forth in the preceding subparagraph, if, for any reason, Indemnitee shall elect or be required to pay all or any portion of any judgment or settlement in any threatened, pending or completed action, suit or proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), the Company shall contribute to the amount of Expenses,

judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by Indemnitee in proportion to the relative benefits received by the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, from the transaction or events from which such action, suit or proceeding arose; provided, however, that the proportion determined on the basis of relative benefit may, to the extent necessary to conform to law, be further adjusted by reference to the relative fault of the Company and all officers, directors or employees of the Company other than Indemnitee who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, in connection with the transaction or events that resulted in such expenses, judgments, fines or settlement amounts, as well as any other equitable considerations which applicable law may require to be considered. The relative fault of the Company and all officers, directors or employees of the Company, other than Indemnitee, who are jointly liable with Indemnitee (or would be if joined in such action, suit or proceeding), on the one hand, and Indemnitee, on the other hand, shall be determined by reference to, among other things, the degree to which their actions were motivated by intent to gain personal profit or advantage, the degree to which their liability is primary or secondary and the degree to which their conduct is active or passive.

(c) The Company hereby agrees to fully indemnify and hold Indemnitee harmless from any claims of contribution which may be brought by officers, directors, or employees of the Company, other than Indemnitee, who may be jointly liable with Indemnitee.

(d) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

4. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his Corporate Status, a witness, or is made (or asked) to respond to discovery requests, in any Proceeding to which Indemnitee is not a party, he shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

5. Advancement of Expenses. Notwithstanding any other provision of this Agreement, the Company shall advance all Expenses incurred by or on behalf of Indemnitee in connection with any Proceeding by reason of Indemnitee's Corporate Status within thirty (30) days after the receipt by the Company of a statement or statements from Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written undertaking by or on

behalf of Indemnitee to repay any Expenses advanced if it shall ultimately be determined that Indemnitee is not entitled to be indemnified against such Expenses. Any advances and undertakings to repay pursuant to this Section 5 shall be unsecured and interest free.

6. Procedures and Presumptions for Determination of Entitlement to Indemnification. It is the intent of this Agreement to secure for Indemnitee rights of indemnity that are as favorable as may be permitted under applicable law. Accordingly, the parties agree that the following procedures and presumptions shall apply in the event of any question as to whether Indemnitee is entitled to indemnification under this Agreement:

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification. Notwithstanding the foregoing, any failure of Indemnitee to provide such a request to the Company, or to provide such a request in a timely fashion, shall not relieve the Company of any liability that it may have to Indemnitee unless, and to the extent that, such failure actually and materially prejudices the interests of the Company.

(b) Upon written request by Indemnitee for indemnification pursuant to the first sentence of Section 6(a) hereof, a determination with respect to Indemnitee's entitlement thereto shall be made in the specific case by one of the following four methods, which shall be at the election of the Board (1) by a majority vote of the disinterested directors, even though less than a quorum, (2) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum, (3) if there are no disinterested directors or if the disinterested directors so direct, by independent legal counsel in a written opinion to the Board, a copy of which shall be delivered to the Indemnitee, or (4) if so directed by the Board, by the shareholders of the Company. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought by Indemnitee.

(c) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6(b) hereof, the Independent Counsel shall be selected as provided in this Section 6(c). The Independent Counsel shall be selected by the Board. Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "**Independent Counsel**" as defined in Section 13 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If a written objection is made and substantiated, the Independent Counsel selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 6(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition any court of competent jurisdiction for resolution of any objection which shall have been made by the

Indemnitee to the Company's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 6(b) hereof. The Company shall pay any and all reasonable fees and expenses of Independent Counsel incurred by such Independent Counsel in connection with acting pursuant to Section 6(b) hereof, and the Company shall pay all reasonable fees and expenses incident to the procedures of this Section 6(c), regardless of the manner in which such Independent Counsel was selected or appointed.

(d) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(e) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise (as hereinafter defined), including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Enterprise. In addition, the knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 6(e) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(f) If the person, persons or entity empowered or selected under Section 6 to determine whether Indemnitee is entitled to indemnification shall not have made a determination within sixty (60) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law; provided, however, that such sixty (60) day period may be extended for a reasonable time, not to exceed an additional thirty (30) days, if the person, persons or entity making such determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto; and provided further, that the foregoing provisions of this Section 6(f) shall not apply if

the determination of entitlement to indemnification is to be made by the shareholders pursuant to Section 6(b) of this Agreement and if (A) within fifteen (15) days after receipt by the Company of the request for such determination, the Board or the Disinterested Directors, if appropriate, resolve to submit such determination to the shareholders for their consideration at an annual meeting thereof to be held within seventy five (75) days after such receipt and such determination is made thereat, or (B) a special meeting of shareholders is called within fifteen (15) days after such receipt for the purpose of making such determination, such meeting is held for such purpose within sixty (60) days after having been so called and such determination is made thereat.

(g) Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any Independent Counsel, member of the Board or shareholder of the Company shall act reasonably and in good faith in making a determination regarding the Indemnitee's entitlement to indemnification under this Agreement. Any costs or expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(h) The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in any manner other than by adverse judgment against Indemnitee (including, without limitation, settlement of such action, claim or proceeding with or without payment of money or other consideration) it shall be presumed that Indemnitee has been successful on the merits or otherwise in such action, suit or proceeding. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

(i) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

7. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 6 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification is made pursuant to Section 6(b) of this Agreement within ninety (90) days after receipt by the Company of the request for indemnification, (iv)

payment of indemnification is not made pursuant to this Agreement within ten (10) days after receipt by the Company of a written request therefor, or (v) payment of indemnification is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or such determination is deemed to have been made pursuant to Section 6 of this Agreement, Indemnitee shall be entitled to an adjudication in any court of competent jurisdiction, of Indemnitee's entitlement to such indemnification. Indemnitee shall commence such proceeding seeking an adjudication within one hundred eighty (180) days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 7(a). The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 7 shall be conducted in all respects as a de novo trial on the merits, and Indemnitee shall not be prejudiced by reason of the adverse determination under Section 6(b).

(c) If a determination shall have been made pursuant to Section 6(b) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 7, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's misstatement not materially misleading in connection with the application for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) In the event that Indemnitee, pursuant to this Section 7, seeks a judicial adjudication of his rights under, or to recover damages for breach of, this Agreement, or to recover under any directors' and officers' liability insurance policies maintained by the Company, the Company shall pay on his behalf, in advance, any and all expenses (of the types described in the definition of Expenses in Section 13 of this Agreement) actually and reasonably incurred by him in such judicial adjudication, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of expenses or insurance recovery.

(e) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 7 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefore) advance, to the extent not prohibited by law, such expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

8. Non-Exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Memorandum and Articles of the Company, any agreement, a vote of shareholders, a resolution of directors of the Company, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification than would be afforded currently under the Memorandum and Articles of the Company and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents or fiduciaries of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any director, officer, employee, agent or fiduciary under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(c) [The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by the Fund Indemnitors. The Company hereby agrees (i) that it is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Memorandum and Articles of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have

a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 8(c).]

(d) [Except as provided in paragraph (c) above,] in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) [Except as provided in paragraph (c) above,] the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(f) [Except as provided in paragraph (c) above,] the Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

9. Exception to Right of Indemnification. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision, provided, that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors set forth in Section 8(c) above; or

(b) for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; or

(d) for any amounts paid in settlement of any Proceeding (or any part of any Proceeding) unless the Company consents in advance in writing to such settlement, which consent shall not be unreasonably withheld; or

(e) if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful. In this respect, the Company and Indemnitees have been advised that the Securities and Exchange Commission takes the position that indemnification for liabilities arising under securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication; or

(f) if a final decision by a court having jurisdiction in the matter shall determine that Indemnitee has committed fraud on the Company or Indemnitee has not acted in good faith.

10. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee is an officer or director of the Company (or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise) and shall continue thereafter so long as Indemnitee shall be subject to any Proceeding (or any proceeding commenced under Section 7 hereof) by reason of his Corporate Status, whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives.

11. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

12. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumes the obligations imposed on it hereby in order to induce Indemnitee to serve as an officer or director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as an officer or director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

(c) The Company shall not seek from a court, or agree to, a "bar order" which would have the effect of prohibiting or limiting the Indemnitee's rights to receive advancement of expenses under this Agreement.

13. Definitions. For purposes of this Agreement:

(a) "**Corporate Status**" describes the status of a person who is or was a director, officer, employee, agent or fiduciary of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that such person is or was serving at the express written request of the Company.

(b) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(c) "**Enterprise**" shall mean the Company and any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise that Indemnitee is or was serving at the express written request of the Company as a director, officer, employee, agent or fiduciary.

(d) "**Expenses**" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, participating, or being or preparing to be a witness in a Proceeding, or responding to, or objecting to, a request to provide discovery in any Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding and any taxes imposed on the Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(e) "**Independent Counsel**" means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(f) "**Proceeding**" includes any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether civil, criminal, administrative or investigative, in which Indemnitee was, is or will be involved as a party or otherwise, by reason of his or her Corporate Status, by reason of any action taken by him or of any inaction on his part while acting in his or her Corporate Status; in each case whether or not he is acting or serving in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement; including one pending on or before the date of this Agreement, but excluding one initiated by an Indemnitee pursuant to Section 7 of this Agreement to enforce his rights under this Agreement.

14. Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision. [Further, the invalidity or unenforceability of any provision hereof as to either Indemnitee or Appointing Shareholder shall in no way affect the validity or enforceability of any provision hereof as to the other.] Without limiting the generality of the foregoing, this Agreement is intended to confer upon Indemnitee [and Appointing Shareholder] indemnification rights to the fullest extent permitted by applicable laws. In the event any provision hereof conflicts with any applicable law, such provision shall be deemed modified, consistent with the aforementioned intent, to the extent necessary to resolve such conflict.

15. Modification and Waiver. No supplement, modification, termination or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

16. Notice By Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with or otherwise receiving any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification covered hereunder. The failure to so notify the Company shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise unless and only to the extent that such failure or delay materially prejudices the Company.

17. Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent:

(a) To Indemnitee at the address set forth below Indemnitee signature hereto.

(b) To the Company at:

Legend Biotech Corporation
2101 Cottontail Lane
Somerset, NJ 08873
Attn: CEO

or to such other address as may have been furnished to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

18. Counterparts. This 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 the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

19. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

20. Governing Law. This Agreement and the legal relations among the parties shall be governed by and construed in accordance with the laws of the Cayman Islands. The Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the courts of the Cayman Islands, and not in any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the courts in the Cayman Islands for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the courts in the Cayman Islands, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the courts in the Cayman Islands has been brought in an improper or inconvenient forum.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Indemnification Agreement as a deed on and as of the day and year first above written.

**Company**

| | | |
|---|---|---|
| Executed and delivered as a deed by | ) | |
| **Legend Biotech Corporation** | ) | _____ |
| acting by its duly authorised director | ) | (Director) |

**Indemnitee**

| | | |
|---|---|---|
| Executed and delivered as a deed by | ) | |
| [●] | ) | _____ |

# LEGEND BIOTECH CORPORATION

# 2020 RESTRICTED SHARES PLAN

## ARTICLE 1

## PURPOSE

The purpose of the Legend Biotech Corporation 2020 Restricted Shares Plan (the "Plan") is to promote the success and enhance the value of Legend Biotech Corporation, an exempted company incorporated under the laws of the Cayman Islands (the "Company"), by linking the personal interests of the members of the Board, Employees, and Consultants to those of the Company's shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's shareholders. The Plan is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of members of the Board, Employees, and Consultants upon whose judgment, interest, and special effort the successful conduct of the Company's operation is largely dependent.

## ARTICLE 2

## DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan, they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Applicable Laws" means the 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 applicable to Awards granted to residents therein.

2.2 "Award" means a Restricted Share or Restricted Share Unit award granted to a Participant pursuant to the Plan.

2.3 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.6 "Committee" means the Board or a committee of the Board described in Article 9.

2.7 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.8 "Corporate Transaction", unless otherwise defined in an Award Agreement, means any of the following transactions, *provided*, *however*, that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement (i) in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or (ii) following which the holders of the voting securities of the Company do not continue to hold more than 50% of the combined voting power of the voting securities of the surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Company's equity securities outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.9 "Disability", unless otherwise defined in an Award Agreement, means that the Participant qualifies to receive long-term disability payments under the long-term disability insurance program, as it may be amended from time to time, of the Service Recipient to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant has been rendered permanently unable to carry out the responsibilities and functions of any position in the Company by reason of any medically determinable physical or mental impairment as documented by a hospital facility. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.10 "Effective Date" shall have the meaning set forth in Section 10.1.

2.11 "Employee" means any person, including an officer or a member of the board of directors of the Company or any Parent or Subsidiary of the Company, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.12 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.13 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, The New York Stock Exchange and The Nasdaq Stock Market, the Fair Market Value of a Share shall be the closing sales price for such Shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, the Fair Market Value of a Share shall be

the closing sales price for such Shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b), above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operations and the general economic and market conditions since such transactions, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value and relevant.

2.14 "Independent Director" means (i) before the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who is a Non-Employee Director; and (ii) after the Shares or other securities representing the Shares are listed on a stock exchange, a member of the Board who meets the independence standards under the applicable corporate governance rules of the stock exchange.

2.15 "Market Standoff Period" means the 180-day period (or such longer period as may be agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with any initial public offering of Shares.

2.16 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

2.17 "Participant" means a person who, as a member of the Board, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.18 "Parent" means a parent corporation under Section 424(e) of the Code.

2.19 "Plan" means this Legend Biotech Corporation 2020 Restricted Shares Plan, as it may be amended from time to time.

2.20 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or Subsidiary of the Company holds a substantial ownership interest, directly or indirectly, but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.21 "Restricted Share" means a Share awarded to a Participant pursuant to Article 5 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.22 "Restricted Share Unit" means the right granted to a Participant pursuant to Article 6 to receive a Share at a future date.

2.23 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.24 "Service Recipient" means the Company, any Parent or Subsidiary of the Company and any Related Entity to which a Participant provides services as an Employee, a Consultant or a Director.

2.25 "Share" means ordinary shares in the capital of the Company, and such other securities of the Company that may be substituted for Shares pursuant to Article 8.

2.26 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company.

2.27 "Trading Date" means the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act.

## ARTICLE 3

## SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 9 and Section 3.1(b), the maximum aggregate number of Shares, which may be issued pursuant to all Awards granted under the Plan, shall be equal to 11,000,000 Shares.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by the Company or any Parent or Subsidiary of the Company shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the vesting of any Award under the Plan, in payment of the purchase price thereof or tax withholding thereon, may again be granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be granted or awarded hereunder, subject to the limitations of Section 3.1(a).

3.2 Shares Distributed. Any Shares distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, in the discretion of the Committee, American Depositary Shares in an amount equal to the number of Shares which otherwise would be distributed pursuant to an Award may be distributed in lieu of Shares in settlement of any Award. If the number of Shares represented by an American Depositary Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depositary Shares in lieu of Shares.

## ARTICLE 4

## ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and all members of the Board, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides or is employed. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided*, *however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

4.4 Grant of Awards. No Award shall be granted to Participants:

(a) where the Company has, or reasonably believes there is, material non-public information or inside information that must be disclosed under the applicable laws and regulations, until such information has been published on website of the Company and the relevant stock exchange; or

(b) within any black-out period or equivalent period of time restricting and/or prohibiting the dealing of Shares by Participants before the publication of financial statements of the Company as provided in the rules of the applicable stock exchange; or

(c) in any other circumstances where dealings by Participants (including directors of any member of the Group) are prohibited under any applicable law or regulation or where the requisite approval from any applicable regulatory authorities has not been granted.

## ARTICLE 5

## RESTRICTED SHARES

5.1 Grant of Restricted Shares. The Committee, at any time and from time to time, may grant Restricted Shares to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Shares to be granted to each Participant.

5.2 Restricted Shares 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 Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed.

5.3 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Share). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

5.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee 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*, the Committee 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 termination 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.

5.5 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, 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.

5.6 Removal of Restrictions. Except as otherwise provided in this Article 5 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 Committee, in its discretion, may accelerate the time at which any restrictions shall lapse or be removed. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Section 5.5 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant, subject to applicable legal restrictions. The Committee (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.

## ARTICLE 6

## RESTRICTED SHARE UNITS

6.1 Grant of Restricted Share Units. The Committee, at any time and from time to time, may grant Restricted Share Units to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Share Units to be granted to each Participant.

6.2 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 Committee, in its sole discretion, shall determine.

6.3 Performance Objectives and Other Terms. The Committee, 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 Participants.

6.4 Form and Timing of Payment of Restricted Share Units. At the time of grant, the Committee shall specify the date or dates on which the Restricted Share Units shall become fully vested and nonforfeitable. Upon vesting, the Committee, in its sole discretion, may pay Restricted Share Units in the form of cash, in Shares or in a combination thereof.

6.5 Forfeiture/Repurchase. Except as otherwise determined by the Committee 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*, the Committee 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 termination resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Share Units.

## ARTICLE 7

## PROVISIONS APPLICABLE TO AWARDS

7.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

7.2 No Transferability; Limited Exception to Transfer Restrictions.

7.2.1 Limits on Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 7.2, by Applicable Laws and by the Award Agreement, as the same may be amended:

(a) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;

(b) Awards will be exercised only by the Participant; and

(c) amounts payable or Shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Shares, registered in the name of, the Participant.

In addition, the Shares shall be subject to the restrictions set forth in the applicable Award Agreement.

7.2.2 Further Exceptions to Limits on Transfer. The exercise and transfer restrictions in Section 7.2.1 will not apply to:

(a) transfers to the Company or a Subsidiary;

(b) transfers by gift to "immediate family" as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act;

(c) the designation of a beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution;

(d) if the Participant has suffered a Disability, permitted transfers or exercises on behalf of the Participant by the Participant's duly authorized legal representative; or

(e) transfer to one or more natural persons who are the Participant's family members or entities owned and controlled by the Participant and/or the Participant's family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the Participant and/or the Participant's family members, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee may establish. Any such permitted transfer is subject to the conditions that (i) the Committee receives evidence that the transfer is being made for estate and/or tax planning purposes and on a basis consistent with the Company's lawful issue of securities and (ii) the Committee has not in its absolute discretion determined that such evidence is insufficient or otherwise unsatisfactory.

Notwithstanding anything else in this Section 7.2.2 to the contrary, but subject to compliance with all Applicable Laws, Restricted Shares and Restricted Share Units will be subject to any and all transfer restrictions under the Code applicable to such Awards or necessary to maintain the intended tax consequences of such Awards. Notwithstanding clause (b) above but subject to compliance with all Applicable Laws, any contemplated transfer by gift to "immediate family" as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Committee in order for it to be effective.

7.3 Beneficiaries. Notwithstanding Section 7.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state, a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award shall not be effective without the prior written consent of the Participant's spouse. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

7.4 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing the Shares pursuant to the exercise of any Award, unless and until the Committee has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded.

All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of the Plan or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

7.5 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

7.6 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award were acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for other foreign currencies, the exchange rate as selected by the Committee on the date of exercise.

## ARTICLE 8

## CHANGES IN CAPITAL STRUCTURE

8.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the number of Shares or the price of a Share, the Committee shall make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of Shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per Share for any outstanding Awards under the Plan.

8.2 Corporate Transactions. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if the Committee anticipates the occurrence, or upon the occurrence, of a Corporate Transaction, the Committee may, in its sole discretion, provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise the vested portion of such Awards during a period of time as the Committee shall determine, or (ii) the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award, then such Award may be terminated by the Company without payment), or (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a Parent or Subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of Award in cash based on the value of Shares on the date of the Corporate Transaction plus reasonable interest on the Award through the date when such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

8.3 Outstanding Awards – Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Section 8, the Committee may, in its absolute discretion, make such adjustments in the number and class of Shares subject to Awards outstanding on the date on which such change occurs and in such other terms of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

8.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of Shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, no issuance by the Company of Shares of any class, or securities convertible into Shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or exercise price of any Award.

## ARTICLE 9

## ADMINISTRATION

9.1 Committee. Prior to the Trading Date, the Plan shall be administered by the Board. On and after the Trading Date, the Plan shall be administered by the compensation committee of the Board, which may delegate its duties and powers in whole or in part to any subcommittee thereof consisting solely of at least two individuals who are intended to qualify as "Non-Employee Directors" within the meaning of Rule 16b-3 under the Act (or any successor rule thereto) and as "independent directors" as defined in the Listing Rules of the Nasdaq Stock Market or the applicable corporate governance rules of the relevant stock exchange. Any grant or amendment of Awards to any Committee member shall then require an affirmative vote of a majority of the Board members who are not on the Committee.

9.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members of the Committee present at any meeting at which a quorum is present, and acts approved in writing by a majority of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of the Company or any Subsidiary, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

9.3 Authority of the Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) designate Participants to receive Awards;

(b) determine the type or types of Awards to be granted to each Participant;

(c) determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(e) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(f) prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) decide all other matters that must be determined in connection with an Award;

(h) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(i) interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(j) make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan.

9.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

## ARTICLE 10

## EFFECTIVE AND EXPIRATION DATE

10.1 Effective Date. This Plan shall become effective on the date on which the Plan is approved by the shareholders of the Company according to its Memorandum of Association and Articles of Association (the "Effective Date").

10.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

## ARTICLE 11

## AMENDMENT, MODIFICATION, AND TERMINATION

11.1 Amendment, Modification, And Termination. With the approval of the Board, at any time and from time to time, the Committee may terminate, amend or modify the Plan; *provided*, *however*, that (a) to the extent necessary and desirable to comply with Applicable Laws or stock exchange rules, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice, and (b) unless the Company decides to follow home country practice, shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 10), (ii) permits the Committee to extend the term of the Plan, or (iii) results in a material increase in benefits or a change in eligibility requirements.

11.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 11.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

## ARTICLE 12

## GENERAL PROVISIONS

12.1 Lock-Up Period. A Participant shall agree that, if so requested by the Company in connection with any registration of the offering of any securities of the Company under the Securities Act

or any applicable United States state laws, the Participant shall not sell or otherwise transfer any Shares or other securities of the Company during the Market Standoff Period. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares. Notwithstanding the foregoing, the Market Standoff Period may be extended for up to such number of additional days as is deemed necessary by the Company.

12.2 No Rights to Awards. No Participant, Employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, Employees, and other persons uniformly.

12.3 No Shareholders Rights. No Award gives the Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

12.4 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by Applicable Laws to be withheld with respect to any taxable event concerning a Participant arising as a result of the Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy any income and payroll tax liabilities applicable to the Participant with respect to the issuance, vesting, exercise or payment of the Award shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for the applicable income and payroll tax purposes that are applicable to such supplemental taxable income.

12.5 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or services of any Service Recipient.

12.6 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

12.7 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; *provided* he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

12.8 Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

12.9 Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

12.10 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

12.11 Fractional Shares. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down as appropriate.

12.12 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by the Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

12.13 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.

12.14 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

12.15 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

12.16 Appendices. The Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with Applicable Laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; *provided, however,* that no such supplements shall increase the share limitation contained in Section 3.1 of the Plan without the approval of the Board.

**LEGEND BIOTECH CORPORATION**

**RESTRICTED SHARE UNIT AWARD AGREEMENT**

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**Name of Grantee:**
**Staff ID/PRC personal ID: [●]**
**Address:**

**Plan:2020 Restricted Share Plan**
**Grant: [●] restricted share units**
**Grant Date: [●]**
**Vesting Commencement Date: [●]**
**Expiration Date: [●]**

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**1. Grant**. Effective on the Grant Date, you have been granted the number of restricted share units (the "***RSU***") designated above, each evidencing the right to receive one (1) ordinary share ("***Share***") of Legend Biotech Corporation (the "***Company***") upon vesting, in accordance with the provisions of the 2020 Restricted Share Plan of the Company (the "***Plan***") and subject to the restrictions, terms and conditions set forth herein. All terms used but not defined herein shall have the meanings assigned to them in the Plan.

**2. Vesting Schedule**. Subject to the terms in this Agreement, the RSUs will vest in accordance with the following schedule:

**Vesting:** You will receive a benefit with respect to an RSU only if it vests. The Liquidity Event Requirement and the Service-Based Requirement must be satisfied on or before the applicable Expiration Date specified above in order for an RSU to vest. An RSU shall actually vest (and therefore become a "***Vested RSU***") on the first date upon which both of the Service-Based Requirement and the Liquidity Event Requirement are satisfied with respect to that particular RSU.

**Liquidity Event Requirement:** The Liquidity Event Requirement will be satisfied as to any then-outstanding RSUs on the first to occur of: (1) a Corporate Transaction; or (2) the effective date of a registration statement for an initial public offering of the Company's Shares.

**Service-Based Requirement:** The Service-Based Requirement will be satisfied in installments as to the RSUs as follows: One third (1/3) of the RSUs shall vest on the first anniversary of the Company Vesting Date that next follows the Vesting Commencement Date, and one- twelfth (1/12th) of the RSUs shall vest on each quarterly Company Vesting Date thereafter, assuming you have not had a Termination of Service (as defined below) prior to such date. For the avoidance of doubt, once you have had a Termination of Service, no additional RSUs shall be eligible to become Vested RSUs, and any RSUs which are not Vested RSUs as of the date of such Termination of Service shall be forfeited to the Company and you shall have no further rights with respect to such RSUs.

"***Company Vesting Date***" means each [February 20, May 20, August 20, and November 20].

**3. Distribution after Vesting**.

**(a)** The issuance of shares in respect of the RSUs is intended to comply with Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner.

Subject to the satisfaction of the Withholding Obligation set forth in Section 9 of this Agreement, in the event an RSU vests, the Company shall issue to you one (1) Share for each RSU that vests on the applicable vesting date. Each issuance date determined by this paragraph is referred to as an "***Original Issuance Date***".

**(b)** If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

**(i)** the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell Shares on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company's policies (a "***10b5-1 Arrangement***")), *and*

**(ii)** either (1) a Withholding Obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Withholding Obligation by withholding Shares from the Shares otherwise due, on the Original Issuance Date, to you under this award, and (B) not to permit you to enter into a "same day sale" commitment with a broker-dealer pursuant to Section 9 of this Agreement (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Withholding Obligation in cash,

then the Shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling Shares in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the Shares under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulations Section 1.409A-1(d).

**4. Register of Members and Share Certificate**. The unvested portion of the RSUs will not be registered on the Company's Register of Members. With respect to any vested portion of the RSUs that will be distributed in whole Shares, the Company will issue the corresponding number of Shares to you and enter the your name into the Register of Members subject to Section 6. After the Company has entered your name into the Register of Members with respect to any Shares issued to you, it may, but is not obligated to, issue one or more share certificates, registered in your name and bearing such legend as the Company deems necessary and appropriate, evidencing such Shares issued.

**5. Termination of Service.** In the event your employment or service for the Company or any of its subsidiaries or affiliates to which you are providing services or by which you are employed as of the Grant Date (each a "***Service Recipient***") is terminated for any reason, whether such termination is occasioned by you, by the Service Recipient, with or without cause, or by mutual agreement ("***Termination of Service***"), your right to any unvested portion of the RSUs will terminate, and such unvested portion of the RSUs will cease to vest, as of the earlier of: (i) the date that you give or are provided with written notice of such termination, or (ii) if you are an employee of a Service Recipient, the date from which you are no longer actively employed and physically present on the premises of the Service Recipient, regardless of any notice period or period of pay in lieu of such notice required under any applicable statute or the common law.

**6. Additional Conditions to Issuance of Shares**. The Company shall not be required to issue Shares hereunder prior to fulfillment of all the following conditions: (a) the listing of such Shares or

depositary shares representing such Shares on a stock exchange on which such class of stock is then listed; (b) the completion of any registration or other qualification of such Shares or depositary shares representing such Shares under any U.S. state or federal law or under the rulings or regulations of the U.S. Securities and Exchange Commission or any other governmental regulatory body, which the Committee shall, in its absolute discretion, deem necessary or advisable; (c) the obtaining of any approval or other clearance from any U.S., Cayman Islands or Chinese governmental agency, which the Committee shall, in its absolute discretion, determine to be necessary or advisable; and (d) the lapse of such reasonable period of time following any vesting date as the Committee may establish from time to time for reasons of administrative convenience. Furthermore, the Company will not be required to issue Shares hereunder prior to the expiration of the lock-up period in connection with the Company's initial public offering. In addition, you agree that the Company may also impose other conditions or administrative measures to ensure or facilitate the compliance with any applicable law to which you or the Company is subject.

**7. Limited Rights**. Neither you nor any person claiming under or through you will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until such Shares have been issued and registered on the Register of Members of the Company under your name. Subject to Section 8 below, after such issuance and registration, you will have all the rights of a shareholder of the Company with respect to voting of such Shares and receipt of dividends and distributions on such Shares.

**8. Award Is Not Transferable**. Except pursuant to the written consent of the Committee, this award and the rights and privileges conferred hereby shall not be transferred, assigned or otherwise disposed of in any way (whether by operation of law or otherwise). Upon any attempt to transfer, assign or otherwise dispose of this award or any right or privilege conferred hereby, this award and the rights and privileges conferred hereby immediately will become null and void.

In the event of granting written consents for any transfer, the Committee will have the fullest discretion permitted by applicable law in deciding the extent to which, and stipulating terms and conditions under which, such transfer of this award may be allowed (including, but not limited to, the transfer of part or all of the RSUs). In the event of a transfer of part or all of the RSUs held by you as consented to by the Committee, you hereby acknowledge and agree that you have the obligation to ensure that the transferee will be subject to and comply with the same terms, conditions, requirements and restrictions imposed on you by the Company in connection with the RSUs granted hereunder.

**9. Withholding Obligation.** On each vesting date, and on or before the time you receive a distribution of the Shares in respect of your RSUs, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you hereby authorize any required withholding from the Shares issuable to you and/or otherwise agree to make adequate provision, including in cash, for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the "***Withholding Obligation***"). By accepting this Award, you acknowledge and agree that the Company may, in its sole discretion, satisfy all or any portion of the Withholding Obligation relating to your RSUs by any of the following means or by a combination of such means: (i) causing you to pay any portion of the Withholding Obligation in cash; (ii) withholding from any compensation otherwise payable to you by the Company; (iii) withholding Shares from the Shares issued or otherwise issuable to you in connection with the Award with a Fair Market Value (measured as of the date Shares are issued pursuant to Section 3) equal to the amount of such Withholding Obligation; provided, however, that the number of such Shares so withheld will not exceed the amount necessary to satisfy the Withholding Obligation using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income; and provided, further, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company's Compensation Committee; and/or (iv) permitting or requiring you to enter into a "same day sale" commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***"), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares to be delivered

in connection with your Restricted Stock Units to satisfy the Withholding Obligation and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Obligation directly to the Company and/or its Affiliates. Unless the Withholding Obligation is satisfied, the Company shall have no obligation to deliver to you any Shares or any other consideration pursuant to this Award. In the event the Withholding Obligation arises prior to the delivery to you of Shares or it is determined after the delivery of Shares to you that the amount of the Withholding Obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

**10. Personal Data**. You acknowledge and consent to the collection, use, processing and transfer of personal data as described in this paragraph. The Company, its affiliates and your employer hold certain personal information, including your name, home address and telephone number, date of birth, identification number, salary, nationality, job title, any shares awarded, cancelled, purchased, vested, unvested or outstanding in your favor, for the purpose of managing and administering the Plan (the "***Data***"). The Company and its affiliates will transfer Data to any third parties assisting the Company in the implementation, administration and management of the Plan. These recipients may be located in China or elsewhere such as the European Economic Area or the United States. You authorize them to receive, possess, use, retain and transfer the Data, in electronic or other forms, for the purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required for the administration of the Plan and/or the subsequent holding of shares on your behalf to a broker or other third party with whom you may elect to deposit any shares acquired pursuant to the Plan. You may, at any time, review the Data, require any necessary amendments thereto or withdraw the consent herein in writing by contacting the Company; however, withdrawing the consent may affect your ability to participate in the Plan.

**11. Voluntary Participation**. Your participation in the Plan is voluntary. The value of the RSUs is an extraordinary item of compensation outside the scope of your employment contract, if any. As such, the RSUs are not part of normal or expected compensation for purposes of calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pensions or retirement benefits or similar payments unless specifically and otherwise provided. Rather, the awarding of the RSUs under the Plan represents a mere investment opportunity.

**12. Adjustments**. You hereby acknowledge and agree that, in the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the number of Shares or the price of a Share, the Committee shall make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of Shares that may be issued under the Plan (including, but not limited to adjustments of the limitations in Section 3.1 of the Plan); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per Share for any outstanding Awards under the Plan.

**13. Discretionary Plan**. This RSU award is granted under and governed by the terms and conditions of the Plan. You acknowledge and agree that the Plan is discretionary in nature and may be amended, cancelled or terminated by the Company, in its sole discretion, at any time. The grant of this RSU award under the Plan is a one-time benefit and does not create any contractual or other right to receive an award of RSUs or benefits in lieu of the award in the future. Future awards of RSUs, if any, will be at the sole discretion of the Company, including, but not limited to, the timing of the award, the number of RSUs awarded, and vesting provisions. By execution of this Agreement, you consent to the provisions of the Plan and this Agreement.

**14. Governing Law**. This Agreement shall be governed by and construed in accordance with the laws of the Cayman Islands.

*(Signature page to follow)*

**LEGEND BIOTECH CORPORATION**

Name:
Title:

**ACKNOWLEDGED AND AGREED BY:**
(Grantee)

Name:

**Exhibit 10.8**

***Execution Version***

# COLLABORATIVE RESEARCH AND LICENSE AGREEMENT

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**BY AND BETWEEN**

**NOILE-IMMUNE BIOTECH, INC.**

**AND**

**LEGEND BIOTECH USA, INC.**

**April 27, 2020**

**[***] = Certain information contained in this document, marked by brackets, has been omitted because it is both not material and would be competitively harmful if publicly disclosed.**

**Table of Contents**



**EXHIBITS**

# COLLABORATIVE RESEARCH AND LICENSE AGREEMENT

**THIS COLLABORATIVE RESEARCH AND LICENSE AGREEMENT** (this "Agreement") is made as of April __, 2020 (the "Effective Date") by and between **Noile-Immune Biotech, Inc.**, a Japanese corporation having its principal place of business at 2-12-10 Shiba-Daimon, Minato-ku, Tokyo 105-0012, Japan ("Noile"), and **Legend Biotech USA, Inc.,** a company incorporated under the laws of New York having its principal place of business at 10 Knightsbridge Road, Piscataway, NJ 08854, USA ("Legend"). Noile and Legend are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

## RECITALS

**WHEREAS**, Noile, a biopharmaceutical company focused on the development of novel cancer immunotherapy products, is developing proprietary Products;

**WHEREAS**, Legend is a pharmaceutical company focused on discovering and developing cutting-edge cell-based therapies with the ultimate goal of changing the way life-threatening diseases are treated;

**WHEREAS**, Noile and Legend desire to perform certain research works and are willing to enter into Initial Research to apply their collective expertise, capabilities and resources to develop Products and novel CAR-T platforms based on technology owned or controlled by Noile; and

**WHEREAS**, in connection with such Initial Research, Legend wishes to be granted, and Noile desires to grant, certain license and option rights under certain patents, patent applications, know-how, and other proprietary information related to Noile Platform, Licensed Compounds and Licensed Products;

**NOW, THEREFORE**, in consideration of the premises and mutual covenants herein contained, Noile and Legend agree as follows:

## 1. DEFINITIONS

As used in this Agreement, capitalized terms have the meanings given them below or elsewhere in this Agreement:

1.1. "7x19 CAR-T" means Noile's proprietary CAR-T technology, including a construct expressing a CAR directed against a given target, the cytokine IL-7, and the chemokine CCL19.

1.2. "Affiliate" means, with respect to a Party, any entity that, directly or indirectly, controls, is controlled by or is under common control with such Party for so long as such control exists. For purposes of this definition, an entity has "control" of another entity if it has the direct or indirect ability or power to direct, or cause the direction of management policies of such other entity or otherwise direct the affairs of such other entity, whether through ownership of [***] fifty percent (50%) of the voting securities of such other entity, by contract or otherwise.

1.3. "Alliance Manager" means an alliance leader appointed by each Party to coordinate and facilitate the communication, interaction and cooperation of the Parties pursuant to this Agreement. Detailed information of the Alliance Manager is described in Section 2.4.

1.4. "Applicable Laws" mean any laws, regulations, guidelines, or standards applicable to the conduct of the collaboration or other activities under this Agreement.

1.5. "Calendar Half Year" means a period of six (6) consecutive calendar months ending on June 30 and December 31, respectively; provided that (a) the first Calendar Half Year of the term shall extend from the Effective Date to the end of the next complete Calendar Half Year thereafter; and (b) the last Calendar Half Year of the term shall end upon the expiration or termination of this Agreement.

1.6. "Calendar Quarter" means a period of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31, respectively; provided that (a) the first Calendar Quarter of the term shall extend from the Effective Date to the end of the subsequent complete Calendar Quarter thereafter; and (b) the last Calendar Quarter of the term shall end upon the expiration or termination of this Agreement.

1.7. "CAR" means a chimeric antigen receptor.

1.8. "CAR-T" means engineered T-cells that express a CAR on their cell membrane which have [***].

1.9. "Clinical Trial" means any human clinical study or trial of the Licensed Product in the Territory.

1.10. "Combination Product" means a Licensed Product containing a Licensed Compound as well as at least one other active pharmaceutical ingredient. For the avoidance of doubt, all Combination Products are also Licensed Products.

1.11. "Combinational Target" means any Target having a specific combination of [***] therein.

1.12. "Commercial License" has the meaning as set forth in Section 7.3.

1.13. "Commercialization" means, with respect to a Licensed Product, any and all activities (whether before or after Regulatory Approval) directed to the marketing, promotion and sale of such Licensed Product after Regulatory Approval for commercial sale has been obtained, including pre-launch and post-launch marketing, promoting, marketing research, distributing, offering to commercially sell and commercially selling such Licensed Product, importing, exporting or transporting such Licensed Product for commercial sale, medical education activities with respect to such Licensed Product, conducting Clinical Trials that are not required to obtain or maintain Regulatory Approval for such Licensed Product for an indication, which may include epidemiological studies, modeling and pharmacoeconomic studies, post-marketing surveillance studies, investigator sponsored studies and health economics studies and regulatory affairs (including interacting with Regulatory Authorities) with respect to the foregoing. When used as a verb, "Commercialize" means to engage in Commercialization activities.

1.14. "Commercially Reasonable Efforts" means, with respect to a Party and a product owned by it or to which it otherwise has rights, the efforts which are reasonable for [***] in accordance with its business, legal, medical, and scientific judgment, and the efforts and resources that it would use for a [***], taking into account the [***]. For the clarity, "Commercially Reasonable Efforts" shall be evaluated or determined on a country-by-country and Product-by-Product basis, as applicable.

1.15. "Confidential Information" means all information pertinent to this Agreement, Initial Research, information in project proposals and project charters, and activities made with regard to this Agreement, in whatever form, oral, written, electronic or otherwise, that is (a) marked or designated as confidential, (b) defined as confidential in this Agreement, or (c) of the type that would generally be regarded as confidential or proprietary in the scientific, academic or healthcare communities, and in each case, (a)–(c), that is disclosed or provided by or on behalf of a disclosing Party, including its Affiliates, to a receiving Party, including its Affiliates or to any of the receiving Party's or its Affiliates' directors, officers, faculty, employees, contractors, consultants, advisors or agents pursuant to or in connection with this Agreement. The contents of this Agreement shall also be treated as the Confidential Information of each Party under this Agreement. Notwithstanding the foregoing, Confidential Information shall not include (i) information that is or becomes generally available to the public other than as a result of any action or inaction by the receiving Party, (ii) information that was received by or becomes available to the receiving Party on a non-confidential basis from a source other than the disclosing Party; provided however, that the source of such information was not bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, any person or entity with respect to such information, or (iii) information that was known prior to the disclosure or is developed independently by or on behalf of the receiving Party or any of its Affiliates without reference to or use of the information supplied by the disclosing Party under this Agreement. Notwithstanding anything herein to the contrary, any Work Results shall be the Confidential Information of the Party that owns such Work Results in accordance with Section 11.1.

1.16. "Control" or "Controlled" means, with respect to any Intellectual Property right and a Party, possession by such Party or an Affiliate of such Party of the ability to grant the right to access or use, or to grant a license or a sublicense to, such Intellectual Property right as provided for herein without violating the terms of any agreement or other arrangement with any Third Party.

1.17. "Data Protection" means the situation where any regulation, law or statute of a government authority:

(a) exists in any country in the Territory; and

(b) directly or indirectly protects (regardless of whether any Valid Claim exists in that country), the exclusive sale of any Licensed Product from the sale in that country of a Third Party's pharmaceutical product containing the same active pharmaceutical ingredient that is contained in such Licensed Product.

1.18. "Data Protection Period" means, on a country-by-country and Licensed Product-by-Licensed Product basis, the period in which Data Protection with respect to a Licensed Product exists in such country. For the avoidance of doubt, Data Protection Period includes "Re-examination Period" (*saishinsa kikan*) in Japan.

1.19. "Development" means all research, non-clinical and clinical drug development activities, including toxicology, pharmacology, and other non-clinical efforts, statistical analysis, formulation development, delivery system development, the performance of any such research or Clinical Trials, including the manufacturing of Licensed Compounds or Licensed Products for use in Clinical Trials, or other activities reasonably necessary in order to obtain, but not maintain, Regulatory Approval of Licensed Compounds or Licensed Products in the Territory. "Development" shall exclude all Commercialization activities. When used as a verb, "Develop" means to engage in Development activities.

1.20. "Disputes" has the meaning as set forth in Section 18.2(a).

1.21. "Excluded Target" has the meaning as set forth in Section 3.3.

1.22. "FDA" means the U.S. Food and Drug Administration, or any successor agency thereto.

1.23. "Field" means all indications and uses, including the diagnosis, prognosis, prevention, and treatment of human diseases and human conditions.

1.24. "First Commercial Sale" means, on a country-by-country basis, the first sale of a Licensed Product under this Agreement by Legend, its Affiliates or Sublicensees to an end user or prescriber for use, consumption or resale of the Licensed Product in a country in the Territory where Regulatory Approval of the Licensed Product has been obtained and where the sale results in a recordable Net Sale. Sale of a Licensed Product under this Agreement by Legend to an Affiliate of Legend or a Sublicensee of Legend shall not constitute a First Commercial Sale unless such Affiliate or such Sublicensee is the end user of such Licensed Product and such sale results in a Net Sale. Also, sale of a Licensed Product under this Agreement by Legend, its Affiliates or Sublicensees in a jurisdiction where Regulatory Approval for that Licensed Product has not yet been attained shall not constitute a First Commercial Sale under this Agreement.

1.25. "Force Majeure" has the meaning as set forth in Section 18.6.

1.26. "Generic/Biosimilar Competition Period" means a period during the portion of the applicable Royalty Term in a particular country where there are one or more products being sold in such country that are Generic/Biosimilar with respect to such Licensed Product, and where such sales of such product(s), [***] of the sales of the Licensed Product. As used herein, "Generic/Biosimilar" means any drug or biological product that [***] under the FD&C Act or the PHS Act and related rules and regulations, or the corresponding or similar laws, rules and regulations of any other jurisdiction and where such drug or biological product obtains

Regulatory Approval based on[***] to a Licensed Product hereunder. For purposes of this definition, (a) "FD&C Act" means the United States Federal Food, Drug and Cosmetic Act, as amended, and the regulations promulgated thereunder from time to time and (b) "PHS Act" means the Public Health Services Act, as amended, and the regulations promulgated thereunder from time to time.

1.27. "GLP" means all applicable current Good Laboratory Practice standards for laboratory activities for pharmaceuticals, as set forth in the FDA's Good Laboratory Practice regulations as defined in 21 C.F.R. Part 58 and/or the Good Laboratory Practice principles of the Organization for Economic Co-Operation and Development, and such standards of good laboratory practice as are required by the European Union and other organizations and governmental agencies in countries in which the relevant activity under this Agreement is being performed.

1.28. "GMP" means all current Good Manufacturing Practices applicable to biopharmaceuticals in the US and/or in the European Union, as are in effect from time to time during the effective term of this Agreement and in each case as applicable to the activities being carried out under this Agreement.

1.29. "GxP" means any of the following as applicable to this Agreement: GLP and GMP.

1.30. "IND" means (a) an Investigational New Drug application as defined in the Federal Food, Drug, and Cosmetic Act, as amended, and applicable regulations promulgated thereunder by the FDA, (b) a clinical trial authorization application for a product filed with a Regulatory Authority in any other regulatory jurisdiction outside the U.S., the filing of which (in the case of (a) or (b)) is necessary to commence or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction, or (c) documentation issued by a Regulatory Authority that permits the conduct of clinical testing of a pharmaceutical product in humans in such jurisdiction.

1.31. "Indemnitee" has the meaning as set forth in Section 16.3.

1.32. "Indemnitor" has the meaning as set forth in Section 16.3.

1.33. "Initial Payment" means the initial payment paid upon each Legend Selected Target having been formally designated in accordance with Section 3.4, which detail is described in Section 9.1.

1.34. "Initial Research" means the research activities to be performed mainly within the Initial Research Term on a Target-by-Target or Product-by-Product basis, but sometimes performed before the IND at the latest for each Product generated from a Licensed Target.

1.35. "Initial Research Term" means the period of [***] following the Effective Date, as may be modified as described in Section 3.4, during which any of the Legend Selected Targets shall be selected and nominated.

1.36. "Intellectual Property" means the following subsisting throughout the world (a) patents, patent applications, utility models, design registrations and certificates of invention and other governmental grants for the protection of inventions or industrial designs (including all related continuations, continuations-in-part, divisionals, reissues and reexaminations); (b) copyrights, designs, data and database rights and registrations and applications for registration thereof; (c) inventions, invention disclosures, statutory invention registrations, whether patentable or nonpatentable, whether copyrightable or noncopyrightable and whether or not reduced to practice; (d) trade secret and proprietary know-how; and (e) any other proprietary rights relating to any of the foregoing (including remedies against infringement thereof and rights of protection of interest therein under the laws of all jurisdictions).

1.37. "Legend Personnel" means directors, officers, employees, contractors and subcontractors of Legend.

1.38. "Legend Selected Target" has the meaning as set forth in Section 3.4.

1.39. "Licensed Compound" means any construct that is designed to secrete both cytokine IL-7 and chemokine CCL19 in a CAR-T or TCR-T that binds to a Legend Selected Target or a Licensed Target.

1.40. "Licensed Know-How" means all technology, data, information, know-how, trade secrets, materials (including biological materials), compounds and inventions that are necessary or reasonably useful for the Development, manufacture and/or Commercialization of Licensed Compounds and/or Licensed Products in the Field in the Territory that are proprietary to and owned or Controlled by Noile as of the Effective Date. Licensed Know-How includes all chemical, structural, manufacturing process, biological, target, pharmacological, toxicological, clinical, assay and other methods of screening, structure activity relationship information or other information that relates to any Legend Selected Target, Licensed Target, Licensed Compound and/or Licensed Product (including in each case its composition, formulation, or method of use, manufacture, preparation or administration). Noile shall, to the extent reasonably practicable, notify Legend [***] in relation to those Licensed Know-How which [***] to the Development, manufacture and/or Commercialization by Legend of Licensed Product in the Field. In such case, [***], the Parties shall discuss in good faith (i) regarding [***], and (ii) regarding the terms and conditions for [***]. For the avoidance of doubt, nothing under this Section 1.40 shall require Noile to breach its confidentiality obligations to any third party under non-disclosure agreements or other similar agreements. To the extent that [***].

1.41. "Licensed Patents" mean any and all patents and patent applications (including all claims and the entire scope of claims therein) owned or Controlled by Noile, as of the Effective Date, as listed in Exhibit A, and all divisionals, continuations, substitutions, continuations-in-part, re-examinations, reissues, additions, renewals, extensions, registrations, supplemental protections, complementary certificates, and the like thereof, and all foreign counterparts thereof, that are owned or Controlled by Noile as of the Effective Date claiming a Legend Selected Target, a Licensed Target, a Licensed Compound and/or a Licensed Product (including in each case its composition, formulation, combination, product by process, or method of use, manufacture, preparation or administration), or otherwise claiming inventions that are necessary or reasonably useful for the Development, manufacture and/or Commercialization of Licensed Compounds and/or Licensed Products in the Field in the Territory.

1.42. "Licensed Product" means any pharmaceutical preparation containing the Licensed Compound, alone or in combination with one or more additional active ingredients, for sale by prescription, over-the-counter, or any other method. For clarification, a Licensed Product shall be [***].

1.43. "Licensed Target" means the Legend Selected Target which becomes a Target for Developing and Commercializing Licensed Compounds and/or Licensed Products under the Commercial License, as designated by Legend in accordance with Section 3.1(b). The total number of Licensed Targets hereunder shall not be more than two (2).

1.44. "List" has the meaning set forth in Section 3.3.

1.45. "Loss" or "Losses" has the meaning as set forth in Section 16.1.

1.46. "MAAs" or "Marketing Approval Application" means a BLA, sBLA, NDA, sNDA and any equivalent thereof in the USA or any other country or jurisdiction. As used herein: "BLA" means a Biologics License Application and amendments thereto filed pursuant to the requirements of the FDA, as defined in 21 C.F.R. § 600 et seq., for FDA approval of a Product and "sBLA" means a supplemental BLA; and "NDA" means a New Drug Application and amendments thereto filed pursuant to the requirements of the FDA, as defined in 21 C.F.R. § 314 et seq., for FDA approval of a Product and "sNDA" means a supplemental NDA.

1.47. "Major Country" means each country of USA, a Major European Country, [***].

1.48. "Major European Country" means [***].

1.49. "Milestone Payment" means each milestone payment as described in Section 9.2.

1.50. "Net Sales"

(i) Licensed Products other than Combination Products

The term "Net Sales" of a Licensed Product (other than a Combination Product) shall mean the gross invoice amount (not including value added taxes, sales taxes, or similar taxes) of the Licensed Product sold by Legend, its Affiliates or Sublicensees to the first Third Party after deducting the following, if not previously deducted, from the amount invoiced or received:

a) trade and quantity discounts other than early payment cash discounts;

b) returns, rebates, chargebacks, and other allowances;

c) retroactive price reductions that are actually allowed or granted;

d) [***]; and

e) [***].

Net Sales shall be calculated on a country-by-country and Licensed Product-by-Licensed Product basis, so that a separate figure for Net Sales is calculated for each Licensed Product in each country in which it is sold.

For the purpose of calculating the Net Sales of a Licensed Product (other than a Combination Product), any deductions shall be limited to those applied under Legend's standard operating procedures.

Sales of Licensed Products (other than Combination Products) between Legend and Legend's Affiliates and/or Sublicensees shall be excluded from the computation of Net Sales.

Notwithstanding any deductions referred to in a) to e) above, the Net Sales of a Licensed Product (other than a Combination Product) shall [***].

(ii) Combination Products (where an invoice price for a Licensed Product containing the Licensed Compound sold as a single agent exists)

In the case of a Combination Product (where an invoice price for a Licensed Product containing the Licensed Compound sold as a single agent exists), Net Sales shall be calculated on the basis of the gross invoice amount of a Licensed Product [***].

The deductions referred to in a) to e) of part (i) above shall be calculated and deducted from the gross invoice amount of the Combination Product on the basis of a Licensed Product [***].

For the purpose of calculating Net Sales of a Combination Product, any deductions shall be limited to those applied under Legend's standard operating procedures.

Sales of Combination Products between Legend and Legend's Affiliates and/or Sublicensees shall be excluded from the computation of Net Sales.

Notwithstanding any deductions referred to in a) to e) of part (i) above (as adjusted according to this part (ii)), the Net Sales of a Combination Product shall [***].

(iii) Combination Products (where an invoice price for the Licensed Product sold as a single agent does not exist)

If only Combination Products are sold in a particular country, an adjusted gross invoice amount for the Combination Products sold within that country shall be calculated [***].

1.51. "Noile Platform" means Noile's 7x19 CAR-T platform that can be applied to CAR-T/TCR-T [***] cell therapy.

1.52. "Noile Research" has the meaning as set forth in Section 3.3.

1.53. "Noile Technology" means technology created or developed by Noile outside the performance of this Agreement, including without limitation the Noile Platform, Licensed Know-How and Licensed Patents. In principle, Noile Technology as used under this Agreement shall refer to those technology as of the Effective Date; provided, however, that Noile shall, to the extent practicable, notify Legend [***] with respect to advances and/or improvements in relation to those Noile Technology which [***] to the Development, manufacture and/or Commercialization by Legend of Licensed Compounds and/or Licensed Products in the Field, based on which the Parties shall discuss in good faith regarding potential addition of such advances and/or improvements to the scope of the Research License and/or the Commercial License and the terms and conditions for such addition, including without limitation [***]. For the avoidance of doubt, nothing under this Section 1.53 shall require Noile to breach its confidentiality obligations to any third party under non-disclosure agreements or other similar agreements.

1.54. "Phase II Clinical Trial" means a Clinical Trial of a Licensed Product with the endpoint of evaluating its effectiveness for a particular indication or indications in one or more specified doses or its short-term tolerance and safety, as well as its pharmacokinetic and pharmacodynamic information in patients with the indications under study.

1.55. "Priority Date" has the meaning as set forth in Section 3.2.

1.56. "Product" means a pharmaceutical or biologic product containing CAR-T or TCR-T directed against a particular Target.

1.57. "Noile Materials" has the meaning as set forth in Section 8.2.

1.58. "Project Team" means a team of the personnel involved in managing and/or executing the Initial Research. The Project Team may be established on a project-by-project basis, each of such projects shall be identified in the Research and Development Plan.

1.59. "Regulatory Approval" means any approval (including supplement, amendment, pre- and post-approval, pricing approval and reimbursement approval), licenses, registrations or authorizations of any national, regional, state or local Regulatory Authority, department, bureau, commission, council or other government authority, that is necessary for the commercialization of Licensed Product under this Agreement.

1.60. "Regulatory Authority" means the FDA or any other regulatory authority or body with regulation or governance over the performance of any part of the activities under this Agreement.

1.61. "Research License" has the meaning as set forth in Section 7.1.

1.62. "Research and Development Plan" means a written research and development plan of the Development ending in Regulatory Approval of Licensed Products Targeting a Legend Selected Target describing (i) the collaborative research activities to be pursued by the Parties under this Agreement, (ii) allocation of responsibilities or roles of each Party, (iii) the anticipated timeline, (iv) [***], in each case with respect to the Legend Selected Target and development activities related to Licensed Compounds and Licensed Products, as amended from time to time [***].

1.63. "Royalty Term" means, on a country-by-country, Licensed Product-by-Licensed Product and Licensed Target-by-Licensed Target basis, the period commencing on the First Commercial Sale of a Licensed Product in a country in the Territory and ending upon the later of: (i) expiration of the Data Protection Period with respect to such Licensed Product in such country or (ii) expiration of the last to expire Valid Claim covering such Licensed Product in such country or (iii) the tenth (10th) anniversary of the First Commercial Sale of the first Licensed Product Targeting such Licensed Target in such country.

1.64. "SAE" means a serious adverse event, as defined and revised by the U.S. FDA, resulting from any Clinical Trial or administration of a Product.

1.65. "Sublicensee" means a Third Party or Affiliate of Legend which has been granted a sublicense under the Commercial License by Legend [***].

1.66. "Substitute Option Right" has the meaning as set forth in Section 3.6(a).

1.67. "Substituted Target" has the meaning as set forth in Section 3.6(d).

1.68. "SUSAR" means a suspected unexpected serious adverse reaction resulting from any Clinical Trial or administration of a Product.

1.69. "Target" means, [***]. If a Target is [***], and if a Target is [***]. A Target shall [***]. By way of example, if a Target is [***], it includes: (a) [***] such Target [***], and (b) [***] of such Target or variant thereof. "Target", "Targeting" or "Targeted" means, when used as a verb, [***].

1.70. "Target Candidate" means any candidate Target which Legend nominates and makes notice in writing to Target Reviewer for review.

1.71. "Target Reviewer" means an independent reviewer [***].

1.72. "Taxes" has the meaning as set forth in Section 10.7.

1.73. "TCR-T" means engineered T-cells that express a T-cell receptor on their cell membrane, which [***].

1.74. "Territory" means worldwide.

1.75. "Third Party" means a person or entity other than the Parties and their respective Affiliates.

1.76. "Third Party Claims" has the meaning as set forth in Section 16.1.

1.77. "Treaty" has the meaning as set forth in Section 10.7.

1.78. "Valid Claim" means an issued and unexpired claim of a Licensed Patent, including any additional term provided by a SPC (supplementary protection certificate or its equivalent), existing in a country or area in the Territory that claims the composition of matter of the applicable Licensed Compound or Licensed Product in that country and that 1) has not been revoked or held invalid or unenforceable by a decision of a court or other governmental agency of competent jurisdiction, and 2) has not been denied or admitted to be invalid or unenforceable through reissue, re-examination, disclaimer or otherwise by Noile.

1.79. "Work Results" means any Intellectual Property and any source information and data relevant to such Intellectual Property invented, developed or otherwise made by or on behalf of a Party (or Parties) in the course of all activities under this Agreement including but not limited to the Initial Research, Development and Commercialization activities (whether or not patentable or subject to copyright or trade secret protection). For clarity, Work Results shall include raw data, laboratory notebooks and materials, if any.

## 2. GOVERNANCE

Legend and Noile agrees to cooperate with each other in good faith [***] in accordance with the terms and conditions of this Agreement. Without limiting the generality of the foregoing and any other obligations of Legend under this Agreement, Legend will notify Noile, [***] any milestone achievement [***]. In addition, Noile is entitled to request Legend to disclose [***] which Legend will not unreasonably reject or withhold, [***].

**3. TARGET NOMINATION, SELECTION AND SUBSTITUTE**

3.1. Legend's Right.

(a) Subject to Section 3.6, during the Initial Research Term, Legend has the right to nominate up to two (2) Legend Selected Targets for evaluating, researching or developing Licensed Compounds and/or Licensed Products. For clarity, and notwithstanding anything to the contrary in this Agreement, Legend is [***]

(b) During the valid term of the Substitute Option Right, Legend shall have the right to convert each Legend Selected Target into a Licensed Target by providing written notice to Noile, which Licensed Target fully enjoys the Commercial License with sublicensing right under Section 7.4, provided however, it will automatically lose the Substitute Option Right with respect to the converted Legend Selected Target after such conversion.

(c) Furthermore, Legend shall have the right within the valid term to exercise the Substitute Option Right by substitution from any Legend Selected Target based upon the provisions set forth in Section 3.6(a).

3.2. Nomination. Following the Effective Date, Legend may nominate Target Candidates by providing written notice to the Target Reviewer of such Target Candidates, that Legend proposes to become Licensed Targets finally. This right of nomination is exercisable by Legend throughout the Initial Research Term until all Legend Selected Targets have been finally determined in accordance with this Agreement, subject to Section 3.6; provided, however, that such right of nomination shall be exercised at any one time only in relation to a maximum number of Target Candidates which is equal to the number of Legend Selected Targets which remain unselected at the time of the exercise. Upon receiving a written notice from Legend which is compliant with this Section 3.2, the Target Reviewer shall promptly (and in no event later than [***] days after such receipt) make written notice, with a copy to Legend, to Noile of the fact of the nomination, the date on which the Target Reviewer received the written notice from Legend (the "Priority Date"), and the number of Target Candidates nominated by Legend in its written notice to the Target Reviewer, without disclosing to Noile [***] such Target Candidates.

3.3. Selection. Upon notice to Noile by the Target Reviewer under Section 3.2, Noile shall [***] provide the Target Reviewer with a list of all Targets, (a) to which Noile has licensed exclusive rights to a Third Party, or is otherwise contractually restricted from licensing any right to Legend, evidenced by the relevant exclusive license agreements or other contracts; (b) which Noile has entered into (and has maintained ongoing) active discussions with a Third Party with respect to a potential agreement, which when executed, would be described in sub-Section (a) above, with such discussions being evidenced by [***] ("Ongoing Bona Fide Discussions"); and (c) to which Noile has itself already initiated and maintained [***] specific to a Product Targeting such Target, as evidenced by [***] ("Noile Research"); in each case

of sub-Sections (a) through (c) above, as of the Priority Date (the "List", and the Targets on the List, the "Excluded Targets"). The Target Reviewer shall verify the list and the evidence provided by Noile, select the Target(s) among the Target Candidates which do not fall under the Excluded Targets, and notify Legend, in writing with a copy to Noile, of the result of the selection operation.

3.4. Designation of Each Legend Selected Target. Immediately upon the notification from the Target Reviewer under Section 3.3 that a Target Candidate nominated by Legend is not an Excluded Target, such Target shall be deemed a "Legend Selected Target". For clarification, this event shall be the direct trigger for the Initial Payment for the applicable Legend Selected Target under Section 9.1. For clarity, and subject to Section 3.6, Legend has the right to nominate any Legend Selected Target only within the Initial Research Term, that is [***] after the Effective Date; provided, however, that the period during which Legend has the right to nominate any Legend Selected Target shall be tolled for [***] and the Initial Research Term shall be extended by such duration.

3.5. Updated Arrangements. Unless and until two (2) Legend Selected Targets have been finally selected in accordance with this Agreement, Legend may continue exercising the right of nomination provided for in Section 3.2, within the Initial Research Term only (but subject to Section 3.6), by providing written notice to the Target Reviewer of new Target Candidates and/or past Excluded Targets in accordance with Section 3.2. The Target Reviewer shall follow the procedure set forth in Section 3.2 in notifying Noile of any and all new nominations made by Legend, and Noile shall follow the procedure set forth in Section 3.3 in providing the Target Reviewer updates to the List upon receiving the notice from the Target Reviewer of new nominations made by Legend. Such updates may include, but are not limited to, addition of new Excluded Targets (with corresponding evidence as required in Section 3.3) and removal of past Excluded Targets from the List (due to, for example, termination of exclusive license agreements or other contracts with Third Parties, termination of Ongoing Bona Fide Discussions, or termination of Noile Research). The Target Reviewer shall then follow the procedure set forth in Section 3.3 in notifying Legend any and all new Target(s) selected by it. Up to two (2) Legend Selected Targets can be initially designated by both Parties during the Initial Research Term. If the number of the Legend Selected Targets initially designated during the Initial Research Term is less than two (2), no extension of the Initial Research Term is permitted for further selection of initial Legend Selected Targets. However, if no Legend Selected Target is selected during the Initial Research Term, both Parties shall consult in good faith to find a solution, including, without limitation, termination of this Agreement.

3.6. Substitute of Target.

**(a)** Notwithstanding anything herein to the contrary, Legend shall have, after the initial designation of a Legend Selected Target, an option to substitute such Legend Selected Target with a new Target, which option may be exercised by Legend [***], with respect to each initially designated Legend Selected Target (referred to as "Substitute Option Right"). Any such Substitute Option Right shall be valid and exercisable, on a Legend Selected Target-by-Legend Selected Target basis, [***].

(b) Each substitution under Section 3.6(a) shall be [***] relating to such Target (or a Licensed Compound or a Licensed Product relating to such Target), based upon which [***]. In the case where Legend desires to replace a Target with any proposed Target Candidate, Legend, the Target Reviewer and Noile shall follow the procedures set forth in Sections 3.2-3.4 in selecting the replacement Legend Selected Target. Additionally, Legend shall [***] to replace the Target.

(c) For clarity, Legend shall have [***]. If Legend desires [***] to this Agreement under the terms and conditions to be mutually agreed upon.

(d) Any Legend Selected Target as replaced with a new Target shall no longer become a Licensed Target (herein referred to as "Substituted Target") nor be covered by the Research License under Section 7.1.

## 4. RESEARCH AND DEVELOPMENT PLAN

4.1. Research and Development Plan. Following the designation of each Legend Selected Target in accordance with Section 3, Legend shall, upon good faith discussion with Noile, use Commercially Reasonable Efforts to determine a Research and Development Plan covering [***] research and development activities for Licensed Compounds and Licensed Products Targeting such Legend Selected Target, and as required to enable the filing of an approval by Legend for a Licensed Product Targeting the Licensed Target [***]. Legend shall consider in good faith any suggestions or comments from Noile (if any) in relation to the preparation of a Research and Development Plan, but shall have the final decision on all matters of such Research and Development Plan to the extent it is compliant with the terms and conditions of this Agreement; provided, however, that if such Research and Development Plan obligates Noile to perform specific scientific and/or technical activities which are assigned to Noile, Noile's prior consent (which shall not be unreasonably withheld) shall be required with respect to such assignment of activities to Noile.

4.2. Performance of Research and Development Plan

(a) Under each Research and Development Plan, Legend shall use Commercially Reasonable Efforts to perform the Research and Development Plan. Legend will provide Noile with [***] reports in reasonable form and substance in relation to updates to the progress of the relevant Research and Development Plan.

(b) Upon request by Legend and agreement by Noile (which shall not be unreasonably withheld), Noile shall provide reasonable technical support to facilitate and speed up the research as stated in the relevant Research and Development Plan; provided, however, that [***]. Further, both parties shall discuss in good faith considering each other's suggestion in relation to the Research and Development Plan at each stage.

4.3. Subcontractors. Each Party may subcontract portions of its work as necessary under the Research and Development Plan to (i) any Affiliate or (ii) Third Parties; provided in the case of a Third Party, (a) [***], and (b) such subcontract is in writing and is consistent with the terms and conditions of this Agreement including the confidentiality provisions of Section 12 and any rights granted to such subcontractor are restricted to only those rights necessary for performance by such subcontractor of the portions of work on behalf of the sub-contracting Party. The sub-contracting Party shall remain fully responsible (at its cost) for all acts or omissions of any subcontractor it appoints (including any acts or omissions which result in a breach of the terms of this Agreement) and shall ensure that each subcontractor complies with the terms and conditions of this Agreement.

4.4. Completion of any Research and Development Plan. The term for a particular Research and Development Plan shall commence on the start date for such Research and Development Plan, and shall continue, unless earlier terminated in accordance with Section 17, until [***] in the Research and Development Plan. For the avoidance of doubt, and notwithstanding anything herein to the contrary, under no circumstances shall Legend be obligated to disclose or provide to Noile any of Legend's technology, data, information, know-how, trade secrets, materials (including biological materials), compounds, procedures or inventions, in each case invented, developed, created or otherwise made by, for or on behalf of Legend or its Affiliates prior to the Effective Date or after the Effective Date but independently of this Agreement.

4.5. Reports and Records.

(a) Progress Reports. Legend shall keep Noile [***] informed of its progress under each relevant Research and Development Plan, including with respect to any milestone achievement. All such reports, information and data provided by a Party shall be considered the providing Party's Confidential Information and, as between the Parties, shall be exclusively owned by the providing Party.

(b) Development Records. Legend shall maintain records of its performance of each Research and Development Plan (or cause such records to be maintained) in sufficient detail and in good scientific manner as shall properly reflect all work done and results achieved in the performance of such Research and Development Plan. All laboratory notebooks shall be maintained for [***] of the relevant notebook entry. All other records shall be maintained by each Party during the applicable Research and Development Plan [***]. All such records of a Party shall be considered such Party's Confidential Information and, as between the Parties, shall be exclusively owned by such Party.

(c) Quality. Each Research and Development Plan shall be performed at all times in accordance with all Applicable Laws including as applicable requirements of GxP.

4.6. Research Efforts. Each Party may assign such scientific and technical personnel and allocate such other resources as such Party judges are reasonably necessary for performing the activities as are assigned to it in each Research and Development Plan and shall perform such activities in accordance with all Applicable Laws (including GxPs) in each case to the extent applicable to performance of the relevant Research and Development Plan activities by such Party and the terms and conditions of this Agreement. Each Party shall be solely responsible for the safety and health of its employees, consultants and visitors, and for compliance with all Applicable Laws related to health, safety and the environment, including providing its employees, consultants and visitors with all required information and training concerning any potential hazards involved in performing such activities and any precautionary measures to protect its employees from any such hazards at its own facilities and as regards its or its subcontractors' performance of the Research and Development Plan. Each Party shall use Commercially Reasonable Efforts to [***] in each Research and Development Plan.

4.7. Conduct of Clinical Trials. Legend agrees that any Clinical Trial with respect to a Licensed Product will be conducted under an IND and in accordance with applicable GxPs.

## 5. DEVELOPMENTS AND REGULATORY APPROVAL

5.1. As between the Parties, Legend shall be responsible for holding and applying for any Regulatory Approvals or MAAs in relation to the Licensed Products and the Licensed Compounds, and for sponsoring any Clinical Trials (including holding the IND). Legend shall have sole decision-making authority in relation to any sponsorship of any Clinical Trials or progression of any Licensed Products through Clinical Trials, including the decision on whether to apply for any MAAs.

5.2. Legend shall use Commercially Reasonable Efforts to develop the Licensed Products and obtain Regulatory Approval at its own responsibility and expense in the Territory.

5.3. Legend shall more specifically use Commercially Reasonable Efforts to satisfy the following obligations:

(a) Submit the first (1st) IND for a Licensed Compound (or Licensed Product) to a Regulatory Authority in a Major Country within [***]; and

(b) Have the First Commercial Sale of a Licensed Compound (or Licensed Product) in a Major Country within [***].

For the avoidance of doubt, the above obligations are indicative of Commercially Reasonable Efforts [***], and Legend shall still continue to use a reasonably similar level of effort after Legend completes the above obligations.

5.4. In the event that Noile in good faith believes that Legend is not meeting its diligence obligations, and Legend has not achieved one of the above diligence milestones by the corresponding target date, then within [***] of Noile's written request for the Parties to meet, the Parties shall [***] for the Parties to discuss Legend's progress toward the [***]. If, following the [***] meeting, [***] that Legend is satisfying its diligence obligations despite the fact that Legend has not achieved a development milestone by the corresponding target date, then the Parties shall, in good faith, discuss and mutually agree upon a new target date for the achievement of such development milestone, based upon the then-expected development environment.

5.5. If, following the above [***] meeting, Legend [***] this Agreement, and, should that [***], then Legend shall, [***], either (i) [***], or (ii) [***]. In the event of the above (i), the Parties [***].

5.6. Legend shall provide Noile with [***] written progress reports summarizing the events, schedule, and progress of the Development, registration, and estimated launch dates for each Licensed Product, [***]. Such reports shall be considered Legend's Confidential Information and, as between the Parties, shall be exclusively owned by Legend.

5.7. For the avoidance of doubt, all Licensed Compounds and Licensed Products as necessary for the development hereunder shall be made or had made by Legend at its own responsibility and expense.

## 6. COMMERCIALIZATION

6.1. Commercialization Generally. Legend shall use its Commercially Reasonable Efforts to Commercialize any Licensed Product following its decision to progress filing an IND in relation to such Licensed Product. Legend shall be primarily responsible for and shall have sole decision making authority in relation to the Commercialization and manufacture of the Licensed Product following filing of IND.

6.2. Commercialization Updates. Legend shall keep Noile informed of its Commercialization of any Licensed Product and shall provide [***] updates to Noile summarizing progress in the Development and Commercialization of any Licensed Products in relation to which any Research and Development Plan has been completed. All such updates shall be considered Legend's Confidential Information and, as between the Parties, shall be exclusively owned by Legend.

6.3. Safety Event Reporting. Additionally, each Party shall provide to the other Party prompt written notice of any material safety events pertaining to any Product, including a Product developed by any third party, of which it becomes aware including any SUSARs, SAEs or other material events which [***]; provided, however, that nothing under this Section 6.3 shall require any Party to breach its obligations to any Regulatory Authority under Applicable Law and/or its confidentiality obligations to any third party under non-disclosure agreements or other similar agreements.

## 7. GRANT OF LICENSE

7.1. Research License. Noile agrees to grant and hereby grants to Legend, and Legend agrees to accept and hereby accepts from Noile, an exclusive license, without the right to grant sublicense, under the Licensed Patent and the Licensed Know-How, to research and develop Licensed Compounds and Licensed Products targeting any of the Legend Selected Targets or the Licensed Targets in the Field in the Territory (the "Research License").

7.2. Expiration of Research License. The Research License shall terminate upon [***].

7.3. Commercial License. With respect to each Legend Selected Target and each Licensed Target, Noile agrees to grant and hereby grants to Legend, and Legend agrees to accept and hereby accepts from Noile, an exclusive license (with the right to grant sublicenses through multiple tiers of sublicensees) under the Licensed Patent and the Licensed Know-How, to research, Develop, make, have made, use, sell, offer for sale, export and import Licensed Compounds and Licensed Products Targeting such Legend Selected Target or the Licensed Target (as applicable) in the Field in the Territory (the "Commercial License"). For the avoidance of doubt, the Commercial License shall immediately be invalidated with respect to any Legend Selected Target upon its becoming a Substituted Target.

7.4. Sublicense. Legend shall be fully responsible for the acts or omissions of its Affiliates under this Agreement, the acts or omissions of the Sublicensees under this Agreement, and the sublicensing of the Licensed Patents and the Licensed Know-How in the Field. Legend shall be obliged to [***].

7.5. Target Exclusivity. During the term of this Agreement, neither Noile nor any of its Affiliates shall work independently of this Agreement on any Legend Selected Target (so long as such Legend Selected Target does not become a Substituted Target) or any Licensed Target, for itself or through or with its respective Affiliates or any Third Party (including the grant of any license or option to its Affiliates or any Third Party), to discover or otherwise research and/or Develop and/or Commercialize any Product that binds any Legend Selected Target (so long as such Legend Selected Target does not become a Substituted Target) or any Licensed Target.

**8. TECHNOLOGY TRANSFER**

8.1. Technology Transfer. Within [***] days after the date of the designation of each Legend Selected Target, and thereafter during the term of this Agreement pursuant to Section 1.53 in relation to applicable advances and/or improvements after the Effective Date, Noile shall provide access to Legend all available data and know-how applicable to Noile Platform and such Legend Selected Target or Licensed Target, as applicable, that are available to Noile as of the date of the designation of such Legend Selected Target and which are necessary or useful for the research, Development and Commercialization of Licensed Compounds and Licensed Products for such Legend Selected Target or Licensed Target, as applicable; provided, however, that nothing under this Section 8.1 shall require Noile to breach its obligations to any Regulatory Authority under Applicable Law and/or its confidentiality obligations to any third party under non-disclosure agreements or other similar agreements. Such data, know-how and technology shall include but not limited to [***].

8.2. Material Transfer. During the Initial Research Term, Noile may, at its discretion, provide Legend with materials (collectively, "Noile Materials"), as is agreed to by the Parties in accordance with the Research and Development Plan. In such event, Noile shall disclose at least reasonably sufficient information to handle or maintain such Noile Materials safely. Other details of the transfer of each of Noile Materials, including quality and quantity thereof, the detailed timing and mode of transfer, shall be separately determined between the Parties; [***]. In furtherance of the foregoing, unless otherwise agreed to by the Parties in a separate agreement, it is agreed upon that:

(a) Legend may use Noile Materials for the purpose of the Initial Research or for any other non-commercial or commercial purpose in connection with Licensed Compounds and/or Licensed Products;

(b) Legend shall not transfer Noile Materials in part or whole to any Legend Personnel or Third Party to perform any activities inconsistent with the Research License or the Commercial License (including any sublicense thereof), without the prior written consent of Noile;

(c) Legend's rights under Sections 8.2(a) and 8.2(b) shall not terminate until expiration or termination of the Research License and Commercial License with respect to each Legend Selected Target and Licensed Target; and

(d) unless otherwise specifically provided herein, Noile shall retain all right, title and interest in and to any and all Noile Materials, and Legend shall, upon expiration or termination of the Research License and Commercial License with respect to each Legend Selected Target and Licensed Target: (i) either destroy Noile Materials and provide Noile with written evidence of such destruction or return to Noile, all of the unused Noile Materials; and (ii) cease all work employing such Noile Materials; and

(e) Legend acknowledges that Noile Materials are experimental in nature and they are provided WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. NOILE MAKES NO REPRESENTATION OR WARRANTY THAT THE USE OF NOILE MATERIALS SHALL NOT INFRINGE ANY PATENT OR OTHER PROPRIETARY RIGHTS.

## 9. CONSIDERATION

9.1. Initial Payments for each Legend Selected Target. Within [***] days after the designation of each Legend Selected Target (under Section 3.4) on a Legend Selected Target-by-Legend Selected Target basis, Legend shall pay to Noile an Initial Payment for each Legend Selected Target in the amount of [***] via wire transfer of immediately available funds to the bank account as specified in Exhibit B. The total payments under this Section shall [***] and no payments shall be due on designation of any other Target than Legend Selected Target. For clarity, [***].

9.2. Notification and Milestone Payments. Legend shall [***] notify Noile in writing of the achievement of each milestone event described in the table below and, within [***] of the event, shall remit the applicable Milestone Payment to Noile via wire transfer of immediately available funds to the bank account as specified in Exhibit B with respect to any first Licensed Compound or Licensed Product (whichever is earlier) reaching each of the events below for each Licensed Target:

| Development Events | Milestone Payments |
|---|---|
| [***] | [***] |
| [***] | [***] |
| [***] | [***] |
| [***] | [***] |
| [***] | [***] |
| [***] | [***] |
| [***] | [***] |
| [***] | |

Milestone payments listed above shall be made only once upon the first achievement of each relevant milestone by the first Licensed Compound or Licensed Product (whichever is earlier) for each Licensed Target, and shall be payable no more than two (2) times each (once per each Licensed Target). For the avoidance of doubt, a Milestone Payment shall be due and payable regardless of whether it is Legend or any Affiliate achieving such milestone event or any Third Party achieving such milestone event on behalf of Legend or its Affiliates.

9.3. Royalties. In partial consideration for the rights and licenses granted herein, Legend shall pay to Noile, during the Royalty Term and on a country-by-country and Licensed Product-by-Licensed Product basis, a running royalty as specified below on the Net Sales of the Licensed Products sold by Legend, its Affiliates and/or Sublicensees, which royalty shall not be refundable nor creditable.

| | |
|---|---|
| (A) Annual, worldwide Net Sales of all Licensed Products, except for the case (B) in the row below. | [***] of Net Sales |
| (B) Annual, worldwide Net Sales of all Licensed Products in the applicable Generic/Biosimilar Competition Period. | [***] of Net Sales |

If, during the applicable Royalty Term, a Licensed Product is not covered by a Valid Claim in a Licensed Patent in a country, the royalties owed by Legend on the Net Sales of such Licensed Product in such country sold by Legend, its Affiliates and/or Sublicensees shall be reduced by [***].

In accordance with Section 10.1., Legend shall report to Noile on Net Sales on a Licensed Product-by-Licensed Product and country-by-country basis as long as any obligation to pay royalties for Licensed Products exists.

9.4. Third Party Royalties. If Legend is required to pay patent royalties to a Third Party for an unblocking license permitting the manufacture or sale of Licensed Products, then [***]. [***] paid by Legend under such third-party license shall be creditable against the royalties due Noile; provided that the royalties payable to Noile in a given calendar year shall [***]. For clarification, [***]. It is understood that no such royalty deduction may be granted for Third Party royalties due on account of [***]. For clarity, Legend would be responsible for the payment of any and all royalties and all other payments owed to Third Parties with respect to Licensed Targets under any agreements between Legend and such Third Parties as of or following the Effective Date.

## 10. PAYMENTS BY LEGEND

10.1. Royalty Payments and Report of Sales Amounts. Within [***] days from the end of each Calendar Quarter, Legend shall make payment of the royalties due for such Calendar Quarter. Together with the payment, Legend shall also send Noile a report for such Calendar Quarter setting forth the Net Sales of the Licensed Products in such Calendar Quarter along with its calculation of the royalty due. Legend shall keep accurate records in sufficient detail to enable any payment payable hereunder to be determined.

10.2. Payment Account. The applicable parts of Sections 10.1 through 10.7 shall apply to the Initial Payments under Sections 9.1, the Milestone Payments under Section 9.2, and the royalty payments under Section 9.3. All payments to Noile including the Initial Payments, the Milestone Payments, and royalty payments shall be made by wire transfer to an account of Noile set forth in Exhibit B attached hereto.

10.3. Currency. All amounts payable by Legend under this Agreement shall be paid in United States Dollars. In the case of sales outside the United States, the rate of exchange to be used in computing the amount of royalty payments due Noile shall be made [***]. If, due to restrictions or prohibitions imposed by national or international authority, payments cannot be made as provided in this Section 10, the Parties shall consult with a view to finding a prompt and acceptable solution.

10.4. Right to Audit. Noile shall have the right, upon prior written notice to Legend, not more than [***], through an independent certified public accountant selected by Noile and reasonably acceptable to Legend, which acceptance shall not be unreasonably withheld or delayed, to inspect or audit the relevant records of Legend to verify that the amounts of royalty payments were correctly determined. The independent certified public accountant shall execute a confidentiality agreement, in a form reasonably acceptable to Legend, with respect to all information provided by Legend. Legend shall grant the independent certified public accountant access during normal business hours to those books and records of Legend concerning Licensed Products as may be reasonably necessary for the sole purposes of verifying the accuracy of the reports required to be furnished by Legend, pursuant to Section 9.3 and Section 10.1; provided, however, that verification shall [***]. The records and results of such audits shall be deemed Confidential Information of Legend and, as between the Parties, shall be exclusively owned by Legend. A copy of the independent certified public accountant's report shall be delivered to Legend simultaneously with its delivery to Noile. If the independent certified public accountant's report correctly shows any underpayment of royalties by Legend, Legend shall remit to Noile within [***] days after Legend's receipt of such report:

a) the amount of such underpayment;

b) interest on the underpayment which shall be calculated pursuant to Section 10.5; and

c) the reasonable fees and expenses of the independent certified public accountant performing the audit, if such underpayment exceeds [***]. Otherwise, Noile's accountant's fees and expenses shall be borne by Noile.

10.5. Overdue Payment. In the case of a delay in payment not caused by Force Majeure, interest on any overdue payments shall accrue at a rate of [***], effective for the applicable days of the period of default.

10.6. Record of Sales: Notwithstanding anything herein to the contrary, Legend shall keep, or cause to be kept, records of the sales of the Licensed Products under this Agreement for a period of [***]. Upon request by Noile, Legend shall supply Noile with such records, which may be submitted to the tax authority, and shall give Noile any commercially reasonable assistance in relation thereto. Such records shall be deemed Confidential Information of Legend and, as between the Parties, shall be exclusively owned by Legend.

10.7. Taxes: Noile shall be liable for all income and other taxes (including interest) ("Taxes") imposed upon any payments made by Legend to Noile under this Agreement. No Taxes shall be deducted from the payments made under this Agreement, except that Legend may withhold from any amounts payable hereunder any Taxes which are required to be withheld by Applicable Laws. Noile shall cooperate with Legend and make commercially reasonable efforts in order to (i) file certificates and other documentation with tax authorities and (ii) obtain a reduction or elimination of, or credit for, Taxes relating to this Agreement. Without limitation of the generality of the foregoing, in order to eliminate the obligation to withhold Taxes under the United States-Japan Income Tax Treaty effective as of March 30, 2004 (hereinafter referred to as the "Treaty"), Noile may complete the Application Form (ex.W-8BEN) for Income Tax Convention and the Attachment Form For Limitation On Benefits Section and send them to Legend. Legend agrees that, once Noile has taken all steps necessary for applying the Treaty in a timely manner as provided in this Section, Legend shall not withhold such Taxes unless required by Applicable Law. If, however, Legend determines that it is required by Applicable Law to withhold any Taxes, and such Taxes are withheld and paid by Legend to the appropriate tax authority, then Legend shall provide Noile with an official tax receipt or other evidence issued by the tax authority to support a claim for credit by Noile within [***] days of Legend's receipt of the official tax receipt or evidence from the tax authority.

## 11. INTELLECTUAL PROPERTY AND PATENT INFRINGEMENT

11.1. Ownership.

(a) Ownership of all Work Results, including any Intellectual Property developed in the course of the preclinical development or clinical development of any Licensed Product, shall be determined by inventorship or authorship, as applicable. Inventorship and authorship determination shall be in accordance with [***]. Notwithstanding the above, if the Work Results to the extent [***] then Legend shall solely own the Work Results including but not limited to the relevant intellectual property, know-how, trade-secret etc. and administer that on its sole discretion for any purpose and Noile hereby assigns to Legend all of its rights, title and interest in and to such Work Results, and all intellectual property, know-how, trade secret and other proprietary rights therein. [***]

(b) For the avoidance of doubt, any background Intellectual Property developed before the Effective Date shall remain separately owned by the Party who independently developed such Intellectual Property, and nothing under this Agreement shall affect or impact any ownership of either Party in relation to such Party's background Intellectual Property.

11.2. Intentionally Omitted.

11.3. Prosecution. Legend shall have the first option to institute, prosecute, and control, at its own expense and by counsel of its own choice, any action or proceeding with respect to infringement of any Licensed Patents relating to the manufacture, use, importation, sale, or offer for sale of any Licensed Product being Developed or Commercialized in the Territory. Legend shall have the sole right to institute, prosecute, and control, at its own expense

and by counsel of its own choice, any action or proceeding with respect to infringement of any of Legend's patents relating to Licensed Products. Any amount recovered by Legend as a result of such an action, by settlement or otherwise, shall be [***]. If Legend fails to bring an action or proceeding or otherwise fails to take appropriate action to abate such infringement within a period of [***] starting from the giving of notice by Noile to Legend of any infringement or threatened infringement by a Third Party of any Licensed Patent, Noile shall have the right, but not the obligation, to bring and control, at its own expense and by counsel of its own choice, any action or proceeding relating to the Licensed Patent. Any recovery obtained by Noile as a result of such an action, by settlement or otherwise, shall be [***]. The Party not taking action to respond to any such action shall provide reasonable assistance to the Party taking such action, including, to the extent necessary to allow the Party taking such action to maintain the action, providing access to relevant documents and other evidence, and making its employees available at reasonable business hours. Noile shall not be required to join an action as a party if Legend desires to bring an action in court unless such action is taken by Legend, based on reasonable considerations, in a jurisdiction that requires Noile to be a plaintiff.

11.4. Settlement. In no case may Legend enter into any settlement or consent judgment or other voluntary final disposition that: (i) extends, or purports to exercise, Legend's rights under the Licensed Patents beyond the rights granted pursuant to this Agreement, (ii) makes any admission regarding wrongdoing by Noile, or the invalidity, unenforceability or absence of infringement of any Licensed Patent; (iii) [***] (iv) subjects Noile to an injunction or other equitable relief; or (v) obligates Noile to make a monetary payment; in all cases without the prior written consent of Noile, which consent shall not be unreasonably withheld or delayed. Similarly, in no case may Noile enter into any settlement or consent judgment or other voluntary final disposition that: (a) limits Legend's rights under the Licensed Patents or under this Agreement other than as expressly stated herein; (b) makes any admission regarding wrongdoing on the part of Legend, an Affiliate or Sublicensee, or the invalidity, unenforceability or absence of infringement of any Intellectual Property right arising hereunder or any Licensed Patent; (c) subjects Legend, an Affiliate or Sublicensee to an injunction or other equitable relief; or (d) obligates Legend, an Affiliate or Sublicensee to make a monetary payment; in all cases without the prior written consent of Legend, which consent shall not be unreasonably withheld or delayed.

11.5. [***] shall, at its own cost, maintain responsibility for the preparation, filing, prosecution, and maintenance of any and all patents and patent applications included in the Licensed Patents. [***] agrees to retain a patent law firm and/or patent agent to handle all preparation, filing, prosecution, and maintenance of the patents and patent applications within the Licensed Patents. [***] shall be the client of the patent law firm and/or patent agents. In particular, [***] shall keep [***] informed of any official communication from [***], but only to the extent when such communication relates to matters which would be reasonably expected to adversely affect such Licensed Patents (including any official actions limiting the scope of a claim, citations of prior art, rejections, interferences, oppositions, reexaminations, revocations or nullifications). For the avoidance of doubt, nothing under this Section 11.5 obligates [***] to consult, or otherwise requires [***] in relation to any preparation, filing, prosecution, and maintenance of patents and patent applications included in the Licensed Patents, which shall be performed under [***].

11.6. If reasonably requested by [***] shall cooperate fully in the preparation, filing, prosecution and maintenance of the Licensed Patents and in the obtaining and maintenance of any patent extensions, supplementary protection certificates and the like with respect to any Licensed Patents, including executing all papers and instruments, or requiring their respective employees or contractors to execute such papers and instruments, so as to effectuate the ownership of the Licensed Patents.

## 12. CONFIDENTIAL INFORMATION

12.1. Confidentiality. Except as otherwise expressly provided in this Agreement or otherwise agreed to in writing, each Party shall hold, and shall cause its or its Affiliates' directors, officers, faculty, employees, contractors, subcontractors, consultants, advisors and agents to hold, in confidence all Confidential Information of the other Party furnished to it or its Affiliates by or on behalf of the other Party or the other Party's Affiliates, or acquired by it or its Affiliates, or its or its Affiliates' directors, officers, faculty, employees, contractors, subcontractors, consultants, advisors and agents as required or permitted under this Agreement and shall only disclose such Confidential Information to its or its Affiliates' directors, officers, faculty, employees, contractors, consultants, advisors and agents having a need to know such Confidential Information. Except as otherwise expressly provided in this Agreement or otherwise agreed to in writing, neither Party shall use any such Confidential Information except for the purposes contemplated by this Agreement and as set forth in Section 12.2 or release or disclose such Confidential Information to any other person, except its Affiliates or its or its Affiliates' directors, officers, faculty, employees, contractors, consultants, advisors and agents as needed for such Party's performance of the transactions contemplated by this Agreement, and its auditors, attorneys, financial advisors and bankers in the ordinary course of its business, each of whom has agreed in writing to be bound by obligations of confidentiality no less restrictive than those that bind the Parties under this Agreement. The obligations of this Section 12 shall continue with respect to all Confidential Information until [***].

12.2. Legal Exclusion. Notwithstanding Section 12.1, either Party may disclose the Confidential Information of the other Party to the extent such disclosure is required by a court or applicable administrative order, law or regulation; provided that, to the extent permitted by Applicable Law, such Party promptly provides written notice to the other Party and cooperates with the other Party to minimize the scope of disclosure, and seeks a protective order to prevent disclosure of such information. If, in the absence of a protective order or other remedy, such Party is[***] compelled to disclose any such Confidential Information to any tribunal or other entity, such Party may disclose such Confidential Information without liability hereunder; provided that such Party gives prior written notice (to the extent permitted by Applicable Law) to the other Party and copies of the Confidential Information to be disclosed. Any information disclosed under this Section 12.2 shall remain confidential for all other purposes; provided that such information continues to be Confidential Information.

12.3. Responsibility. Without limiting the generality of any other clause herein including without limitation Section 7.4, each Party shall be responsible for any breach of this Section 12 by its Affiliates or its or its Affiliates' directors, officers, employees, contractors, subcontractors, consultants, advisors or agents.

12.4. [***] Covenant.

(a) Each Party hereby covenants not to [***] the other Party regarding the [***] which such Party may [***] hereunder, for the other Party's [***] through contract research organizations or "bona fide Third Party collaborators"; provided that neither Party shall [***] such contract research organizations or Third Party collaborators who have [***] the Parties under this Agreement.

(b) The covenant in Section 12.4(a) shall not: (i) be construed to give either Party [***] the other Party, with any [***]; or (ii) restrict any rights that either Party may have under applicable [***] law, for example, but without limitation, [***].

(c) The term "bona fide Third Party collaborators" used in Section 12.4(a) means: (i) [***] Third Party who enters into a written agreement with a Party to conduct collaborative research [***]; or (ii) [***] Third Party who enters into a written agreement with a Party to conduct collaborative research.

**13. PUBLICATION**

13.1. In case a Party desires to publish or otherwise disclose in public any Work Results, such Party shall furnish the other Party with a copy of any proposed written or oral publication or presentation (including manuscripts, abstracts, and oral presentations) at least [***] days prior to submission for publication or presentation. The other Party shall promptly notify in writing the Party desiring to publish or present if any action is necessary to delete or redact any Confidential Information of the other Party or to file for patent protection of any Work Results proposed to be disclosed in the written or oral publication or presentation. The Party desiring the publication shall: (i) delete or redact any Confidential Information identified in a notice(s) by such other Party, and/or (ii) delay publishing such proposed publication for a maximum of [***] days in order to allow for patent protection of the Work Results to be secured.

13.2. Each Party recognizes the need to secure patent applications to protect the value of inventions made in the Initial Research. Therefore, in case of Section 13.1(ii), the Parties shall work in good faith to properly secure patent applications in a timely manner and establish a publication process that preserves the ability of the Parties to maximize patent protection while publishing results in a reasonable timeframe. Each Party shall have the right to participate in publications as authors when appropriate.

**14. REPRESENTATIONS AND WARRANTIES**

14.1. Mutual Representations and Warranties. Each Party warrants and represents to the other Party as of the Effective Date that:

(i) it is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of formation, and it has full corporate power and authority to execute, deliver, and perform this Agreement and has taken all corporate action required by Applicable Law and its organizational documents to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement;

(ii) this Agreement constitutes a valid and binding agreement enforceable against it in accordance with its terms (except as the enforceability thereof may be limited by bankruptcy, bank moratorium or similar laws affecting creditors' rights generally and laws restricting the availability of equitable remedies and may be subject to general principles of equity whether or not such enforceability is considered in a proceeding at law or in equity); and

(iii) the execution and delivery of this Agreement and all other instruments and documents required to be executed pursuant to this Agreement, and the consummation of the transactions contemplated hereby do not and shall not (a) conflict with or result in a breach of any provision of its organizational documents, (b) result in a breach of any agreement to which it is a party; or (c) violate any Applicable Laws.

14.2. Representations and Warranties by Noile. Additionally, Noile represents and warrants that:

(i) it solely and exclusively owns or Controls all rights, title and interest in and to the Licensed Patents and the Licensed Know-How free and clear of any liens, charges and encumbrances;

(ii) as of the Effective Date, no other person, corporate or other private entity, or government entity or subdivision thereof, has any claim of ownership whatsoever with respect to the rights under the Licensed Patents and Licensed Know-How;

(iii) it has the right to enter into this Agreement and to grant the licenses to Legend hereunder;

(iv) as of the Effective Date, other than the Licensed Patents and Licensed Know-How, neither Noile nor its Affiliates owns or controls any patents or know-how that would be necessary or useful for Legend's performance as contemplated in this Agreement;

(v) all maintenance fees and annual payments due for the Licensed Patents in the Territory have been paid when due;

(vi) as of the Effective Date it has not received any notice of infringement or any written communication relating in any way to the possible infringement of any Third Party Intellectual Property by the activities of Noile prior to the Effective Date or by the activities of Legend contemplated by this Agreement;

(vii) it shall not knowingly enter into any agreement after the Effective Date which would be inconsistent with its obligations under this Agreement or deprive Legend of its rights or licenses granted under this Agreement;

(viii) as of the Effective Date it has not knowingly granted any licenses to Third Parties or filed any patent applications inconsistent with the licenses granted to Legend hereunder;

(ix) it has provided to Legend, prior to the Effective Date, any and all Clinical Trial data related to the Noile Platform owned or Controlled by or otherwise known to it or its Affiliates as of the Effective Date; provided, however, that nothing under this Section 14.2(xii) shall require Noile to breach its obligations to any Regulatory Authority under Applicable Law and/or its confidentiality obligations to any third party under non-disclosure agreements or other similar agreements; and

(x) except for [***], it has not been aware of, prior to the Effective Date, any and all passive information or result concerning [***].

14.3. Nothing in this Agreement shall be construed as:

(a) a warranty or representation by Noile as to the validity, patentability, scope and/or enforceability of any of the Licensed Patents, subject to Section 14.2;

(b) a warranty or representation by Noile that any Products made, used, sold, or otherwise disposed of under any Licensed Patents and Licensed Know-How are or shall be free from infringement of patents or other Intellectual Property rights not licensed hereunder or of Third Parties, subject to Section 14.2;

(c) a warranty or representation by Noile that Intellectual Property rights owned by Third Parties, other than the Licensed Patents and Licensed Know-How, are not required to formulate, manufacture, sell, or use the Licensed Products, subject to Section 14.2; or

(d) an obligation of Noile to defend any suit or action brought by a Third Party which challenges or concerns any of the Licensed Patents.

14.4. Representations and Warranties by Legend. Legend warrants that its Affiliates and Sublicensees shall observe the substance of the terms and conditions of this Agreement. [***]

## 15. DISCLAIMER AND LIMITATION OF LIABILITY

15.1. EXCEPT AS EXPRESSLY SET FORTH UNDER SECTIONS 14.1 AND 14.2, NOILE HEREBY EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, WHETHER EXPRESS OR IMPLIED, RELATING TO LICENSED PATENTS, LICENSED KNOW-HOW, LICENSED COMPOUNDS, AND LICENSED PRODUCTS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT, VALIDITY, PATENTABILITY, OR ENFORCEABILITY OF LICENSED PATENTS.

15.2. OTHER THAN AS EXPRESSLY PROVIDED IN SECTION 16, NOILE SHALL NOT BE LIABLE TO LEGEND, INCLUDING ITS AFFILIATES AND SUBLICENSEES, FOR THIRD PARTY CLAIMS, ACTIONS, AND DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE LICENSED COMPOUNDS AND LICENSED PRODUCTS.

15.3. EXCEPT FOR A PARTY'S BREACH OF ITS OBLIGATIONS UNDER SECTION 7.5 OR SECTION 12, NEITHER PARTY SHALL BE ENTITLED TO CLAIM FROM, OR RECOVER FROM, THE OTHER PARTY, ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT.

**16. INDEMNIFICATION**

16.1. Indemnification by Legend. Subject to Section 16.3, Legend shall indemnify, defend and hold Noile, its Affiliates and their respective directors, officers, and employees and the successors and assigns of any of the foregoing harmless from and against any and all liabilities, damages, settlements, penalties, fines, costs or expenses (including reasonable attorneys' fees and other reasonable expenses of litigation) (collectively, "Loss" or "Losses") to the extent arising out of or in connection with any Third Party claims, suits, actions, demands or judgments ("Third Party Claims") relating to (a) the negligence or willful misconduct of Legend or its Affiliates or any of its or their sub-contractors; and (b) any breach of Applicable Laws by Legend or its Affiliates, Sublicensees or any of its or their sub-contractors; and (c) any breach of the warranties under Section 14 by Legend or its Affiliates; and (d) infringement of a patent owned by a Third Party by Legend's activities under this Agreement ([***]); except, in each case, to the extent caused by the negligence or willful misconduct of Noile or its Affiliates or any of its or their sub-contractors or breach of this Agreement by Noile or its Affiliates.

16.2. Indemnification by Noile. Subject to Section 16.3, Noile shall indemnify, defend and hold Legend, its Affiliates and their respective directors, officers, and employees and the successors and assigns of any of the foregoing harmless from and against any and all Losses to the extent arising out of or in connection with any Third Party Claims relating to (a) the negligence or willful misconduct of Noile, its Affiliates or any of its or their sub-contractor; and (b) any breach of Applicable Laws by Noile, its Affiliates, or any of its or their sub-contractors; and (c) any breach of the warranties under Section 14 by Noile or its Affiliates; except, in each case, to the extent caused by the negligence or willful misconduct of Legend or its Affiliates or any of its or their sub-contractors or breach of this Agreement by Legend or its Affiliates.

16.3. Indemnification Procedures. If a Party intends to claim indemnification under this Agreement (the "Indemnitee"), it shall promptly notify the other Party (the "Indemnitor") in writing of such alleged Loss and the Third Party Claim. The Indemnitor shall have the right to control the defense thereof with counsel of its choice as long as such counsel is reasonably acceptable to the Indemnitee. The Indemnitee shall have the right to retain its own counsel at its own expense for any reason in connection with such Third Party Claim, [***]. The Indemnitee and its employees and agents shall reasonably cooperate with the Indemnitor and its legal representatives in the investigation of any Third Party Claim covered by this Agreement. The obligations of this Section 16 shall not apply to any settlement of any Third Party Claim if such settlement is effected without the consent of both Parties, which shall not be unreasonably withheld or delayed. The failure to deliver written notice to the Indemnitor within a reasonable time after the commencement of any such action, to the extent prejudicial to its ability to defend such action, shall relieve the Indemnitor of any obligation to the Indemnitee under this Section 16.3. It is understood that only Noile and Legend may claim indemnity under this Agreement (on their own behalf or on behalf of their respective directors, officers, and employees and the successors and assigns of any of the foregoing), and no other party may directly claim indemnity hereunder.

16.4. Other Infringement. In the event of any patent infringement, misappropriation claim, or suit against either Legend or Noile with respect to Legend's activities under this Agreement, including any claim made as part of an arbitration, which is not indemnifiable

pursuant to this Agreement, each Party shall nevertheless immediately notify the other Party in writing and such other Party shall give the notifying Party reasonable assistance to defend the said claim or suit and any appeal arising therefrom; provided, however that the notifying Party shall continue, at its own cost and expense, to take all necessary measures and actions to defend the said claim or suit and shall continue to control such claim, suit and appeal.

16.5. Insurance. Each Party shall obtain and maintain comprehensive general liability insurance customary in the industry for companies of similar size conducting similar business. [***] days after signing this Agreement, each Party shall provide, upon request therefor, the other Party with its certificate of insurance evidencing such insurance coverage.

## 17. TERM AND TERMINATION

17.1. This Agreement shall become effective as of the Effective Date and shall, unless terminated sooner as set forth herein, remain in effect on a country-by-country, Licensed Target-by-Licensed Target, and Licensed Product-by-Licensed Product basis as long as Legend has an obligation to pay the Initial Payments pursuant to Section 9.1, the Milestone Payments pursuant to Section 9.2, or royalties to Noile pursuant to Section 9.3. After the expiration of this Agreement under this Section 17.1, the exclusive license granted by Noile to Legend under Section 7.3 shall be converted into [***], fully paid-up, irrevocable, royalty-free, and perpetual license.

17.2. Legend may terminate this Agreement, either as a whole, on a country-by country basis, on a Licensed Target-by-Licensed Target basis, or on a Licensed Product-by-Licensed Product basis at any time by giving [***] days' prior written notice, if in its reasonable judgment, such termination is justified for any reason including but not limited to commercial, scientific, or medical reasons.

17.3. This Agreement may be terminated by either Party at any time during the life of this Agreement:

(a) if it is proven by reasonable evidence that the other Party is in breach of its essential obligations hereunder by causes and reasons within its control and responsibility and has not cured such default within [***] days after the receipt of written notice identifying the default and requesting its correction; or

(b) upon filing or institution of bankruptcy, reorganization, liquidation, or receivership proceedings against the other Party.

17.4. If this Agreement is terminated pursuant to Section 17.2 by Legend or pursuant to Section 17.3 by Noile, then Legend shall take and/or cause the relevant Affiliates or Sublicensees, unless otherwise agreed upon between the Parties in writing, to take the following measures solely with respect to the relevant countries, relevant Licensed Targets, relevant Licensed Compounds and relevant Licensed Products, as reasonably applicable:

(a) cease to use the Licensed Patents and the non-public, confidential Licensed Know-How, subject to an orderly wind-down, close out of any activity of relevant Licensed Targets and close out of any Clinical Trials of the Licensed Compounds or the Licensed Products that Legend may have on-going; and

(b) return all the relevant Licensed Know-How (including remaining materials) supplied by Noile.

17.5. If this Agreement is terminated by Legend pursuant to Section 17.3, then Legend shall take and/or cause its Affiliates or Sublicensees to take the following measures:

(a) cease to use the Licensed Patents and the non-public, confidential Licensed Know-How, subject to an orderly wind-down, close out of any activity of relevant Licensed Targets and close out of any Clinical Trials of the Licensed Compounds or the Licensed Products that Legend may have on-going;

(b) cease to discover, Develop, make, have made, use, import, export, sell and offer to sell Licensed Products (including Licensed Compounds as applicable); and

(c) return all the Licensed Know-How supplied by Noile.

17.6. Any expiration and/or termination of this Agreement for any reason shall be without prejudice to:

(a) Noile's right to receive all payments of the Initial Payments, the Milestone Payments, the royalty payments, and any other payments accrued before the effective date of the expiration or termination of this Agreement; and

(b) the obligation of Legend to keep records provided for in Section 10 above, Noile's right to examine records provided for in Section 10.4 above, and Legend's obligation to furnish tax receipts provided for in Section 10.7 above.

17.7. In addition to the rights/obligations of the Parties as provided for in Section 17.6 above, termination or expiration of this Agreement shall not relieve the Parties of any remaining liability, obligations (including indemnification), or rights as shall appropriately survive termination of this Agreement (as specified in the following sentence), nor shall it preclude either Party from pursuing all rights and remedies it may have hereunder or under Applicable Laws with respect to any breach of this Agreement, nor shall it prejudice any Party's right to obtain performance of any obligation. The provisions of Sections 1, 8.2(a), 8.2(b), 10.4, 10.6, 10.7, 11, 12, 13, 14, 15, 16, second sentence of 17.1, 17.4, 17.5, 17.6, 17.7, 17.8, 17.9 and 18 shall survive the expiration or termination of this Agreement; provided however that Sections 8.2(a), 8.2(b) and second sentence of 17.1 shall not survive in the case where this Agreement was terminated for causes attributable to Legend, including without limitation termination by Legend pursuant to Section 17.2 and termination by Noile pursuant to Section 17.3.

17.8. The license as granted under Section 7 shall forthwith terminate, upon any termination of this Agreement, except for expiration of the term of this Agreement as provided for in Section 17.1 above.

17.9. Notwithstanding anything in this Section 17 to the contrary, Legend shall have the right to sell and otherwise dispose of the Licensed Products in stock and in the process of being made at the time of early termination of this Agreement for [***] following such termination, subject to Legend's compliance with the terms and conditions of this Agreement, specifically including, without limitation, the payment of royalties and the submission of royalty reports with respect to such sale of Licensed Products.

**18. MISCELLANEOUS PROVISIONS**

18.1. Amendment. Any amendment or modification of any provision of this Agreement shall be in writing, dated, and signed by each Party.

18.2. Arbitration.

(a) Any dispute, controversy, or claim arising under, out of, or relating to this Agreement or any subsequent amendments of this Agreement, including without limitation its formation, validity, binding effect, interpretation, performance, breach, or termination, as well as non-contractual claims (collectively referred to as "Disputes") first shall be attempted to be resolved by discussions between the senior management of the Parties, [***] days following the date on which the Dispute was submitted to them. All negotiations pursuant to this Section 18.2(a) shall be deemed each Party's Confidential Information, and shall be treated as settlement negotiations for purposes of any applicable rules of evidence in any subsequent litigation between the Parties relating to such Dispute. If the Parties' senior management are unable to resolve such Dispute within [***] period, then either Party may initiate arbitration proceedings in accordance with the provisions of Section 18.2(b) below.

(b) If a Dispute is not resolved within [***] (or such other period of time mutually agreed upon by the Parties) after the senior management of the Parties have met as required by Section 18.2(a) above, then it shall be finally resolved by arbitration initiated by either Party and conducted by a [***] under the Rules of Conciliation and Arbitration of the ICC (International Chamber of Commerce) then in force. The arbitration shall take place [***]. The Parties shall [***]. Failing such agreement, any Party may apply under the applicable rules of the ICC for the appointment of arbitrator(s) and the selection of arbitrator(s) under such rules of the ICC shall be final and binding on the Parties. All such arbitrator(s) shall have appropriate experience in the pharmaceutical industry and be independent of all the Parties. The Parties shall [***] after the arbitrator(s) have been appointed. The award shall be final and binding upon the Parties, and judgment upon the award may be entered in any court having jurisdiction thereof. [***] The arbitrators shall examine arguments and evidence by each Party and resolve each of the issues identified by the Parties. The panel of arbitrators shall render a formal, binding non-appealable resolution and award on each issue as expeditiously as possible. In any arbitration, discovery shall be permitted subject to the arbitrators' reasonable judgment, and each Party shall voluntarily produce to the other all documents such Party shall use in its portion of the arbitration. The arbitrators shall have no power to include an award of attorneys' fees and costs to the prevailing Party, or to award punitive, special, incidental or consequential damages. All rulings of the panel of arbitrators

shall be in writing and shall be delivered to the Parties. Each Party shall bear its own costs for its counsel and other expenses, and the Parties shall equally share the costs of the arbitration. Judgment upon the award may be entered in any court having jurisdiction, or application may be made to such court for judicial acceptance of the award and/or an order of enforcement as the case may be. Notwithstanding the foregoing, this Section 18.2 shall not apply to any disputes relating to a Party's patent rights (including the validity or infringement of patents or scope of patent claims), which instead shall be resolved by a court or the patent office (or its equivalent) of competent jurisdiction.

18.3. Assignment. Neither Party may assign or transfer this Agreement or any right or obligation hereunder to any Third Party without the prior written consent of the other Party, except that either Party may assign this Agreement to an Affiliate or to an assignee or successor to all or substantially all of its business or assets without the consent of the other Party. This Agreement is binding upon and shall inure to the benefit of the Parties, their representatives, and permitted assigns.

18.4. Captions. The captions and section headings used in this Agreement are for convenience only and are not intended to have, nor shall they be interpreted as having, any substantive effect whatsoever.

18.5. Entire Agreement. This Agreement embodies the entire understanding between the Parties relating to the subject matter hereof, and there are no prior representations, warranties, or agreements, whether written or oral, between the Parties, not contained in this Agreement.

18.6. Force Majeure. Neither of the Parties shall be liable for any default in performance of this Agreement due to the occurrence of any event beyond the reasonable control of the affected Party, including, but not limited to, enactment or change of government laws, regulations, or orders, an act of God, fire, storm, earthquake, act of terrorism, labor disturbances, war, and riot (defined as "Force Majeure" herein). On the occurrence of any event of Force Majeure, the affected Party shall give notice and full particulars of such event of Force Majeure to the other Party as soon as practicable and shall exert [***] to remedy the situation. In the meantime, the Parties hereto shall consult with each other [***].

18.7. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of [***] without reference to any rules of conflict of laws. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement.

18.8. Notice. Any notice or communication in connection with this Agreement shall be made in the English language and considered sufficient if in writing and personally delivered to an officer of the Party for which it is intended, or if sent first by facsimile or email and confirmed by registered air mail or special courier at the address specified below or such other address as the Party has given notice of in writing. It shall (except as otherwise provided in this Agreement) be deemed to have been received (a) when delivered, if personally delivered and (b) on the [***] day after dispatch, if sent

by facsimile or nationally-recognized express delivery service; provided that any legal process served in such manner pursuant to this Section shall be deemed to have been received only when actually delivered, unless otherwise provided by Applicable Law. All notices shall be deemed effective upon actual receipt by a Party to whom such notices are given.

If to Noile:
[***]

With required copy to:
[***]

If to Legend:
[***]

With required copies to:
[***]

and

[***]

Either Party may change its address or facsimile number by notice to the other Party pursuant to this Section 18.8.

18.9. Severability. If any provision of this Agreement is declared invalid or unenforceable by a court having competent jurisdiction, it is mutually agreed that this Agreement shall endure except for the part declared invalid or unenforceable by orders of such a court. The Parties shall consult and make their best efforts to agree upon a valid and enforceable provision which shall be a reasonable substitute for such invalid or unenforceable provision in light of the intent of this Agreement.

18.10. Waivers. A waiver by either Party of any term or condition of this Agreement in any one instance shall not be deemed to continue to be a waiver of such a term or condition for any similar instance in the future or of any subsequent breach thereof or of any other term or condition of this Agreement.

18.11. Counterparts. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original.

**IN WITNESS WHEREOF,** the Parties have caused this Agreement to be executed and delivered by their respective duly authorized representatives as of the date first above written.

**Noile-Immune Biotech, Inc.**

By: /s/ Hidenobu Ishizaki
Hidenobu Ishizaki,
President & CEO

Date: April 27, 2020

**Legend Biotech USA, Inc.**

By: /s/ Meeta Chatterjee
Meeta Chatterjee
Senior Vice President, Global Business Development

Date: April 27, 2020

**EXHIBIT A**

Noile Patents

[***]

**EXHIBIT B**

Noile's Bank Account

[***]

**Exhibit 21.1**

## Subsidiaries

| Name of Subsidiary | State or Other Jurisdiction of Incorporation |
|---|---|
| Legend Biotech Limited | British Virgin Islands |
| Legend Biotech HK Limited | Hong Kong |
| Nanjing Legend Biotech Co., Ltd. | People’s Republic of China |
| Legend Biotech Ireland Limited | Ireland |
| Legend Biotech (Netherlands) BV | Netherlands |
| Legend Biotech USA Inc. | Delaware |

**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the reference to our firm under the caption “Experts” and to the use of our report dated April 20, 2020, in Amendment No.1 to the Registration Statement (Form F-1 No. 333-238232) and related Prospectus of Legend Biotech Corporation dated May 29, 2020.

/s/ Ernst & Young Hua Ming LLP
Shanghai, the People’s Republic of China
May 29, 2020

**Exhibit 99.1**

**LEGEND BIOTECH CORPORATION**

**CODE OF BUSINESS CONDUCT AND ETHICS**

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## I. PURPOSE

This Code of Business Conduct and Ethics (the "**Code**") contains general guidelines for conducting the business of Legend Biotech Corporation and its subsidiaries and affiliates (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, 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, senior financial officer, controller, senior vice presidents, 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 a 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 email the Compliance Officer at compliance@legendbiotech.com.

This Code has been adopted by the Board and shall become effective (the "**Effective Time**") upon the effectiveness of the Company's registration statement on Form F-1 filed by the Company with the SEC relating to the Company's initial public offering.

## 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, conflicts of interest include, but are not limited to:

- Competing Business. No employee may be employed by a business that competes with the Company or deprives or seeks to deprive it of any business.
- Corporate Opportunity. No employee should use corporate property, information or his/her position with the Company to secure a business opportunity that would otherwise be available to the Company or would otherwise not be available to the employee. If an employee discovers a business opportunity that is in the Company's line of business or 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/her individual capacity.
- 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 or if such employee holds a role or position at the Company that provides substantial influence over 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 hold or continue to hold his/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 Company decisions related to the Company's business with 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 invests, or otherwise acquires any equity or other financial interest, in a business or entity that (i) 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.

- 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 the Company or any company that is a material customer, business partner or competitor of the Company. This guideline does not prohibit arms-length transactions with recognized banks or other financial institutions.
- 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 in the best interests of the Company?
- Is it honest and fair to the Company?

***Disclosure of Conflicts of Interest***

The Company requires that employees fully disclose any situations that give rise to a conflict of interest, or could reasonably be expected to do so. If an employee suspects that he/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 affecting senior officers 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 applicable stock exchange. Conflicts of interest affecting employees who are not senior officers may only be waived by the Company following review by such employee's supervisor and the Compliance Officer.

***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 or a business they are associated with 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 based solely on the best interests of the Company and, at a minimum, 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, parents, children and siblings, whether by blood, marriage or adoption or anyone residing in such employee's home.

## IV. GIFTS AND ENTERTAINMENT

The giving and receiving of appropriate gifts may be considered a 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 business partners 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 report and submit gifts received to the Company. While it is not mandatory to submit small gifts, gifts of over US$100 must be submitted immediately to the human resources department of 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.

## 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. In many countries, healthcare professionals (i.e., physicians and hospital personnel) are frequently considered by local law to be civil servants and government employees.

A violation of FCPA does not only violate the Company's policy but also constitutes a civil or criminal offense under FCPA which the Company is subject to. 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 subject to careful scrutiny and, at a minimum, be discussed with and approved by an employee's supervisor in advance before it can be made. The Company will not tolerate attempts to improperly influence government personnel or private individuals to secure favorable regulatory treatment or improperly advance our commercial interests.

## 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 the Company's assets;
- promptly report any actual or suspected theft, damage or misuse of the Company's assets;
- safeguard all electronic programs, data, communications and written materials from unauthorized access; and
- use the Company's assets 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 Company's intellectual property and confidential information, including the following:

- All right, title, and interest in and to any and all inventions, original works of authorship, developments, concepts, improvements, designs, discoveries, ideas, trademarks, or trade secrets, whether or not patentable or registrable under patent, copyright, or similar laws, which are solely or jointly conceived or developed or reduced to practice, or caused to be conceived or developed or reduced to practice by an employee while in the employ of the Company (including during off-duty hours), or with the use of Company's equipment, supplies, facilities, resources, or Company's confidential information shall be the property of the Company.
- Employees should maintain the confidentiality of information entrusted to them by the Company or entities with which the Company has business relations, 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, including but not limited to any non-public information that relates to the actual or anticipated business, research or development of the Company, or that relates to the Company technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company products or services and markets therefor, customer lists and customers (including, but not limited to, customers of the Company on which an employee calls or with which an employee may become acquainted during the term employment), software, developments, inventions, ideas, processes, formulas, technologies, designs, drawings, engineering, specifications, information regarding routes of synthesis, patent analyses relating to products, test results, reports, studies, analyses, hardware configuration information, marketing, distribution and sales, finances, projects, strategies, opportunities, and all other information which if disclosed would materially adversely affect the Company or would aid or benefit its competitors; provided, however, Company Confidential Information does not include any of the foregoing items to the extent the same have become publicly known and made generally available through no wrongful act.
- 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.

- In addition to fulfilling the responsibilities associated with his/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/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 media containing confidential information, and may not retain duplicate materials.

**VIII. ACCURACY OF FINANCIAL REPORTS AND OTHER PUBLIC COMMUNICATIONS**

Upon the Effective Time, the Company will be legally required to report its financial results and other material information about its business to the public and the SEC. Accordingly, it is the Company's policy to timely 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 its shareholders, and could 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 (including due to material violations of International Financial Reporting Standards, 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 Disclosure Committee or Audit Committee.

## 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 create false or misleading records, or false or misleading entries in records. Undisclosed or unrecorded funds, payments or receipts are strictly prohibited. An employee is responsible for understanding and complying with the Company's recordkeeping policy. An employee should contact the Compliance Officer if he/she has any questions regarding the recordkeeping 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, patent, 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, business partners, 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/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 to the Compliance Officer, 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/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.

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 of this Code or the law. 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 may only 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, and may be promptly disclosed to the public if so required by applicable laws and regulations and rules of the applicable stock exchange.

## 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/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/her employment. Such conduct will subject the employee to disciplinary action, including termination of employment.

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